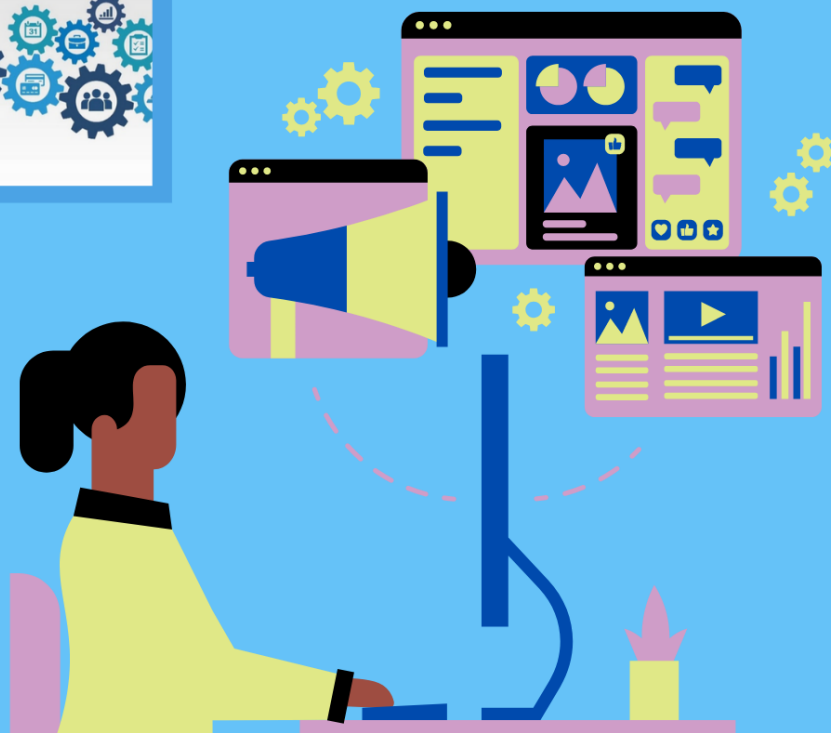




CENTRAL BOARD OF  
SECONDARY EDUCATION

# MARKETING



CLASS 7



# PREFACE

This Book on Marketing has been specially made for a 7th grade CBSE student. The idea behind this book was to introduce marketing and business to the young and innovative minds of children in India and abroad. Chapters of this book have been carefully framed to give students a step-by-step insight into the world of marketing.

Chapter 1 deals with the concept of marketing by introducing the concepts of a product market, service market and virtual market to a student. It focuses on the different types of markets that are currently present. The students are taught of the rising importance of technology, by explaining the new age concept of virtual market.

Chapter 2 gives students a more in-depth understanding of marketing. It covers topics such as production concept, product concept, selling, marketing and holistic concept to give students a better understanding of the market. The students will also learn the importance of marketing and appreciate marketing techniques that will be taught in the upcoming chapters.

Chapter 3 delves into the concept of selling. Students will learn the meaning of selling and will appreciate the importance of selling. The key differences between marketing and selling will also be highlighted. This will make the students understand and appreciate the benefits of marketing and selling in a more contextual manner.

Chapter 4 focuses on customer satisfaction, the chapter has been aptly called as the 'Happy Customer' it will teach the students meaning of a customer and will also help students understand the difference between the needs and wants of a customer. In the present day, customer is always considered king, the students through this chapter will understand the true power that lies in the ability of a customer to choose a product or a service.

This specially curated course curriculum also includes various projects and activities that need to be conducted by teachers in order to explain and impart marketing and market-based concepts to the students efficiently and effectively.

We hope the students enjoy this course and learn these concepts in an innovative and fun manner, through stories, live examples and pictorial representations apart from standard definitions and explanations.

**Prof. (Dr.) Namita Rajput**  
**Dr. Mayank Sharma**  
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# UNIT 1

## CONCEPT OF MARKET

The objective of this unit is to give an elementary understanding about markets to the students.

Location	Learning Outcome	Knowledge Evaluation	Performance Evaluation	Teaching & Training
Classroom	To understand the basic fundamentals of a market	To learn and understand the different kinds of markets	Explain meaning, features of  1. Market 2. Product Market 3. Service Market 4. Virtual Market	<ul style="list-style-type: none"><li>• Interactive Lecture</li><li>• Quiz</li></ul>
Classroom	To understand the difference between the different kinds of markets	To learn and understand the difference between product market, service market and virtual market	Explain the meaning and features of  1. Product market 2. Service Market 3. Virtual Market	<ul style="list-style-type: none"><li>• Interactive Lecture</li><li>• Experiential Learning</li><li>• Role play &amp; Dramatics.</li></ul>
Classroom and Field visit	To understand the difference between a good and a service	To learn and understand the difference between a good and service	Explain the meaning of  1. Good 2. Service	<ul style="list-style-type: none"><li>• Interactive Lecture</li><li>• Art Integration</li><li>• Poster Making</li><li>• Quiz</li></ul>



## **The Modern-Day Market Place**

Vishal and his sister Varshinee are class 7 students and are on their way home after school. On their way home Vishal spots the latest book published by his favourite author.

- Vishal – Look Varshinee! The latest novel is out! I cannot wait to know what happens next in the story. (Vishal rushes to the bookstore)
- Varshinee – (picking up the novel) This book costs Rs.500! It is very expensive!!
- Vishal – (takes the book from Varshinee) So what! I want to read this novel; I have waited a whole year for its release!!
- Varshinee – But, we cannot afford this Vishal, I do not have any money to buy this book.
- Vishal – Do not worry, we shall ask the store owner for a discount.
- Store Owner – Sorry kids! I cannot give you a discount on this book, it has just been released and it is a hardbound edition!
- Varshinee – Hmm, Vishal, I have heard that the same book would be available much cheaper online!
- Vishal – Online?? But I want a hard copy of this novel!
- Varshinee – Do not be silly Vishal, you can purchase this book online and can get a hard copy delivered to our home within days!!
- Vishal – Seriously? But how can I buy the book without actually seeing it?
- Varshinee – You can buy the book on a virtual market place site; this site will connect you to a seller who will then deliver your book home.
- Vishal – Wow! This is fascinating, tell me more!!
- Varshinee – Let's go home, I shall tell you this on the way.

### **Types of Market in the Market place**

There are predominantly three types of markets:

- i. Product Market
- ii. Service Market
- iii. Virtual Market

A Market is a place where the buyer and sellers can exchange goods and services for money. There are different forms of market. The market can either be physical like a retail outlet or virtual where the buyer and seller do not interact directly with each other, but do so through an online portal like Amazon, Flipkart, Tata Cliq.



# Features of Market

A market despite being either physical or virtual all share a few major characteristics;

## 1. Availability of a range of products

A market strives to provide a wide range of products for a customer to choose from.

There are certain markets where different varieties of the same product are sold, there also markets where different kinds of products are sold at one place.

For example, a stationery shop will focus on providing different brands of the same product (like a pen or notebook), while a departmental store will focus on selling different products (from hair oil to cereal) while also maintaining a variety of the same product (selling different types of hair oil).

