

Chapter 11 · Marketing

CBSE Class 12 Business Studies (054) · Part B · Unit 11+12 = 15 marks · Ultimate Revision Sheet

60-SECOND RECALL

Marketing	A social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.
Marketing mix (4Ps)	Product · Price · Place (physical distribution) · Promotion
Philosophies (5)	Production → Product → Selling → Marketing → Societal marketing
Promotion mix (4)	Advertising · Personal Selling · Sales Promotion · Public Relations
Channels	Zero level (direct) · One level · Two level · Three level
Physical distribution (4)	Order processing · Transportation · Warehousing · Inventory control

1. Marketing — Concept, Features, Functions

WRITE THIS VERBATIM Marketing is a social process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with others.

Features (5)

- **Needs and wants** — marketing satisfies the needs and wants of individuals and organisations.
- **Creating a market offering** — a complete offer of a product or service with specified features, quality and price.
- **Customer value** — the exchange takes place only when the buyer perceives value greater than the price paid.
- **Exchange mechanism** — marketing involves the exchange of products and services for money or value.

Functions of Marketing (11)

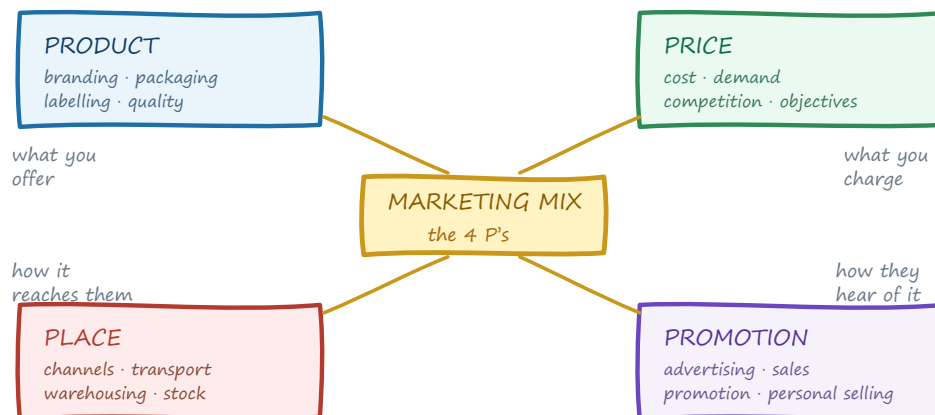
1. **Gathering and analysing market information** — to identify customer needs and take decisions accordingly.
2. **Marketing planning** — developing objectives and an action plan for market share, promotion and production.
3. **Product designing and development** — giving the product a shape that satisfies customers and gives the firm a competitive advantage.
4. **Standardisation and grading** — **Standardisation** = producing goods of pre-determined specifications for uniformity. **Grading** = classifying products into groups on the basis of quality (used mostly for agricultural products).
5. **Packaging and labelling** — designing the package and the label.
6. **Branding** — giving the product a distinct identity.
7. **Customer support services** — after-sales service, handling complaints, technical services, credit facilities, maintenance.

8. **Pricing of products** — a critical factor because demand depends on it.
9. **Promotion** — informing and persuading customers to buy.
10. **Physical distribution** — getting the product to the customer.
11. **Transportation and storage / warehousing** — creating *place utility* and *time utility*.

2. Marketing Philosophies (5)

Concept	Starting point	Focus	Means	Ends
Production	Factory	Quantity of product	Availability & affordability	Profit through volume
Product	Factory	Quality of product	Product improvement	Profit through quality
Selling	Factory	Existing product	Selling & promoting	Profit through sales volume
Marketing	Market	Customer needs	Integrated marketing	Profit through customer satisfaction
Societal marketing	Market	Customer needs + society's well-being	Integrated marketing	Profit through customer satisfaction and social welfare

THE CLASSIC TRAP *Selling vs Marketing.* Selling starts at the *factory* with an *existing product* and aims at *sales volume* — “sell what you make”. Marketing starts in the *market* with *customer needs* and aims at *customer satisfaction* — “make what you can sell”. Selling is a *part of marketing*.



A case naming a *delivery van* or *warehouse* is **PLACE**, not **promotion**.

Four controllable variables. A case study will hand you one of them and ask you to name it.

3. Marketing Mix — Element 1: PRODUCT

Product means anything of value offered to a market to satisfy a need or want — it includes goods, services and ideas. Customers buy a product for the **benefit** it offers, not the physical object.

Branding

Term	Meaning
Brand	A name, term, sign, symbol or design (or a combination) used to identify the goods of one seller and differentiate them from competitors.
Brand name	The part of the brand that can be spoken . Eg: Asian Paints.

Brand mark	The part of the brand that can be recognised but not spoken — a symbol or design. Eg: the Gattu of Asian Paints.
Trademark	A brand or part of a brand that is given legal protection ; the seller has the exclusive right to use it.

Advantages of branding to the marketer: enables product differentiation · helps in advertising and display programmes · differential pricing possible · ease in introducing a new product.

Advantages to customers: helps in product identification · ensures quality · gives status.

Characteristics of a good brand name: short and easy to pronounce, spell and remember · suggestive of the product's quality or benefit · distinctive · adaptable to packaging and labelling · sufficiently versatile to accommodate new products · capable of being **registered and legally protected** · should stay up to date.

Labelling — Functions (5)

1. Describes the product and specifies its contents
2. Identification of the product or brand
3. Grading of products into different categories
4. Helps in promotion of products
5. Providing information required by law — statutory warnings, MRP, expiry date

Packaging

Levels: **Primary** (the immediate package — the toothpaste tube) · **Secondary** (additional protection — the cardboard box) · **Transportation** (for storage and transport — the corrugated carton).

