

ICSE Paper 2016
COMMERCIAL APPLICATIONS

(Two Hours)

Answers to this Paper must be written on the paper provided separately.

*You will **not** be allowed to write during the first **15** minutes.*

This time is to be spent in reading the Question Paper.

The time given at the head of this Paper is the time allowed for writing the answers.

***Section A is compulsory.** Attempt **any four** questions from **Section B**.*

The intended marks for questions or parts of questions are given in brackets [].

Section-A (40 Marks)

*(Attempt **all** questions from this Section)*

Question 1:

State a difference between each of the following:

- (a) Marketing and Selling [2]
- (b) Renewable resources and Nonrenewable resources. [2]
- (c) Apprenticeship Training and Internship Training. [2]
- (d) Direct Cost and Indirect Cost. [2]
- (e) Cash Credit and Overdraft. [2]

Answer:

(a)

Marketing	Selling
1. It is customer oriented, the aim being to satisfy the needs of buyers.	1. It is product oriented, the aim being to satisfy the needs of the seller.
2. It is before production and continues offer sale.	2. It is beings after production and ends with sale.

3. It is long term growth and profitability of business.	3. It is short-term maximisation of profits. (any two)
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(b)

Renewable Resources	Non-Renewable Resources
1. Source of energy which can be replenished is known as renewable sources of energy.	1. Sources of energy which once used are not available again are called non-renewable sources of energy.
2. These have the potential to last indefinitely.	2. These have the potential of being depleted or exhausted.
3. Example: Solar energy, Hydel energy, Wind energy, Biogas energy etc.	3. Example: Coal, Petroleum, Natural gas, etc.

(c)

Apprenticeship	Internship
This method is used in technical trades and crafts in which a long period is required to become proficient.	This is a joint programme of training in which business houses collaborate with technical institutions.

(d)

Direct Cost	Indirect Cost
Direct cost are those costs which can be easily, directly and wholly related to a particular cost unit or cost centre.	Indirect costs are those costs which cannot be identified easily, directly and wholly with a particular cost unit or cost centre.

(e)

Cash Credit	Overdraft
Cash Credit means an arrangement under which the bank advances cash loans to the borrower against some tangible security or personal guarantee.	Overdraft means an arrangement under which the bank allows a current account holder to withdraw more than the balance to his credit upto the specified limit against some tangible security or personal guarantee.

Question 2:

- (a) What are convenience products? Give two examples. [2]
- (b) What is understood by the Going Concern Concept of Accounting? [2]
- (e) Mention any four causes of the Greenhouse Effect. [2]
- (d) What are the advantages of 'Account Payee' crossing of a cheque? [2]
- (e) What is a 'Recurring Deposit Account'? [2]

Answer:

(a) **Convenience Products:** The products which customer purchases for personal convenience and are purchased frequently, immediately and with minimum efforts, are known as convenience products. For example, news-paper, cigarettes etc.

(b) In going concern concept of accounting, it is assumed that the business will continue to

exist for a long time in the future. A firm is said to be a going concern when there is neither the intention nor the necessity to wind up its affairs. This concept also implies that the existing liabilities will be paid at maturity. Unsold stock of goods are taken to the next year.

(c) Four causes of greenhouse effect are: Carbon dioxide, Water vapour, Methane and Ozone.

(d) Advantage of 'Account Payee' crossing of a cheque is:

1. To prevent fraudulent encashment.
2. Crossing provides a protection or safeguard against loss to the securing payment through a bank.

(e) **Recurring Deposit Account:** In this account, the account holder is required to deposit a specific amount every month for a specified period of time. After the expiry of the specified period, the depositor gets back his total deposit amount with interest thereon. A pass book is issued to the depositor but no cheque book is issued.

Question 3:

(a) Explain any two qualities of a good salesman. [2]

(b) What are Open Market Operations of a Central Bank? [2]

(c) Why are interviews an essential part of the selection procedure? [2]

(d) What is 'Indirect Labour Cost'? [2]

(e) Mention any two features of a Balance Sheet. [2]

Answer:

(a) **Two qualities of a salesman:**

1. **Cheerful:** Pleasing manners and a smiling face are necessary for a successful salesman. He should be polite and courteous.
2. **Sensitive:** A good salesman should be sensitive to the needs and expectations of customers. He is a good listener and has patience.
3. **Knowledgeable:** A good salesman should have adequate and up-to-date knowledge about his firm, product, market, competitors and customers.
(any two)

(b) **Open Market Operations:** The open market operations mean the sale and purchase of securities by the central bank in the open market. When the central bank wants to reduce the volume of credit, it sells securities in the market. Similarly, when the central bank wants to expand credit, it buys securities in the open market. This increases the money supply in the banking system.