This is also true for an online market (virtual), for example market places such as Myntra primarily focus on fashion, whereas Flipkart is something similar to a departmental store, as they sell a wide range of products from clothes to electronic devices.

## 2. Buyers and Sellers

A marketplace is a group of buyers and sellers who exchange goods for currency. This is true of a physical market place and is also applicable to a virtual market place.

## 3. Competitive Model

In a market, sellers attract buyers by selling their products at a competitive price. They try to compete with each other in order to make more sales and earn more profit. This can primarily be done by providing discounts and other attractive offers to their buyers. However, all market models do not focus on competitive prices, in case of luxury goods, sellers do not compete in terms of prices, they compete in terms of the quality of the product and service received after a buyer purchases such product

## 4. Fixed Monetary System

Unlike earlier times, markets function on money transactions only and no longer accepts barter exchange. A common accepted currency of the country is used by the market place to facilitate transactions between buyers and sellers.



# Types of Market

## 1. Product Market

A product market is a marketplace where final goods are sold to customers. A product market only focuses on selling finished goods and does not include sale of raw materials and unfinished goods and commodities.



Figure 1 shows various products assembled in a shop. These products are final products for sale to the consumer and are not raw materials.

Picture courtesy - marketing91.com (figure 1)

Figure 2 – shows a vegetable market, vegetables are another example of finished products that are for the end consumer.



Picture Courtesy – marketing91.com (Figure 2)



Figure – 3 is a car showroom, another example of product market.

youtube.com (Figure 3)

## 2. Service Market

A market that is exclusively designed for non-tangible or abstract goods. Services are non- tangible in nature and basically aim to assist and ease the life of a customer. The service



market is considerably more complex in nature as it is difficult for businesses to sustain in the service market.



Figure 4 – Hotel staff work in the service industry

picture courtesy - businessworld.in (figure – 4)

Chefs, lawyers, doctors are all examples of various service industry



picture courtesy - sixsigmadaily.com (figure – 5)

## Special Characteristics of Service Market

The service industry has a few characteristics that need to be addressed separately from the tradition style markets. Some of those special characteristics are as follows:

**a. Heterogeneity** – Services industry involves various processes and procedures which are subject to human variation. Some customers request for highly customised services. Services are naturally variable in substance and quality. Variability indicates that there is a lesser opportunity to regularize the delivery of a particular service.

**b. Intangibility** – Services do not have a physical form. They cannot be controlled in the traditional sense and can only be experienced. This means that a service cannot be owned or transferred. Thus, the value of the service is only derived from its experience/ consumption. The quality of the service cannot be evaluated prior to purchase and receipt of the service.



**c. Perishability** – Services as previously discussed are not tangible thus, they cannot be stored. Perishability means that the demands are affected by wide- ranging variations. Thus, dormant services cannot be retained.

**d. Inseparability** – Unlike physical goods, the production and receipt of services cannot be differentiated. This also means that the service industry is highly dependent on the labour.

**e. People Involvement** – The services market is dependent on the people offering the service to address the needs of a consumer.

### 3. Virtual Market

A virtual market does not have any physical presence and exists virtually on the internet. Virtual markets are the latest trend in today's time. Many products and services are now accessible online through the help of apps and the internet.

For example, products ranging from clothes, shoes, books, and even large products such as fridges and washing machines are now available online in the virtual market. Customers can also avail services online with the help of apps that connect service providers with potential customers.



Online sites such as Amazon, Flipkart and myntra

cnbc.com (Figure – 6)

### Self-Test Questions

#### I. Choose the right option.

1. Markets can be broadly classified into how many types?
  - a. 1
  - b. 5
  - c. 3
  - d. 6



2. Which of the following is not a special characteristic of a service market?

- a. Tangibility
- b. Intangibility
- c. Perishability
- d. Inseparability

3. Virtual market provides.

- a. Only goods
- b. Only services
- c. Both goods and services
- d. None of the above

## II. Fill in the Blanks.

- 1. \_\_\_\_\_ is a market that sells abstract goods?
- 2. \_\_\_\_\_ is a market where tangible goods are sold?
- 3. \_\_\_\_\_ is a modern form of market where both goods and services are sold?

## III. True & False

- 1. Virtual markets are tangible in nature?
- 2. Service market is no different from a product market.
- 3. Product markets provide more variety to customers than a virtual market.

## IV. Long Answer Questions

- 1. Explain the different kinds of markets?

Ans .....

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- 2. List the special characteristics of a service market?

Ans .....

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3. List the main characteristics of a market?

Ans .....  
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# UNIT 2

## CONCEPT OF MARKETING

Location	Learning Outcome	Knowledge Evaluation	Performance Evaluation	Teaching & Training Method
Classroom	To understand the meaning and need of Exchange and Competition in Marketing	To comprehend and enumerate the concept of Exchange and Competition in Marketing	Describe the need of Exchange in Marketing. Explain the need for competition in marketing.	<ul style="list-style-type: none"> <li>• Interactive Lecture and Discussion</li> <li>• On A-4 Size Coloured sheet</li> <li>• write information about any two competitor companies</li> </ul>
Classroom	To understand the importance of marketing	The learner will be able to analyze the Importance of Marketing to the business, consumer and society.	Elucidate the importance of marketing to the <ul style="list-style-type: none"> <li>• Organization</li> <li>• Consumers and society</li> </ul>	Interactive Lecture and discussion <ul style="list-style-type: none"> <li>• Art Integration</li> <li>• Chart highlighting importance of marketing</li> </ul>
Classroom and Field visit	To Understand the Core Concepts of Marketing i.e. Marketing Philosophies	To comprehend the meaning of Marketing Philosophies- <ul style="list-style-type: none"> <li>• Production Concept</li> <li>• Product Concept</li> <li>• Selling Concept</li> <li>• Marketing Concept</li> <li>• Holistic Concept</li> </ul>	Enumerate the concept of Marketing Philosophies with example	Interactive Lecture and Discussion <ul style="list-style-type: none"> <li>• Experiential Learning</li> <li>• PPT on Marketing Philosophies.</li> </ul>



## 2.1 Let's consider the following situations-

**Situation 1-** It's your mother's birthday and you go with your family to a restaurant and order food of your choice. Your parents pay the bill through cash or card in return.



Fig. - 1

Photo Courtesy : PixaHive.com

**Situation 2-** Then you visit a saree shop nearby where your mother wants to buy a saree as her birthday gift. The shopkeeper shows many sarees but none is liked by your mother.



Fig. 2

Photo Courtesy:PixaBay.com

**Situation 3 -** So you move to the next saree shop. She likes a saree and your father pays money for the saree purchased.

The above situations show that the market consists of the customers who are willing to pay for the services or products which satisfy their needs and demands.



