

# Chapter 11 – Marketing

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## **Question 1**

What is the level of channel starting from producer to retailer to a consumer?

**Answer:** One level channel

## **Question 2**

How does labelling act as a silence salesman?

**Answer:** Labelling act as a silence salesman because it attracts the customer by providing the necessary information. It acts as a promotional tool.

## **Question 3**

'Though branding adds to the cost, it gives many advantages to the customers'. Mention three advantages of branding.

**Answer:** The three advantages of branding are mentioned below.

- **Product Identification**– Encourages customers to identify the product.
- **Guarantees Quality**- Ensures quality and builds trust.
- **Builds Status**- A good branding becomes the status symbol for a company.

## **Question 4**

Mention a few characteristics a good brand name should have.

**Answer:** Few characteristics that a good brand should have are as follows.

- Easy spell, short, and recognizable.
- Unique from another brand.
- Suggest product qualities and benefits.
- Handy to accommodate the new product.
- Adaptable to packing and labeling.
- Adaptable in different languages and advertising media.

## **Question 5**

Explain different factors that affect the fixation of the price of a product?

**Answer:** The different factors that affect the fixation of the price of a product are.

- Good cost
- The scope of the competition in the market

- Demand and Utility
- Legal and government regulation
- Pricing goals
- Marketing tools and method used

### **Question 6**

Explain four factors that determine the cost of a product.

**Answer:** The four factors that determine the cost of a product are as follows.

- **Cost of Product-** It is the main factor that determines the price of a product. The factor is divided into three types.
  - **Fixed Cost-** The cost price which remains constant at distinct levels of output manufactured by a firm is referred to as Fixed Cost. They are not influenced by the momentary fluctuations in the pursuit levels of the establishment. Example, cost of machinery.
  - **Variable Cost-** The cost which differs with the changes in the amount of output manufactured is referred to as Variable Cost. They are directly influenced by the fluctuations in the level of activities of the firm. Example, raw materials.
  - **Semi-variable Cost-** Like variable cost, this costs change in different levels of output but not in the direct proportion. Examples, Commission paid to mediators.
- **Demand for the Product-** This is the second factor that determines the price of the goods. It is divided into two factors.
  - **Elastic Demand-** The demand is said to be elastic when the price or other factors have a huge influence on the buying behaviour of the consumer. In this scene, the high price leads to a decrease in demand for a product.
  - **InElastic Demand-**The demand is said to be inelastic when there is no change in the demand for a product in spite of the fall or rise in its price.
- **Competition in the Market-** If there is high competition in the market, the rise in price might change the demand for the product. So, for a company, it is not feasible to raise the cost of a product where the competition level is too high.

- **Government Regulation-** Sometimes the government decides the cost of a particular product. For example, prices for agricultural products rice, wheat, etc.