(c) Interviews are essential part of the selection procedure because employer can judge the candidate's suitability for a job by assessing his/her facial expression, postures, gestures and speaking skills. Interviews are also beneficial to the candidate as he/she gets the opportunity to know about the job and the organisation.

(d) Indirect labour cost is the wages paid to the labour which indirectly helps in the

production process, which cannot be wholly and directly identified with a particular product.

Example: Wages paid to storekeeper, foreman, timekeeper, inspectors.

(e) Features of Balance Sheet:

1. A Balance Sheet is always prepared on a particular date.
2. It is prepared after the preparation of Income and Expenditure account.
3. It is not an account but a statement.
4. It shows the financial position on a specified date.
5. Assets are shown on the right hand side and liabilities are shown on the left hand side.
6. It contains personal and real accounts and the net result of nominal account. (any two)

Question 4:

Justify a reason either for or against each of the following:

- (a) On the job training includes practical and theoretical learning. [2]
- (b) A demand draft is preferable to a cheque. [2]
- (c) Central Bank is the 'lender of last resort'. [2]
- (d) Training is related to improving skills for performing a job. [2]
- (e) In a competitive market, parity pricing is the appropriate strategy. [2]

Answer:

- (a) **Against:** Under on the job training, employees are assigned a specific job and they learn by performing the job in actual work condition.
- (b) **For:** A demand draft is preferable to a cheque because it is payable to the person named in it or to his order. It is always payable on demand and is, therefore known as 'demand draft'.
- (c) **For:** The Central Bank acts as the bank for all commercial banks in the country. Commercial banks are required to keep a cash reserve with the Central Bank so as to control credit in the country. When a commercial bank needs funds it can obtain loans and rediscount to bills with the Central Bank.
- (d) **For:** Training increases adaptability of employees to new methods and new technology. It helps the employees to do the job more efficiently.
- (e) **For:** Parity-pricing involves charging according to what competitors are charging. Under this pricing strategy a business firm adjusts its own price policy to the general pricing structure in the industry.

Section – B (60 Marks)

*(Attempt any **four** questions from this section)*

Question 5:

- (a) Explain 'Sales-Oriented Stage' and 'Marketing-Oriented Stage' of Marketing. [5]

- (b) Why is Service becoming more important than a Product? Give five reasons. [5]
(c) Explain any five steps generally involved in the selection of employees. [5]

Answer:

(a) Sales Oriented Stage: In this stage, the focus shifted from production to selling. 'How to Sell' became a problem and the new motto was 'get rid of what you have'. Products cannot be sold without an effective sales force. It required emphasis on increasing the sales even at the cost of consumer satisfaction. Thus, the sales-oriented stage was characterised by hard selling. The sales concept paid little attention to whether the product was actually needed or not.

Marketing-oriented Stage: A company philosophy focused on discovering and meeting the needs and desires of its customers through its product mix. Consumer awareness forced the producers to promote marketing. The aim of marketing should be to know and understand the customer so well that the product or service fits him or her and thus sells itself. In this stage the key questions became:

What do customers want?

How can we develop it?

How can we keep our customers satisfied?

(b) Service is becoming more important than a Product because:

1. **Economic Planning:** Government of India launched five year plans in 1951 to achieve rapid growth of the country. Industrialisation requires industrial infrastructure (transport, communication, power, insurance, banking, finance etc.) and social infrastructure (education, medical facilities, community services etc.). Therefore, these services have expanded rapidly in the country.
2. **Increasing Urbanisation:** Urbanisation has been another cause of expansion of Service sector in India. There has been shifting of population from rural to urban areas. Urbanisation leads to rise in demand for infrastructure services such as communications, public utilities and distribution services.
3. **Media:** Television, internet and other media have led to spurt in tourism. Modern technology has made business more comfortable. Tourism in turn has promoted all types of services such as hotel, restaurants, travel agents, amusement parks, event management etc. Expanding world trade has also had a demonstration effect.
4. **Rise in Per Capita Income:** Growing per capita income has led to demand for new and better services. Interior decoration, garden care, beauty parlours, slimming centres, health clubs etc. are examples of these services. More leisure time creates demand for recreation and entertainment services such as water parks, etc.
5. **Women Workforce:** Higher percentage of women in workforce has created demand for baby sitting, household domestic help and such other personal services.