## 2.2 Need for Exchange

Exchange is the basic concept of marketing. It refers to the process of getting a desired product or service from marketer and offering money or money's worth in return. People do not have the skill to produce every necessity themselves, so the marketers can concentrate on developing and manufacturing what they are good at and trade them in the market for something in return

Every transaction cannot be termed as an exchange. Following conditions have to be fulfilled for exchange process-

- a) There must be at least 2 parties
- b) Both the parties must have something of value to be offered to each other
- c) Both the parties are free to reject or accept the offer
- d) Each party can communicate or deliver what they are offering



Fig : 3



Fig : 4

Courtesy: FAVPNG.com

In Situation I and III there was exchange of services or product in the return of money but in Situation II there was a seller and a buyer but exchange did not happen as seller was not able to fulfil the demand of the buyer.



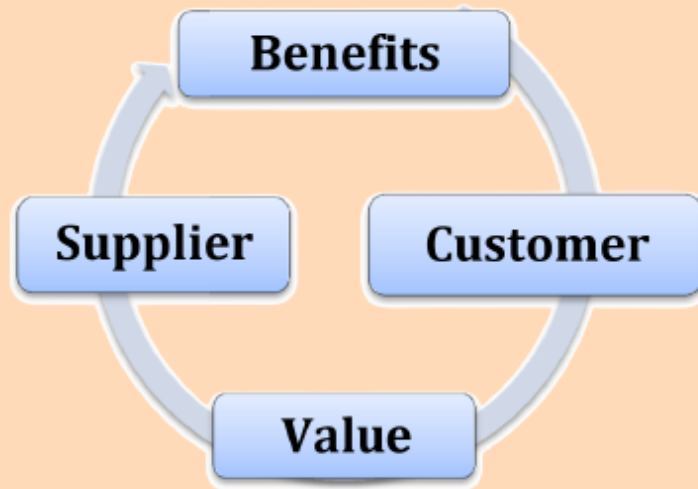


Fig. - 5

## 2.3 Need for Competition

Competition means a situation in which someone tries to win a prize or a position or be more successful than others who are in the same situation. Even as a student you must have taken part in various competitions like art, debate, sports but not necessarily you have won every competition. Same is the situation in a market where there are many companies offering similar products and services. The competition is tough as all businesses are looking for profits and more customers. These companies try hard to attract more customers, gain larger market share by improving price, quality and service. But every company is not successful in gaining popularity. Let's look at the following examples wherein different companies are selling similar products and are competitors in the market-

- Pizza Hut and Dominos
- McDonalds and Burger King
- Netflix and Amazon Prime
- Lays and Bingo
- Apple and Samsung

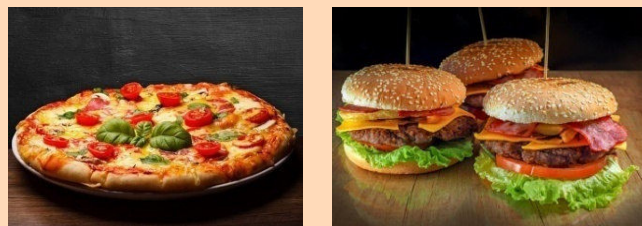


Fig. – 6

Photo Courtesy:Pixabay.com



Fig. – 7



Fig : 8



## **Benefits of competition**

- ❖ Competitions encourage creativity and new ideas are developed
- ❖ Customers have a choice, if there is fair competition, as the prices tend to be affordable
- ❖ Healthy competition also encourages innovations in the organisations
- ❖ Competition leads to technological progress
- ❖ Competition replaces the inefficient companies with more efficient companies
- ❖ Competition makes the businesses use their resources in efficient manner so that there is an improvement in the existing product or services

## **2.4 Importance of Marketing**

### **I Marketing and Customers/ Society**

- 1) Marketing helps in improving the living standard of the people by offering a large variety of goods and services.
- 2) Marketing helps in generating employment both in production and distribution sectors.
- 3) Marketing also helps the customers to choose from a variety of products and services available in the market.
- 4) Marketing provides value to the goods and services as they are available at the right place, right time and reasonable price.

### **II Marketing and business**

- 1) Marketing enables the businessmen to improve the quality of their goods and services
- 2) Business organisations generate revenue and earn profit by carrying out marketing functions.
- 3) Marketing helps to create and attract new customers by supplying goods and services according to their needs and demands.
- 4) It helps to increase the production of already existing products and reduce the cost of sale and distribution.
- 5) Marketing helps in creating a good reputation of the organisation. Public reputation plays an important role in the growth of the organisation.
- 6) Marketing is a source of advertising the new products being launched by the company and also to promote their existing products through advertisements and promotional activities.
- 7) Marketing helps to promote new ideas in the organisation according to the change in customers taste, latest trends and innovations.

## **2.5 Core concepts of Marketing - Marketing Philosophies**



The organisation can be successful by adopting SMART marketing strategies such as making the goods available for the customers at a right - price, quantity and place. Marketing helps to satisfy the core objectives of both the parties - the consumer and the marketer.

Marketing is the process of creating, communicating and delivering products to customers so that their needs are satisfied. The main purpose of Marketing Philosophies or concepts is to fulfil and identify these needs and demands. There are five marketing concepts that businessmen can adopt when marketing their products.

- a) Production Concept
- b) Product Concept
- c) Selling Concept
- d) Marketing Concept
- e) Holistic Concept

**1. Production Concept-** This was the most initial concept of business when producers or marketers were limited. Whatever was produced, it was sold. The companies following this concept emphasize on product quantity, availability and prices. According to this concept consumers prefer wide availability and cheap products, so companies should focus on more production, low cost and mass distribution.

Let's understand the concept through the following example- China is one of the largest exporters of manufactured electronic goods across the globe. It manufactures in bulk (mass production) through available resources and then distributes its products throughout the world at cheaper prices because in China labour is cheap and easily available so that production can be maximised with minimum cost.



Fig. – 9

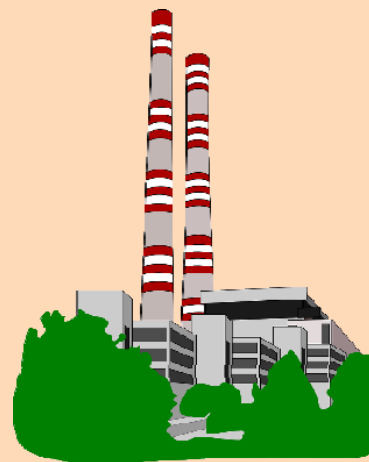


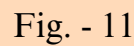
Fig. – 10

photo courtesy pixabay.com

**2. Product Concept-** As more and more companies started production units the supply increased and consumers had choice of product. They preferred good



For example -Apple-iPhone, TV, Music, iPad etc. are the major products of Apple. They focus on the quality of the products and keep on improving it. The customers of Apple don't worry about the price but only the quality of the product.



**3. Selling Concept-** With time and changes taking place in the business community the selling concept became more prevalent. The companies following this concept focuses on sales and promotion activities. In this concept companies aim to sell what they make rather than make what the customer wants. With increased competition in the market the production and product concept did not ensure growth of the company, so more emphasis was given to attracting customers and persuading them to buy the product by giving discounts, gifts, hampers etc. Along with the products or service.