Importance: rising standards of health and sanitation · self-service outlets · innovational opportunity · product differentiation.

Functions: product identification · product protection · facilitating use · product promotion.

4. Element 2: PRICE

DEFINITION Price is the amount of money paid by a customer to obtain a product. Pricing is the process of determining that amount.

Factors Determining Price (6)

1. **Product cost** — sets the **lower limit** of price; includes fixed, variable and semi-variable costs. In the long run price must cover total cost plus profit.
2. **Utility and demand** — sets the **upper limit**; buyers pay up to the point where the utility is at least equal to the price. If demand is **inelastic**, the firm can charge more.
3. **Extent of competition** — competitors' prices and their expected reaction must be considered.
4. **Government and legal regulations** — the government can declare a product essential and control its price.
5. **Pricing objectives** — **profit maximisation** → higher price; **market share** → lower price; also survival, attaining product quality leadership.
6. **Marketing methods used** — other elements of the mix (promotion, distribution, packaging, credit terms) affect the price that can be charged.

5. Element 3: PLACE (Physical Distribution)

Components (4)

1. **Order processing** — accurate and speedy handling of orders. 2. **Transportation** — creates **place utility**. 3. **Warehousing** — storing goods; creates **time utility**. 4. **Inventory control** — deciding how much stock to keep; higher stock means higher service level but higher cost.

Channels of Distribution

Channel	Route	Suitable for
Zero level (Direct)	Manufacturer → Consumer	Perishables, costly items, industrial products; e-commerce, own retail outlets
One level	Manufacturer → Retailer → Consumer	Consumer durables, garments
Two level	Manufacturer → Wholesaler → Retailer → Consumer	The most common route — soaps, oils, rice, sugar
Three level	Manufacturer → Agent → Wholesaler → Retailer → Consumer	When the firm sells nationwide through agents

Factors determining choice of channel: **Product factors** (perishability, unit value, technical nature) · **Company factors** (financial strength, degree of control desired) · **Competitive factors** · **Market factors** (number of buyers, size of order, geographical concentration) · **Environmental factors** (economic conditions, legal constraints).

6. Element 4: PROMOTION

Tool	Meaning & key points
Advertising	Impersonal, paid form of communication by an identified sponsor . Merits: mass reach · enhances customer satisfaction and confidence · expressiveness · economy. Objections: adds to cost · undermines social values · confuses buyers · encourages the sale of inferior products · some ads are in bad taste .
Personal Selling	Oral presentation of a message in the form of a face-to-face conversation for the purpose of making a sale. Features: personal form · development of relationship · two-way communication · flexibility · immediate feedback. Qualities of a good salesperson: physical, mental, social and personality qualities; good character, knowledge of the product, patience, courtesy.
Sales Promotion	Short-term incentives to encourage purchase. Activities: Rebate · Discount · Refunds · Product combination (free gift with product) · Quantity gift (extra 20% free) · Instant draw and assured gift · Lucky draw · Usable benefit (buy for ₹3000, get a holiday voucher) · Full finance @ 0% · Sampling · Contests .
Public Relations	Managing the firm's relationship with its various publics to build goodwill. Role: smooths friction · builds a favourable image. Functions: press relations · product publicity · corporate communication · lobbying · counselling.

TRAP Advertising is impersonal and paid; publicity is unpaid and comes through news media. Sales promotion is short-term; advertising builds long-term image. If the case says “buy one get one free” or “20% extra”, the answer is **sales promotion**, not advertising.

7. Case-Study Keyword Triggers 40% of the paper is competency-based

If the case says...	The answer is...
"made what customers wanted after a survey"	Marketing concept
"produced in bulk and sold cheap, focused on volume"	Production concept
"aggressive selling of an existing stock"	Selling concept
"eco-friendly product for society's long-term welfare"	Societal marketing concept
"symbol that can be recognised but not spoken"	Brand mark
"registered and legally protected"	Trademark
"statutory warning / MRP / expiry date printed"	Labelling — legal requirement function
"cardboard box holding the toothpaste tube"	Secondary packaging
"graded the wheat into A, B, C quality"	Grading
"sold directly through its own outlets / website"	Zero level (direct) channel
"manufacturer → wholesaler → retailer"	Two level channel
"stored goods until the season"	Warehousing — creates time utility
"moved goods to another city"	Transportation — creates place utility
"buy one get one free / 20% extra"	Sales promotion (quantity gift / product combination)
"salesman explained the product face to face"	Personal selling
"company sponsored a marathon to build goodwill"	Public relations
"paid TV commercial by an identified company"	Advertising
"demand did not fall when price rose"	Inelastic demand → can charge a higher price

MOST-ASKED BOARD QUESTIONS

1. [6M] Explain the functions of marketing.
2. [6M] Explain the factors determining the price of a product.
3. [6M] Explain the elements of the promotion mix / objections to advertising.
4. [4-6M] Explain branding, labelling and packaging / advantages of branding.
5. [4M] Explain the channels of distribution and the factors affecting their choice.
6. [4M] Distinguish between selling and marketing / advertising and personal selling.
7. [1M] Which part of a brand can be recognised but not spoken? → **Brand mark**

HIGHEST-YIELD AREA — This chapter carries the most 6-markers in Part B. Prioritise: **functions of marketing**, **factors determining price**, and **promotion mix**. Between them they account for the majority of long-answer questions set from Unit 11.