(c) Various stages of the Selection Process of employees in an organisation are:

1. **Preliminary Interview:** This is the first step in the process of selection which is conducted to know the minimum qualification, experience and age of the candidates.
2. **Application Form:** After qualifying Preliminary interview the candidates are asked to fill in the prescribed application form to get the written details of the candidates.
3. **Employment Test:** This is conducted to check the required skills in the candidates.
4. **Selection Interview:** It is a method of checking the information obtained through application and employment test, through face to face communication with the candidates. It also helps the candidate to acquire knowledge about the job details and the company.
5. **Checking References:** It is the process of verifying the names given by the candidate, of the people who knows about him, his previous job and his character.
6. **Medical Determination and Final Approval:** A medical test is conducted to ensure the physical fitness of the candidate which leads to the final approval. The finally approved candidate are issued appointment letters. (any five)

Question 6:

(a) Explain the five consumer rights as per the Consumer Protection Act, 1986. [5]

(b) Explain any two elements of Public Relations. [5]

(c) 'All vacancies at various levels in an organisation cannot be filled through an internal sources of recruitment'.

Explain any five external sources of recruitment. [5]

Answer:

(a) The Consumer Protection Act provides for the following rights of consumer:

1. **The right of safety:** This is the right to be protected against the marketing of goods which are hazardous to life and property. There are various risks involved in the consumption and use of products, such as food, drugs, toys, electrical appliances, etc. For example, gas cylinder, if not sealed properly may cause injury or even death. The consumers have the right to get protection against such risks.
2. **The right to choose:** The consumer should be assured access to a variety of goods at competitive prices. This means the seller should not use aggressive selling techniques to sell the product to the consumer. There should be freedom to choose from alternative products. This requires free competition in the market. If enough varieties of products at competitive prices are

available in the market, consumers have the opportunity to make a free choice.

3. **The right to be informed:** The consumer has the right to be informed about the quality, potency, purity, standard and price of the goods he intends to purchase.
4. **The right to be heard:** The consumer has a right to register his dissatisfaction and get his complaint heard at appropriate forums. This right includes the right to make protest. The above three rights are meaningless without the right to be heard. Therefore, grievances and claims of consumers must be heard and considered.
5. **The right to seek redressal:** It means the right to get claims and complaints settled against manufacturers or sellers due to unfair trade practices and exploitation by them. The consumer has been granted the right of redress if the performance, quality, etc., of a product is unsatisfactory. The product must be repaired, replaced or taken back by the seller. The right to seek redressal will reduce post-purchase doubts and grievances of consumers.

(b) 'Empathy': Empathy means looking at things and events from the other's point of view. It requires that the communicator be in tune with the communicatee. The former should understand the attitude of the latter. For, example, a good speaker should know the emotions and sentiments of his audience. Put yourself in the shoes of the listener before you speak.

Empathy involves seeing and feeling matters as others see and feel. It enables an executive to be sensitive with problems of his workers and clients. A person with empathy can be receptive and appreciative of the ideas and opinions of others. Public relations managers and executives must acquire and master the art of empathy. This requires planned practice, experience and experimentation. Empathy is different from sympathy.

'Dialogue': Dialogue means a conversation between two persons with a purpose. If a person goes on talking without allowing others to participate in the discussion or talk, then it is a monologue. In a civilised society, dialogue is the only weapon of reasoning and understanding. Democracy and freedom cannot survive without discussion and debate. In a dialogue each person presents facts and views and considers the facts and views presented by others. It is a reasonable exchange of ideas and opinions. Dialogue reveals the true personality of a person. It helps to reduce prejudice and builds up mutual confidence. Effective dialogue requires impartial listening and understanding.

A good way to start a dialogue is by asking questions and listening to the answers. Dialogue requires a topic about which the participants are informed and to which all can make a contribution by original thinking and discussion.

(c) External Sources of Recruitment: External sources of recruitment means recruitment of employees from the sources outside the organisation. External sources of recruitment are given below:

1. **Advertisements:** Advertisements in newspapers and journals are the most widely used method of attracting candidates for all types of jobs.

Advertisements bring in a large number of applications due to wide circulation of a national newspaper. This method is convenient and economical also.