Fig. – 12

Fig. – 13

15



**4. Marketing Concept-** The companies following this concept involves identifying and understanding the consumer needs and target market. The business and companies slowly realised that just focusing on selling the product in the market will not help them to survive for a long time. Customer satisfaction is the main aim of the concept .The organisation can earn profits only when it satisfies the needs of present and potential customers better than the competitors. The organisations have to work on the concept of manufacturing and selling what the customers want.

For Example: Ola and Uber cars rental. The concept of renting cars at your doorstep was what the customers desired for. Earlier the customer had to walk down to the Taxi stand but with change in the concept of convenience and requirement, the Taxis are now available at your doorstep by using their Apps.



Fig. - 14

photo courtesy freesvg.org

**5. Holistic Concept-** This concept combines the marketing concept and welfare of consumers and society. Environmental protection, employment, health, education are the major areas which businesses cannot ignore. This concept is also termed as Societal Marketing/Human concept because it delivers value to customers which benefits and improves the society's and consumers well-being.

For example

- Campaigns to promote healthy food habits, Avoid junk food and fast food and consume organic foods.
- Anti-Tobacco campaign as it is Cancerous.
- Usage of environmentally friendly products like jute in place of plastic bags.



Fig. – 15



Fig. - 16

photo courtesy pixabay.com





Fig. - 17

Photo Courtesy: iEduNote

## Conclusion

Organisations don't follow any marketing concept in isolation. Usually they follow a mix of these 5 concepts of marketing, depending on the scale of operations, market situation, customers taste, competition and latest trends.

## Self-Test Question

### I Choose the correct option-

1. Products are manufactured according to the needs of the consumers. Which marketing concept is highlighted here?

“a) Production Concept b) Product Concept c) Marketing Concept d) Selling Concept”

2. A Company is using animal skin to manufacture handbags. Which marketing concept is being ignored here?

a) Production Concept b) Selling Concept c) Marketing Concept d) Holistic Concept

3. "Parties should be free to accept or reject the offer" This statement highlights one of the conditions required for

a) Competition b) Business c) Exchange d) Production

### II Fill in the blanks

1) \_\_\_\_\_ concept aims at availability and affordability of the product.

2) \_\_\_\_\_ refers to the process of procuring a desired product and offering money in return.



3) The companies following concept focus on sales and promotional activities.

### III True /False

- 1) Selling concept is an extension of the marketing concept.
- 2) Competition replaces efficient companies with inefficient companies.
- 3) Marketing helps businesses to promote new ideas and also improve existing products and services.

### IV Answer the following questions

1. Why is the Holistic Concept of Marketing important?

Ans .....

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2. Explain the importance of marketing to consumers.

Ans .....

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3. What are the conditions of exchange in any business transaction?

Ans .....

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### Activity

List out any 5 competitive business in the following industries-

a) Consumer Products b) Food Industry c) Automobile Industry d) Banks



# UNIT 3

## SELLING CONCEPT

Location	Learning Outcome	Knowledge Evaluation	Performance Evaluation	Teaching & Training Method
Classroom and Field visits	To understand the basic concept of sales.	To learn and understand the Sales and selling function of marketing.	<p>Explain the meaning, key terms, activities, objectives, features of Selling.</p> <ul style="list-style-type: none"> <li>• Buyer/ Customer/ Purchaser</li> <li>• Seller/ Salesman/ Saleswoman/ Salesperson</li> <li>• Exchange of Goods/services with money.</li> <li>• Value, Profitability, Selling Price, Cost Price, Marked/ List Price</li> </ul>	<ul style="list-style-type: none"> <li>• Interactive Lecture</li> <li>• Flow chart</li> <li>• Visit to various types of shops.</li> <li>• Poster Making</li> <li>• Experiential Learning</li> <li>• Quiz</li> <li>• Role play &amp; Dramatics.</li> </ul>
Classroom	To enlist and understand the Importance of Selling.	To learn and understand the Importance of Selling activity our daily lives, businesses, society and country as a whole.	Explain why selling is the prime activity of focus by marketers/ shopkeepers and how consumers interact with it, what benefits are derived from this activity.	<ul style="list-style-type: none"> <li>• Interactive Lecture</li> <li>• Quiz</li> <li>• Experiential Learning</li> <li>• Role play &amp; Dramatics.</li> </ul>
Classroom and Field visit	To be able to analyze difference between marketing and selling.	To learn and understand the difference between marketing & selling which are used interchangeably being familiar but are widely different.	<p>Explain the difference between</p> <ul style="list-style-type: none"> <li>• Marketing &amp;</li> <li>• Selling</li> </ul>	<ul style="list-style-type: none"> <li>• Interactive Lecture</li> <li>• Poster Making</li> <li>• Experiential Learning</li> <li>• Quiz</li> </ul>



# UNIT 3

## SELLING CONCEPT

As we begin with this unit, let's understand the basic through this small conversation that happens between a grocery shopkeeper Harikishan and Mrs Neeta, a housewife.

**Shopkeeper:** Good Morning, Mrs Neeta, how are you? **Neeta:** Very well, thanks.

**Shopkeeper:** What can I do for you, Mrs Neeta?

**Neeta:** I'd like a packet of Juggal biscuits, please.

**Shopkeeper:** Well, I'm sorry, but Juggal biscuits are out of stock today, but we do have some other nice biscuits.

**Neeta:** Ohh. Well, I need some for this afternoon, some neighbours of mine are coming over at tea.

**Shopkeeper:** Then I suggest you try these 'Julie Biscuits'. They're a bit sweet but I'm sure that your neighbours will like them.

**Neeta:** Really, how much are they?

**Shopkeeper:** Same as Juggal Rs. 40 for 200 grams packet.

**Neeta:** Then I'll try them. Hope the guests like them too. Thank you.

The above conversation has given us a first basic explanation of Selling. The shopkeeper Harikishan in this scenario is wishing to 'Sell' a product he is having i.e., biscuits to Mrs. Neeta, who has come to purchase them for personal consumption. Mrs. Neeta was looking for Juggal biscuits, which were not available but shopkeeper offered her with another good biscuits he was having in his shop and would meet the requirements of Mrs Neeta. The price of newly offered biscuits was also same as of Juggal biscuits that Mrs Neeta was purchasing till date. She gave the money to shopkeeper and took the packet and went back home happily. Both aspects of marketing i.e., buying as well as selling are therefore considered to be two separate faces of the same "coin" or transaction.



Fig. 1 A Grocery Shopkeeper

(Courtesy: Mint Newspaper)



The Shopkeeper in this conversation is 'Seller' or 'Salesman' or 'Saleswoman' or 'Salesperson' and Mrs. Neeta is 'Buyer', or 'Purchaser' or 'Customer'. The whole conversation that has happened is known as 'Selling' or 'Sales'



Fig 2. Buyer & Seller

(Courtesy: Opportunity India)

A "good seller", always tries to help customers and he often succeeds in selling something which meets the customers requirement. Selling is how a shopkeeper makes a living. The more he sells, the more money he earns, because all the profits go into his own pocket.

