

Class - X

20/5/2020

Sub: Commercial Applications.

Markets and Marketing

## LEARNING OBJECTIVES

After studying this chapter, you should be able to understand :

- 1.1. Meaning of Market
- 1.2. Types of Markets
- 1.3. Definition and Meaning of Marketing
- 1.4. Stages of Marketing
- 1.5. Role of Marketing
- 1.6. Meaning and Nature of Product
- 1.7. Meaning and Nature of Service
- 1.8. Difference between Product and Service
- 1.9. Reasons for increasing importance of services

In a free enterprise economy, markets play a very significant role. Market conditions largely determine what is to be produced and how much. Business firms take various decisions to meet competition in the market. Changes in market conditions force business firms to make changes in product design, price policy, distribution channels and promotional strategy.

### 1.1. MEANING OF MARKET

(In common language, the term market is used to refer to a place where buyers and sellers meet to effect purchases and sales.) It is a place where goods are bought and sold. But in real sense, the term market means the sum total of the environment in which resources, activities and attitudes of buyers and sellers affect the demand for products and services. Buyers and sellers may make transactions on telephone, internet and other means of communication without meeting each other. Thus, market means a mechanism through which products and services are exchanged, sold and transferred.

Following are some popular definitions of the term 'market' —

"A market is the set of all actual and potential buyers of a product."

— Philip Kotler

"Market includes both place and region in which buyers and sellers are in free competition with one another."

— Pyle

"A market means a body of persons who are in intimate business relations and carry on extensive transactions in any commodity."

— Jevons

"A market is a centre in which forces leading to exchanges of title to a particular product operate and towards which and from which the actual goods tend to travel."

— Clark and Clark

"The term market refers not necessarily to a place but always to the buyers and sellers who are in direct contact with one another."

— Prof. Chapman

These definitions reveal the following concepts of market.

✓ **1. Place concept :** To the common man, market is a place where products and services



are sold. Place refers to a physical location where buyers and seller meet. It may be a 'Hatt', a 'Bazar' or a Shopping Mall.

✓ **2. Area concept :** According to this view, market means a geographical area in which products and services are sold or exchanged. For example, European Common Market.

✓ **3. Demand concept :** It refers to the aggregate demand for a product or service.

✓ **4. Exchange concept :** It means an organisation through which exchange of an item takes place, e.g. stock exchange, commodity exchange, etc.

✓ **5. People concept :** According to this view, market consists of buyers and sellers, and all those middlemen who assist in buying and selling.

Wherever a buy or sell takes place is a market.

## 1.2. TYPES OF MARKETS

Markets may be classified as follows :

### I. TRADITIONAL MARKETS :

#### 1. On the Basis of Geographical Area

✓ (a) **Local Market :** This is a market wherein buying and selling are limited to a local area, e.g., a village, town or city.

✓ (b) **Regional Market :** This is a market wherein buying and selling are restricted to a particular region or state, e.g., Southern India.

✓ (c) **National Market :** This is a market wherein buying and selling activities are limited within the boundaries of a particular country, e.g., India.

✓ (d) **International Market :** This is a market wherein buying and selling involves buyers and sellers of several countries, e.g., the European Union.

#### 2. On the Basis of Volume of Business

(a) **Wholesale Market :** This is a market where goods are sold in bulk to retailers.

(b) **Retail Market :** This is a market where goods are sold by retailers in

small quantities directly to the ultimate consumers.

### 3. On the Basis of Subject of Exchange

✓ (a) **Commodity Market :** This is an organised market where commodities (e.g., cotton) are bought and sold according to prescribed rules and regulations.

✓ (b) **Capital Market :** This is a specialised market for providing long-term finance to business enterprises. It comprises specialised financial institutions, stock exchanges, investment trusts, insurance companies.

✓ (c) **Money Market :** This is a specialised market for providing short-term finance to business enterprises. It consists of various types of banks.

### 4. On the Basis of Position of Buyers and Sellers

✓ (a) **Primary Market :** This is a market wherein primary producers sell their agricultural products to the wholesalers or their agents.

✓ (b) **Secondary Market :** This is a market where wholesalers sell their products to retailers.

✓ (c) **Terminal Market :** This is a market where retailers sell their goods to the consumers.

### 5. On the Basis of Nature of Transactions

✓ (a) **Spot Market :** This is a market where goods are physically transferred from sellers to buyers.

✓ (b) **Future Market :** This is a market where buyers and sellers enter into future contracts without the intention of actual delivery of goods. Their purpose is to make profit out of fluctuations in prices.

### 6. On the Basis of Nature of Goods

(a) **Consumers' Market :** This is a market where goods are purchased for personal consumption.



kt.

Class - X

20/5/2020

Sub: Commercial Applications.

Chap.

Markets and Marketing

- Q.1. Define the term Market.
- Q.2. Classify the market on the basis of Geographical Area.
- Q.3. Classify the market on the basis of Volume of Business.
- Q.4. Classify the market on the basis of Subject of Exchange.
- Q.5. Classify the market on the basis of Position of Buyers and Sellers.
- Q.6. Classify the market on the basis of Nature of Transaction.
- Q.7. Classify the market on the basis of Nature of Goods.