2. **Placement Agencies:** Private employment agencies advertise the vacancies, receive applications, conduct interviews and short-list candidates on behalf of employers. These agencies have become a popular source for recruiting managerial and technical personnel.
 3. **Employment Exchanges:** Employment exchanges run by the Government are another external source of recruitment. Anyone seeking employment can get himself registered with the employment exchange. Employers notify job vacancies to employment exchanges. The exchange supplies a list of candidates to fulfil required qualifications.
 4. **Gate Hiring:** Small firms make recruitment at the factory gate. Workers gather at the factory gate after reading the notice of vacancies. The suitable candidates are selected. This method is used to fill temporary and casual vacancies.
 5. **Unsolicited Applicants:** Persons in search of employment visit offices of companies. They carry their resume and certificates. A record of such candidates may be maintained and they may be considered if there is a vacancy. Unsolicited applicants are also known as **casual callers**.
 6. **Educational Institutions:** Representatives of companies hold interviews in educational institutions and select the qualified students. This source is also known as **campus recruitment**. It is suitable for recruiting engineers, computer experts and managers.
 7. **Jobbers mid Contractors:** When workers are to be hired at a short notice and without going through the usual selection procedure, jobbers and contractors serve as a useful source of recruitment.
 8. **Recommendations:** Applicants introduced by friends and relatives can be a source of recruitment. When an existing employee or a business friend recommends a person, a sort of preliminary screening takes place.
- (any five)

Question 7:

- (a) Explain fixed cost with suitable example. [5]
- (b) Explain variable cost and semi-variable cost with suitable examples. [5]
- (c) Explain the first two stages of Product Life cycle. [5]

Answer:

(a) **Fixed cost:** Fixed costs are those costs which remain fixed in amount irrespective of changes in the volume of output during a given period of time. Such costs do not change with changes (increase or decrease) in the level of activity upto a certain limit.

For Example: A sugar mill wholly remains closed for about three months during a year due to non availability of raw material (sugar-cane). But the mill-owner has to incur certain costs like the rent of factory building, factory manager's salary, insurance premiums and municipal taxes. These costs are called fixed costs or supplementary costs or overhead

costs. They remain the same irrespective of quantity of production during the short period. Fixed cost line is parallel to X axis indicating that the fixed costs remain constant.

(b) Variable Cost: Variable costs are those costs which vary in amount which changes in the level of output or activity. Such costs increase and decrease in same proportion in which the level of output increases or decreases. Variable costs vary in total amount but remain constant per unit production.

For example: When the level of output increases from 3,000 units to 4,000 units, the amount of variable costs increase from Rs. 15,000 to 20,000. In this case, the variable cost per unit remains unchanged at Rs. 5 ($15,000 \div 3,000$ and $20,000 \div 4,000$). Thus, there is a linear relationship between volume of production and total variable costs.

Semi-Variable Cost: Semi variable costs are those costs which vary but not in direct proportion to changes in the volume of production. They are a combination of fixed and variable costs. Such costs are neither perfectly fixed nor absolutely variable.

For example: Telephone charges – Rent remains fixed whereas the charges for calls made during a month are variable.

(c) First two stages of Product Life Cycle:

1. **Introduction:** In this stage, the new product will be launched in the market. Cost incurred in launching the product will be high and sales may be low. Since the product is of a new variety, competition is virtually absent, market is limited and prices are relatively high. This stage is also very risky because a high percentage of new products fail during this period. Effective strategies like introductory offer, money-back guarantee, removing technical and other deficiencies etc., may be employed.
2. **Growth:** In this stage, Demand and Sales increase and competitors enter the market. Having covered its research and development costs the product becomes profitable. In this stage, promotional focus shifts from “buy my product to buy my brand”. Strategies like heavy advertising, expanding distribution channels and keeping the price at competitive levels may be employed.

Question 8:

Write short notes on:

- (a) (i) Principle of Timeliness.
- (ii) Money Measurement Concept. [5]
- (b) Newspapers as a media for advertising. [5]
- (c) Narmada Bachao Andolan and the Chipko Movement. [5]

Answer:

(a) (i) **Principle of Timeliness:** According to this principle, an accounting system should be established in such a fashion that it provides information to all users in a timely manner. If timely information is available to the management, corrective steps can be immediately

taken. In India, there is a provision for publishing half-yearly financial reports of the companies. This provides timely information to investors and potential investors to make their investment decisions.