### 3.1 Meaning of Sales

Customers come to market or shop or store because they have some needs and wishes. Many of them know exactly what they need, but some like Mrs Neeta, cannot do without help and advice of shopkeeper. A shopkeeper or seller's job is to find and fulfil that need by providing them the product required against an appropriate amount of money i.e., price of that service or product. The term 'Sales' is referring to a set of activities that results in the selling of goods and/or services. Sales is all around us everywhere.



Fig 3. Selling is exchange of goods for money

(Courtesy: impactplus)

Also, sale means a money based transaction amongst two or more parties where in the purchaser or buyer receives tangible (which can be touched or physical) or intangible goods



(which can be touched like services) in exchange for money. If in case, a product and/or service is transferred from one party to another party without any compensation or money, then the transaction is not referred to be a sale, but only a gift or a donation. A person who is interested in taking the good“of value is called as a prospect, prospective customer, or potential buyer.”

“To complete a sale process, both the parties i.e., buyer and seller must mutually agree to the price, quantity of the good sold, delivery etc.” Remember any experience, where you would have visited to purchase anything with your parents, grandparents or elder siblings. You would have paid some money to the shopkeeper to take a product of your interest from him/her like chocolates, toys, stationary items, milk, eggs etc. This give and take interaction or process is called as ‘Sales’.



Fig 4. Buyer & Seller agree during sale

(Courtesy: shutterstock)

The various stages of buying and selling, involves people getting to know each other, assessing each other’s need of items of value, and determining if the values to be exchanged are equivalent or nearly so, in buyer's terms, "worth the price". For example – A buyer evaluates whether the amount he/she is paying to the seller is equal to the value of product he/she is intending to acquire from him/her. Once convinced, only then the buyer pays the required amount and acquires the product, else he/she may choose to bargain with the shopkeeper or may go to another shop, where he/she expects that the similar product may be available at cheap prices. So, there is a possibility that he/she may acquire the same product but by giving less prices, and saving some money.





Fig 5. Exchange between Buyer & Seller  
(Courtesy: chegg)

The Sales Concept is preoccupied with the seller's need to convert his/her product or service into cash and hence generate profits through this. Profitability is achieved through sales volume but it is not favorable in a competitive environment.

There are good and bad salespeople, but the act of selling is not defined by the seller's success. Instead, "selling" is merely the attempt to sell a product or service for money, regardless of whether a deal is struck. Sales are all around us.

To better understand concept of selling, lets understand few key terms which is necessary for us to understand.

**Cost Price:** It is referred to the price at which the seller purchases the product or the commodity from vendors or suppliers. He then adds a percentage of profit or gains to it.

**Selling Price:** It is the price that a customer pays to purchase a product or a commodity. It is a price above the cost price and includes a percentage of profit also.

$$\text{Selling price} = \text{Cost price} + \text{Profit}$$

$$\text{Cost price} = \text{Selling price} - \text{Profit}$$

$$\text{Profit} = \text{Selling price} - \text{Cost price}$$



Fig 6: Key Terms of Selling  
(Courtesy: inflowinventory)



**Marked Price or List Price:** It is the price that a seller quotes to the buyer. Shopkeeper may give a discount on this initial quote price if the customer bargains.

$$\text{Selling price} = \text{Marked/List price} - \text{Discount}$$

Example: You visit to the nearby stationary shop along with your friend Medhansh. You wish to purchase a Notebook for writing from there. Shopkeeper asks you to pay Rs. 30 for the same.

**Situation 1:** As this price of Rs. 30/- is quoted by shopkeeper to you for purchasing the notebook, it is known as Marked Price or List Price.

**Situation 2:** Your friend Medhansh recalls and says to the shopkeeper that he himself purchased the same notebook from same shop for Rs. 25/- nearly 3 days back. He asks him to charge same Rs 25/- now also. Shopkeeper agrees and asks you to pay Rs. 25/- instead of Rs 30/-. You pay Rs. 25/- and purchase the notebook.

The final price agreed by both shopkeeper and you, and finally paid for notebook is Rs. 25/- Hence, the Selling price is Rs. 25/-. The Shopkeeper gave a discount of Rs. 5 to you.

$$\text{Selling price} = \text{Marked/List price} - \text{Discount}$$

$$\text{Selling price} = \text{Rs. 30} - \text{Rs. 5}$$

$$\text{Selling price} = \text{Rs 25/-}$$

**Situation 3:** The shopkeeper had purchased this notebook from his vendor at Rs. 20 Only. Hence, it is the Cost Price to the shopkeeper.

**Situation 4:** The Shopkeeper has sold you the notebook at price of Rs. 25/- after adding a profit of Rs. 5/- to the Cost price of Rs. 20/-

$$\text{Selling price} = \text{Cost price} + \text{Profit}$$

$$\text{Selling price} = 20 + 5$$

$$\text{Selling Price} = \text{Rs. 25/-}$$

From the above we can also learn that:

$$(i) \text{ Profit} = \text{Selling price} - \text{Cost price} \quad \text{Profit} = 25 - 20$$

$$\text{Profit} = \text{Rs. 5/-}$$

$$(ii) \text{ Cost price} = \text{Selling price} - \text{Profit}$$

$$\text{Cost price} = 25 - 5$$

$$\text{Cost price} = \text{Rs. 20/-}$$



Any product which has a high selling price may not be able to attract many buyers as consumers may not feel that it is value for money. On the other hand, a very low selling price can affect the profitability of the business. Also, the buyers may think that it is of inferior quality.

### 3.2 Objectives of Sales/ Selling

- a) To sell more and more goods to consumers.
- b) To earn profits by selling goods and/or services to the consumers.
- c) To search for new customers, to whom goods & services could be sold.
- d) To secure consumers cooperation in stocking and promoting the more and more products.
- e) To keep customers informed about the changes in the existing products and launch of new and better products.
- f) To provide help, advice and assistance to customers regarding use of products.

### 3.3 Importance of Sales/ Selling

- 1) Selling is an essential and crucial activity:** Production and other activities in an economy depends on the selling activities. Selling is the beginning point of production. More & more selling of a product is the key to attain better business.
- 2) Selling is a Productive activity:** Selling creates wants which in turn give rise to demand for various products and services, which people buy by paying money. Producers therefore produce more to match the demand in the market.



Fig 7: Selling is productive  
(Courtesy: salesglobe)

- 3) Provides Satisfaction:** Selling creates new expectations and fulfils them. It is the selling that recognizes consumer's needs, likings, tastes, interests, feelings and rising expectations associated with buying and then takes care of them. Thus, selling is a good source of providing satisfaction for consumers.
- 4) Promotes New Products and better use:** Selling creates awareness of the use of new products. Salesmen provide knowledge about the quality, design, and uniqueness of new



products. It is through selling efforts that new products are accepted and used by consumers.

**5) Selling helps in the maximum utilization** of human resources, financial and natural resources by creating and promoting demand, which in turns increase production.

**6) Raise Standards of Living:** Selling guides customers for buying of new goods and services at reasonable prices. Customers buy newly designed products with good uses. This raises their standards of living.

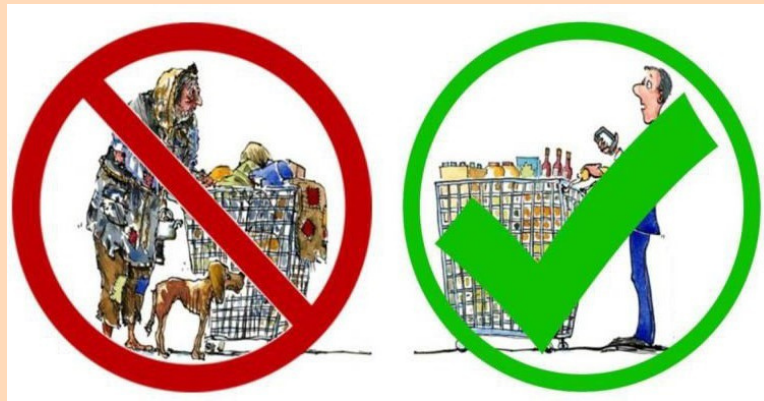


Fig 8: Rising standards of living

(Courtesy: The Nation)

**7) Creation of Job Opportunities:** Selling increases demand which may, in turn, boost up job opportunities.

**8) Selling adds to National Income:** It increases larger production, higher per capita income, and more job opportunities.



Fig 9: National Prosperity

(Courtesy: Shutterstock)

**9) Promotes Economic Growth:** It stimulates consumers' interests, demands, and buying. It encourages large scale production and higher investments which are essential for the prosperity of a nation.



### 3.4 Difference between Marketing & Selling

In everyday lives, we often come across the concept of marketing and selling, a number of times. Though the terms marketing and selling sound familiar, however, there is a fine line that differentiates between these two concepts. The concept of marketing focuses firstly on the customer's requirements, and then the means to fulfil that need is identified. On the other hand, the concept of selling emphasises only the requirements of the seller; therefore, in this process, the seller rules the market.



Fig 10: Selling is not same as marketing

(Courtesy: Firmexplorer)

In simple words, selling transforms the goods into money, but marketing is the method of serving and satisfying customer needs.

Let's understand the various points of differences between these two terms Marketing & Selling.

S.NO	Selling	Marketing
1	The product is the main point of emphasis.	Satisfying customers' needs is the main point of emphasis.
2	Selling mainly focuses on creating a product and sell it for profits.	Marketing focuses on identifying the need of a specific group of potential customers and then creating a profitable product that can satisfy those needs.
3	It is basically a "seller-oriented" approach with satisfying customer needs as a core objective.	Marketing is a "buyer or consumer-oriented" technique, and the core objective is to please, or at least, satisfy the buyer.



4	It is an approach to achieve short-term business goals.	It is a part of an integrated approach for achieving long-term business goals
5	The seller tries to earn maximum profit through sales volume.	Seller focuses on earning profit through customer satisfaction/pleasure.
6	Selling places the customer as the last part of the business.	Marketing considers the customer as the first and most important part of the business.
7	The typical or traditional selling concept mainly aims to distribute as many products as possible, and maintaining a long-term customer relationship is usually a secondary objective.	Marketing focuses on pre-selling and post-selling activities such as customer care and after-sales service.
8	Selling is only a small part or activity of the marketing process.	Marketing is a broad term comprising of numerous activities.

## Self-Test Questions

### I) Choose the correct option

- A person expressing an interest in acquiring the offered good of value is referred to as a \_\_\_\_\_.  
 a) Seller  
 b) Salesperson  
 c) Potential Buyer  
 d) Middlemen
- Cost price + Profit = \_\_\_\_\_.  
 a) Selling Price  
 b) Marked Price  
 c) List Price  
 d) None of these
- \_\_\_\_\_ is a “buyer or consumer-oriented” activity and focuses on satisfying the needs and wants.  
 a) Selling  
 b) Delivering  
 c) Marketing  
 d) Manufacturing



## II) Fill in the blanks-

1. \_\_\_\_\_ is the price that a customer pays to purchase a product or a commodity.
2. \_\_\_\_\_ is achieved through sales volume.
3. The concept of marketing focuses firstly on the customer's\_\_\_\_\_.

## III) True or False

1. A good seller help customers and he often succeed in selling something which meets the customers requirement.
2. In Marketing, a seller focuses on earning profit through customer satisfaction/pleasure.
3. To complete a sale, both the buyer and the seller must agree to the specific terms of the transaction, such as the price, quantity of the good sold.

## IV) Answer the following questions-

1. 'Selling is as basic to our society as metabolism is to live'. Explain

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2. Explain the concept of Cost Price, Selling Price and Marked price by taking an example.

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3. "Selling is the only function of marketing which creates revenue". Do you agree? Give reasons to support your statement with some examples that you have observed.

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## Activity

**Sell, Sell, Sell:** Students shall search and identify amongst various objects from around the classroom and take turns trying to sell the item to a 'buyer'. Buyer may be the teacher or any student in the class as volunteer.



# UNIT 4

## HAPPY CUSTOMER

The objective of this unit is to understand the needs, wants, desire of a happy customer.

Learning Outcomes:

Location	Learning Outcome	Knowledge Evaluation	Performance Evaluation	Teaching & Training Method
Classroom	To understand the meaning of customer.	To comprehend the meaning of a Happy Customer.	Explain the term 'Customer ' with examples.	Interactive Lecture
Classroom	To understand the meaning and concept of Needs, Wants, Desire of Customer.	To evaluate the criteria of being a Happy Customer- fulfilling needs, wants and Desire of Customer.	Enumerate with example the concept of <ul style="list-style-type: none"><li>• Need</li><li>• Want</li><li>• Desire</li></ul>	<ul style="list-style-type: none"><li>• Interactive Lecture</li><li>• Prepare a pictorial chart depicting need, wants, desires of customer</li></ul>
Classroom and Market Place	To understand the meaning and concept of Choice of customers.	To understand the concept of customer satisfaction by offering choices.	Explain the role of marketer to provide customer satisfactions by offering choices.	<ul style="list-style-type: none"><li>• Interactive Lecture</li><li>• Share videos of different companies as how are they creating happy customers.</li></ul>



## A Happy Customer

Virat and Rachna are twins and study in the 7th standard. They are on their way to a toy store to purchase their favourite toy.

**Virat** – Rachna! I am so excited to finally get the new toy today!

**Rachna** – Yes Virat, we have waited for 3 months to get it, I am really looking forward to playing with this toy.

**Virat** – Yes, indeed. It was very nice of the store owner to replace the previous toy for free because it was damaged.

**Rachna** – Yes, even though there was no return policy for the toy, the shop keeper was kind enough to refund the money and ask us to wait till he got new stock for the toy.