(ii) Money Measurement Concept: According to this principle only those transactions can be recorded in the books of accounts, which can be expressed in the terms of money. This makes accounting records relevant, simple and easy to understand. For example, the retirement of the chairman of the company cannot be recorded because it is not possible to measure the monetary effect of retirement except in terms of gratuity and other benefits payable to the chairman.

(b) Newspapers: Educated and civilised people all over the world read newspapers as a matter of habit. Newspapers reach all places and are read by all types of people. Therefore, newspapers advertising has a general and wide appeal. Newspapers can be classified into several categories on the basis of frequency of publication, (daily, weekly, monthly), language (Hindi, English etc.), retention, time (morning, evening and day editions). The choice of particular newspaper for advertising depends upon the circulation of the paper, the type of readers it serves, the geographical region in which it is popular, the cost of space and general reputation of the paper.

The features of newspapers as a media of advertising are:

1. Newspapers has a wide circulation and therefore, the advertisement reaches a large number of persons.
2. The choice of a particular newspaper for advertising depends upon the circulation of the paper, language, types of readers it serves etc.
3. Newspaper are printed daily and therefore the advertisement can be repeated daily.

(c) Narmada Bachao Andolan: This was started in 1986 under the leadership of Medha Patkar. It aimed primarily to educate those directly affected about the social and environmental impact of large development projects.

It began as a protest against the construction of dams in the Narmada valley. The Andolan mobilised and organised residents of the Narmada Valley on human rights, and environmental issues related to big dams. The leaders of this movement are fighting against displacement and disregard of the rights of the people.

Chipko Movement: It is a tree-embracing movement started in April 1973 in Mandal Village in Uttarakhand against felling of trees by forest contractors. It is a spontaneous peoples movement started by the village women based upon non-violent resistance reflecting awareness of the local people against environmental degradation. Mr. Chandi Prasad Bhatt and Mr. Sunderlal Bahuguna led the movement from the front.

Question 9:

Case Study

Maruti Nero, a product of the Maruti group has created a very good reputation in the automobile market. It has nearly 180 outlets and operates in nearly 100 cities. The company provides genuine spare parts and 24/7 roadside assistance with longest warranty coverage. It has collaboration with Tata Motors regarding its sale, service and spares. There are many dealers of Tata motors in Delhi and outskirts, so this has rapidly increased the sale of the car. The company normally goes for institutional advertising in most of the cases. It is indeed a reality that Maruti with minimum advertising has become a popular brand.

With reference to the above:

(a) What is Institutional advertising? State and explain the other types of advertising. [6]

(b) What is a brand promotion? Explain the methods used for brand promotion. [5]

(c) Suggest and explain any two suitable media to be used by the company to advertise its product. [5]

Answer:

(a) Institutional Advertising: The aim of this type of advertising is to build a favourable image of the organisation rather than to promote the sale of a product or service.

Other types of Advertising: Advertising can be classified in the following categories:

1. **Product Advertising:** The main objective of product advertising is to promote the sale or reputation of a particular product, brand or service. It is sponsored by manufactures, traders and other organisations to promote the uses, features, benefits and image of their products and services.
2. **Informative Advertising:** This type of advertising contains information about a product/service or institution. It makes consumers aware of the existence, features, uses of goods and services. For example, advertisements suggesting how to save petrol or avoid accidents are informative advertising.
3. **Persuasive advertising:** This type of advertising is designed to persuade the consumers to buy a product or service or to support an idea.
4. **Reminder Advertising:** It attempts to reminded people about the product/service or idea.
5. **Concept Advertising:** This is also known as 'primary demand advertising' or 'pioneering advertising'. Its purpose is to stimulate demand for a new type of product. Advertisements designed to change life style of people is concept advertising. For example, 'a diamond is forever' seeks to promote diamond jewellery as a concept.

(b) Brand promotion: Brand promotion comprises all the activities which a business performs to persuade and motivate people to buy the brands of the company. It is done by the manufacturer but sometimes wholesalers and retailers may also undertake brand promotion. The main purpose is to build a market for a brand and to meet competition. For example, several brands are advertised on TV like Pepsodent toothpaste, Lux soap, Titan watches, and so on. In short, brand promotion means making a brand popular.