**Virat** – Yes, it was great that he was willing to help us out.

**Shop Owner** – Here you go Virat & Rachna, this is the latest stock of the toy you have been waiting for so long!! I even told the manufacturer about your unfortunate experience and they were happy to give you 2 separate toys instead of just one.

**Virat & Rachna** – Really? But this toy is so expensive, we cannot afford a second toy!

**Shop Owner** – Do not worry kids, this toy is free, the manufacturer was sorry that you got a broken toy and wanted to give you a free second toy in order to apologise for the broken one.

**Virat & Rachna** – Wow, this is really nice. Thank you!

**Shop Owner** – Welcome kids! Do always come back to the store

**Virat & Rachna** – We definitely will

This story showcases how businesses put extra efforts to keep their customers happy. This is done in order to attract customers to come back and purchase their products. In this case, Virat & Rachna were very happy to receive their new toy and an extra one for free as well. They shared their experience with their friends which attracted more customers to the shop keeper, thereby earning him a profit.

## Meaning of Customer

A customer is a person who purchases a product/good or any type of services in exchange for money.



A child is a customer in this case as he is buying a toy from the shop.

The toy industry does its best to keep the kids engaged and happy in order to attract them to the toys that the business sells



## 4.2 Need, Wants, Demand and Choice of the Customer



Fig. - 1



A famous quote by Bill Gates, Co- founder of Microsoft “Everyday we’re saying,’ How can we keep this customer happy? How can we get ahead in innovation by doing this? Because if we don’t, somebody else will.”

Any organization big or small has to take care of its customers. A happy customer is a repeat customer, they are loyal customer. They choose a particular company brand over other competitive brands. It’s impressive and gainful when a customer buys your product and purchases the same product time and again. So, what is the organization doing to keep the customers happy- They are fulfilling the needs, desires, wants and choice of Customers. Marketing is not possible without customers. So to keep them happy and focused and it’s necessary that the organizations are satisfying their needs, wants and demands. So a marketer should **THINK LIKE CUSTOMERS**.



## Need

Need refers to the basic human requirement. For Example –Need for food, water, shelter and clothes. These are the basic needs of any person on our earth to survive. Once the basic needs are fulfilled the human beings move on to satisfy their other needs like friendship, education, entertainment, affection and status etc. There are basically 3 types of need -

Physical Needs: Need for air, food, water, shelter, clothing

Social Needs: Need for family, friends, relative

Individual Needs: Need for education, knowledge, environment, status etc.

Earlier the products which were in the category of “Need” did not require much promotion but now many competitive brands are available to fulfill your basic needs of food, shelter, clothing therefore persuading customers has become an important task for all marketers.



Fig. – 2

photo courtesy freesvg.org



Fig. - 3

photo courtesy Pixabay.org

**Needs are necessary for survival**

## Wants

A related concept of need is want. Needs give rise to wants. Wants are directed by our surroundings, our environment, our culture, our thoughts process, our society. A person feels the need for food but when he wants specific food like burger or pizza then his need becomes a want. Thus, the people with the same need may want different objects to satisfy their need.

For Example- In India the best north Indian breakfast is Chole Bhature or Stuffed Paratha but in USA it is Sandwich, hash brown (pan cake, French toast), Eggs.





Fig. – 4

Photo courtesy pixabay.com



Fig. - 5

Photo courtesy: Wikimedia.org

Let's look at another example – You are in need of a sports shoe for an upcoming sports event in your school but you want to buy only a particular brand like Nike because your friend also has the same brand. So, need is basic but want is specific.

**Wants are what you require  
for happiness**

## **Demands**

When purchasing power is attached with want it gets converted to demand. When the customer has the ability to buy that need or want it gives rise to demand. A customer may desire for a particular product but he may not be able to fulfill his desire because he doesn't have the amount to pay for the product.

For example – You want to buy an iPhone but you don't have money to buy that phone. So, your desire is not fulfilled. Marketers play an important role in creating demand by customizing needs and wants.



Fig. - 6

Photo courtesy wikimedia.org

A person wants only those products and services which provide him maximum satisfaction. Marketers and Producers can also influence demand by offering products at different prices and quality.



Mr. X Wants To Buy A Car But Have No



Willing



Mr. Y Has Money but Doesn't Want To



Able But Not  
Willing to Buy



Mr. Z is Willing To Buy A Car and  
Has Money



Able And



Fig. - 7



## Let's understand the concepts -

Needs	Wants	Demand
Things I need to live and survive	Things I want to have	These may/ may not be fulfilled depending on paying capacity
Food	At a restaurant	At a 5 star Hotel
Clothes	Jeans	Branded Jeans
Shelter	3 Bedroom Apartment	Apartment at a Posh locality
Education	Good School	International School
Family	Family Vacation	Overseas Vacation
Healthcare	Hospital Facility	Private Hospital Care/Medical Insurance
Work	Job/Business	Corporate Job with Good Salary

### 4.3 Choice

For a company to expand its customer base is a tough task because of competition in the market. The best strategy to have growth and gain profits would be to offer choices to customers. The fact is that customers not only have a wide variety of choices available but they also have social media platforms where they can check on trends and happenings in the business world. The customers can compare the prices, quality, and details about all the choices available on these social media platforms

Whatever consumers write as reviews on these platforms are visible to everyone and it makes a difference in the reputation of the company. Smart companies focus on providing wide choices for their customers.

For Example- Within a single family there are multi-generational customers. From Grandparents to your siblings. If all the family members can get whatever they want from a single company, they would be more loyal and even recommend it to others.

So, for any business it's important that they offer choices to customer keeping in mind the following –

- a) The company should identify and remain connected to customers
- b) The company should encourage feedback and suggestions from customers
- c) The company should provide speedy, efficient and good services to its customers
- d) The company should have options and choices for all types of customers.
- e) The business also requires a proper planning and a holistic strategy to fulfill the demands of customers with a wide variety of choices.

But sometimes with so many choices the customers get confused and are unable to make decisions as to what to buy. This is where good companies excel- they promote and market their goods and services extremely well, leading to positive attention from customers