Methods used for brand promotion:

1. **Advertising:** It is a widely used medium for brand promotion. Advertisements on TV, radio, newspapers and magazines reach a large number of people. It is due to repeated advertisements that Pepsodent toothpaste, Rin detergent powder, Surf Excel, Hero Honda bike, Maruti car, Nokia mobile, Maggi noodles, Horlicks and other brands have become popular in the market.
2. **Sales Promotion:** These are the short-term incentives to promote the sale of a brand. It induces buyers to purchase a brand through various incentives like discount coupons, prize contents, money refund. It provides the buyers incentives to purchase the brand 'now'—immediately and without any delay. In fact, available only for a specified short period. It temporarily raises the demand and when incentives are withdrawn, the demand falls down. Now-a-days mobile companies are using sales promotion techniques which induces consumers to buy a connection from-a particular company.
3. **Maintaining and Improving Quality:** In order to promote their brands, business firms are continuously maintaining and improving the quality of their brands. Brands continue to enjoy confidence of consumers only when their quality is maintained and improved.

(c) Company should use Television and Newspapers for advertising its product:

1. **Television:** Television is comparatively a new but fast growing medium of advertising. It has become very popular and effective due to the combined force of picture and sound. It has a dramatic impact on the minds of viewers. On television, products can be demonstrated and their use can be explained. Therefore, advertisement has to be repeated frequently.
2. **Newspapers:** Educated and civilised people all over the world read newspapers as a matter of habit. Newspapers reach all places and are read by all types of people. Therefore, newspaper advertising has a general and wide appeal. The choice of a particular newspaper for advertising depends upon the circulation of the paper, the type of readers it serves, the geographical region in which it is popular, the cost of space and general reputation of the paper. A daily newspaper has a wide circulation so that the message can quickly reach a large number of people. The advertisement can be repeated daily to remind customers and to create a lasting impression. Because of its repetition value, newspaper advertising is very useful in the introduction of a new product or brand name. There is the benefit of selectivity. Desired markets or regions can be approached through local or regional newspapers. There is greater flexibility as the advertisement can be changed daily and presented in a new form for greater impact.

Question 10:

This statistic shows the global smart phone market share held by Nokia each quarter from 2007 to 2013. In the third quarter of 2007, Nokia's market share was 48.7 percent. By the third quarter of 2012 the company's market share had slipped to just 3.5 percent.

Nokia is a Finnish company head-quartered in Espoo, Finland. The company has a long history dating as far back as 1865 and first began developing what would later be modern mobile phone technology in the 1960s. The company has previously been a very strong competitor in the mobile phone and telecommunication market. While the company has struggled to maintain a significant share of the smart phone market, and has also recorded multiple losses in recent quarters, when it comes to feature phones, the company does maintain a relatively secure share of the market when compared to other vendors. The company also continues to perform well in the Asia-Pacific region as well as in the Middle East and Africa where they have previously recorded the greatest sales. Across the North American market however, the company has recorded very poor sales.

Previously Nokia used the operating system Symbian for its smartphones. Until 2010, Symbian was performing well in the global market but has since been overtaken by the very dominant Android system and also Apple's iOS. As of February 2011, Nokia made the announcement that they would be switching to the Microsoft Windows OS. The company was hoping to be able to make a comeback in the smart phone market with the adoption of the Windows operating system. In 2012 however, sales saw another decrease when compared to the previous 2 years. The Windows mobile operating system did not prove to be popular and market share slipped further. Even after Nokia's high-profile acquisition by Microsoft; the market share of the brand still remains at a dismal 3 percent.

With reference to the above:

- (a) Explain any five uses of Product Life Cycle to a business enterprise like Nokia. [5]
- (b) Explain the various steps taken by Nokia after 2010 to improve the brand image. [5]
- (c) What are the promotional activities that can be undertaken to increase the market share of Nokia? [5]

Answer:

(a) Uses of Product Life Cycle:

1. When the product life cycle is known the firm can prepare an effective product plan.
2. Management can take advance steps before the decline of the product.
3. The maturity stage can be extended by finding new uses of the product.
4. Technological innovations can be adopted to improve the quality, features and design of the product.
5. Product life cycle points out the needs for significant and periodic adjustments in the marketing strategy or marketing mix of the firm.

(b) Steps taken by Nokia:

1. After 2010, Nokia switched to the Microsoft Windows OS from Symbian operating system.
2. Nokia sell its acquisition to Microsoft to improve its brand image.

(c) Nokia can adopt following promotional activities to increase its market share:

1. **Exchange Offers:** Company can announce the exchange of an old mobile phone with a new mobile after payment of a specified amount.
2. **Price-off offers:** Company can offers modern and new products at below the normal price.
3. **Prize Contests:** Company can announce prize for dealers, salesman, customers, distributors under various activities.