Fig. - 8

Picture courtesy : Pixabay.com



Fig. - 9

Picture courtesy: Splattered paint marketing



Fig. - 10

Picture courtesy: istockphoto.com



Flow chart of a Happy Customer

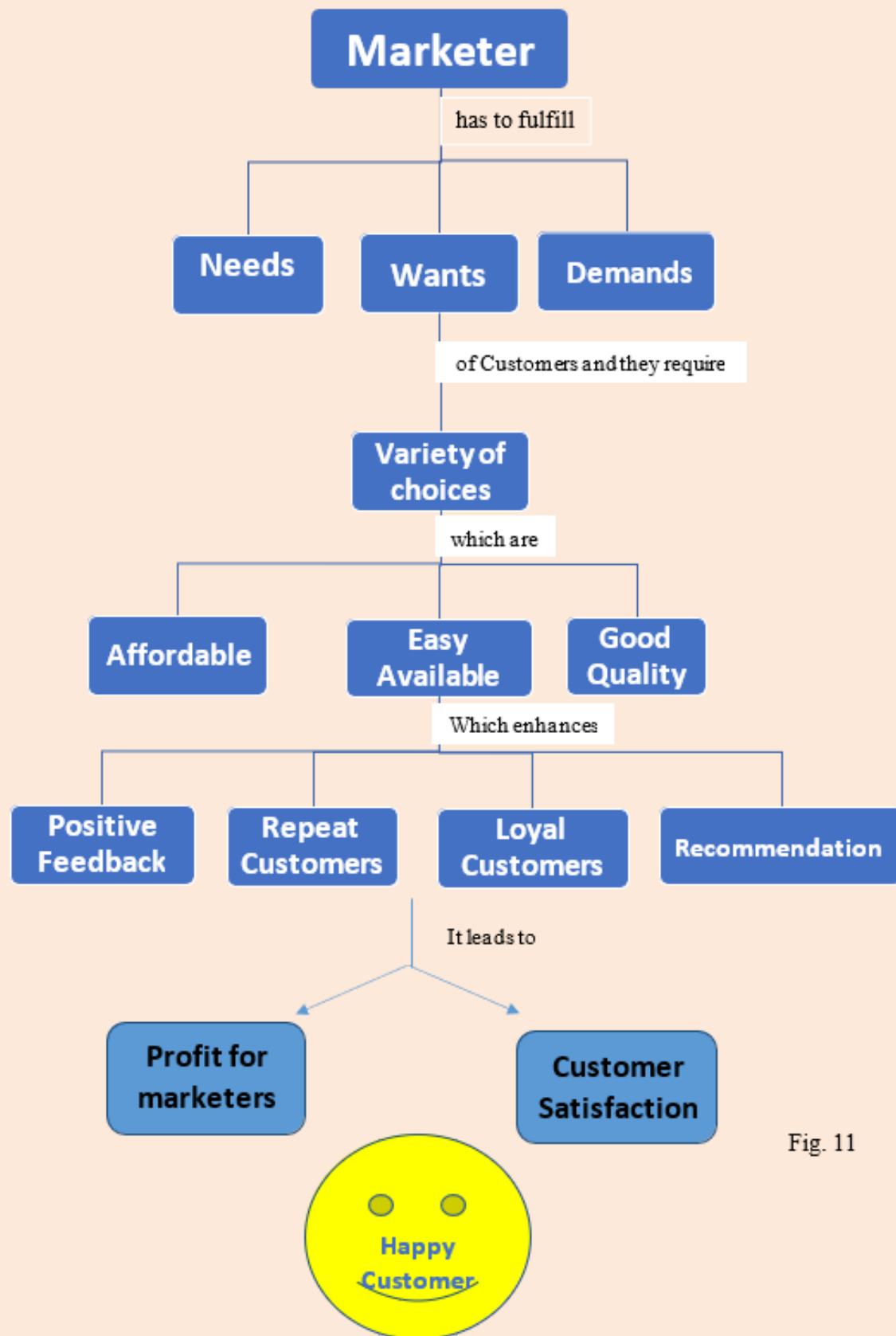


Fig. 11



## Conclusion

To fulfill consumer needs, wants and demands the marketer conducts consumer research, tries to identify needs, collects data and then meets the consumer preferences. The objective of the organization can be achieved if the customer is satisfied by the goods and services supplied by the marketer.

## Self Test Questions

### I) Choose the correct option

1. Requirement for basic necessities like food, water, shelter and clothes is an example of \_\_\_\_\_.

- |           |           |
|-----------|-----------|
| a) Want   | b) Market |
| c) Demand | d) Need   |

2. A person wants only those products and services which provide him \_\_\_\_\_ satisfaction.

- |              |             |
|--------------|-------------|
| a) Maximum   | b) Minimum  |
| c) Different | d) Separate |

3. \_\_\_\_\_ may/ may not be fulfilled depending on the paying capacity of a person.

- |         |           |
|---------|-----------|
| a) Want | b) Demand |
| c) Need | d) Prize  |

### II) Fill in the blanks-

- \_\_\_\_\_ needs refers to the need for education, knowledge, environment, status etc.
- The best strategy to have growth and gain profits would be to offer \_\_\_\_\_ to customers.
- \_\_\_\_\_ are directed by our surroundings, our environment, our culture, our thoughts process, our society.

### III) True or False

- Wants are the basic human requirements of any person on our earth to survive.
- If the customer is satisfied by the goods and services supplied by the marketer, he would be a 'Happy Customer'.
- The company should always encourage feedback and advice from customers.



#### **IV) Answer the following questions-**

1. Discuss the various types of needs giving appropriate examples from your daily lives.

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2. Explain how a 'Happy Customer' is a win-win situation for both the Marketer and the Customer.

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3. "Choice creates competition in the market and influences demand". Do you agree? Give reasons to support your statement with some examples that you have observed.

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### **Activity**

#### **HAPPY CUSTOMER- PEP TALK**

Share with the class, any one experience of yours in the market where you felt like a 'Happy Customer' as discussed in this unit.



# PROJECT WORK

## Group Project

*(Project work to be done in small groups of 5-6 students in each group formed by the subject teacher)*

- **Collage Making:** Students need to use a chart paper and prepare a collage on theme 'Happy Customer' on it. Try to make it attractive by using cut outs from newspaper, magazines, pamphlets, old books, printouts or any other such material.

Teacher may also:

- o Invite all the student groups to come one by one & explain the collage to the class in 2-3 minutes.
- o Put the collages on school board or class board to be viewed by all the students.

## Individual Project

- You need to visit your neighbourhood market and observe/participate in buying any 1 product of their need from there. Then you need to show the product in class and narrate your experience in form of a story. You may include the following:
  - What you purchased and from where?
  - Why you purchased that product?
  - What was the price?
  - Did you bargain?
  - Basic description of the shop.
- Prepare a project file (8-10 pages) on any one company of your choice which is using the virtual platform for marketing. You may include the following:
  - o Name of the company
  - o Basic description
  - o Website address/ Name of Mobile App
  - o Types of products
  - o Products sold



# **Solutions to Self-Test Questions**

## **Unit I**

I. Choose the right option.

1. C
2. A
3. C

II. Fill in the Blanks.

1. Service Market
2. Product Market
3. Virtual Market

III. True & False

1. False
2. False
3. False

## **Unit II**

I. Choose the right option.

1. C
2. D
3. C

II. Fill in the Blanks.

1. Production
2. Exchange
3. Selling

III. True & False

1. False
2. True
3. True

## **Unit III**

I. Choose the right option.

1. C
2. A
3. C



II. Fill in the Blanks.

1. Selling Price
2. Profitability
3. Needs/ Wants/ Requirements

III. True & False

1. True
2. True
3. True

## **Unit IV**

I. Choose the right option.

1. D
2. A
3. B

II. Fill in the Blanks.

1. Individual
2. Choices
3. Wants

III. True & False

1. False
2. True
3. True