

CBSE Class 12 Marketing Question Paper with Solutions(Memory Based)

Time Allowed :3 Hour	Maximum Marks :70	Total Questions :24
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General Instructions

Read the following instructions very carefully and strictly follow them:

- 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,
- The paper has four Sections.
- Section A is compulsory - All questions in Section A must be answered.
- You must attempt one question from each of the Sections B, C and D and one other question from any Section of your choice.

1. What is the difference between a Generic Product and a Potential Product?

Solution:

Concept: In marketing, a product is viewed at different levels. The generic product represents the basic version, while the potential product includes all future improvements and enhancements.

Answer:

A **Generic Product** refers to the basic, no-frills version of a product that only fulfills the core need of the consumer. It includes essential features without any additional benefits or differentiation. For example, a plain mobile phone that only allows calling and texting is a generic product.

On the other hand, a **Potential Product** refers to all the possible improvements, modifications, and enhancements that a product may undergo in the future. It includes features that can be added to attract and satisfy customers better, such as advanced technology, improved design, or additional services.

Difference:

- Generic Product is the basic version; Potential Product focuses on future possibilities.
- Generic Product satisfies only core needs; Potential Product aims at delighting customers.
- Generic Product has no differentiation; Potential Product offers scope for innovation and competition.

Quick Tip

Remember the five product levels—core, generic, expected, augmented, and potential—for better conceptual clarity.

2. Explain how labelling acts as a "silent salesman" for a brand.

Solution:

Concept: Labelling is an important part of packaging that provides information and promotes the product. It communicates directly with customers without a salesperson.

Answer:

Labelling is called a "**silent salesman**" because it performs the role of informing and persuading customers without any human interaction. A well-designed label provides essential information such as product name, features, usage instructions, ingredients, price, and expiry date.

It helps in attracting customers through appealing design, colors, and brand identity. Labels also create trust by providing clear and accurate information, which influences purchasing decisions.

Moreover, labelling differentiates a product from its competitors and highlights its unique features. It also educates consumers about safe usage and legal compliance.

Thus, through communication, promotion, and information, labelling effectively acts as a silent salesman for a brand.

Quick Tip

In answers on labelling, include its informational, promotional, and legal roles.

3. What are the three essential components of a product?

Solution:

Concept: In marketing, a product is not just a physical item but a combination of benefits offered to customers. It is generally divided into different components to better understand its value.

Answer:

The three essential components of a product are:

- **Core Product:** This represents the basic benefit or need that the customer wants to satisfy. For example, the core benefit of a car is transportation.
- **Actual Product:** This includes the physical features of the product such as design, quality, brand name, packaging, and styling. It is what the customer actually purchases.
- **Augmented Product:** This consists of additional services and benefits such as warranty, after-sales service, installation, and customer support that enhance the product's value.

These components together create a complete product experience for the customer.

Quick Tip

Always relate product components with examples to make your answer clearer.

4. Discuss the characteristics that should be kept in mind while choosing a good brand name.

Solution:

Concept: A brand name is a crucial element of branding that helps in identification, differentiation, and promotion of a product.

Answer:

While choosing a good brand name, the following characteristics should be considered:

- **Simple and Easy to Pronounce:** The name should be easy to read, pronounce, and remember.
- **Short and Memorable:** A short name is more effective and stays in the consumer's mind for a longer time.
- **Distinctive:** It should be unique and capable of differentiating the product from competitors.
- **Suggestive:** The name should indicate the product's benefits or qualities.
- **Versatile:** It should be flexible enough to be used for new products in the future.
- **Legally Protectable:** The brand name should be capable of being registered and protected under the law.
- **Culturally Appropriate:** It should not have negative meanings in different languages or cultures.

These characteristics help in building a strong and effective brand identity.

Quick Tip

A good brand name should be simple, unique, and meaningful to create a lasting impression.

5. Define Product Bundling and give an example of how it is used by marketers.

Solution:

Concept: Product bundling is a marketing strategy where multiple products are combined and sold as a single package, often at a reduced price to increase sales and customer value.

Answer:

Product Bundling refers to the practice of offering two or more products together as a single

combined unit, usually at a lower price than if purchased separately. This strategy encourages customers to buy more items and increases overall sales.

For example, a fast-food company may offer a combo meal that includes a burger, fries, and a soft drink at a discounted price. Customers perceive greater value in the bundle compared to buying each item individually.

Marketers use product bundling to promote less popular products, clear inventory, and enhance customer satisfaction by providing convenience and savings.

Quick Tip

Remember: Bundling increases perceived value and boosts sales volume.

6. Briefly explain the different stages of the Product Life Cycle (PLC).

Solution:

Concept: The Product Life Cycle (PLC) describes the stages a product goes through from its introduction to its decline in the market.

Answer:

The Product Life Cycle consists of the following stages:

- **Introduction Stage:** The product is launched in the market. Sales are low, and profits are minimal due to high promotional and development costs.
- **Growth Stage:** Sales increase rapidly as the product gains acceptance. Profits rise, and competitors may enter the market.
- **Maturity Stage:** Sales reach their peak and start stabilizing. Competition becomes intense, and companies focus on differentiation and promotional strategies.
- **Decline Stage:** Sales and profits begin to fall due to changing consumer preferences or technological advancements. The product may be discontinued or modified.

These stages help marketers plan strategies for pricing, promotion, and product development.

Quick Tip

Use keywords: Introduction → Growth → Maturity → Decline to easily remember PLC stages.

7. Explain the difference between Market Skimming and Market Penetration pricing strategies.

Solution:

Concept: Pricing strategies are crucial for product positioning. Market skimming and market penetration are two opposite approaches used mainly during product launch.

Answer:

Market Skimming Pricing is a strategy where a company sets a high initial price for a new product to “skim” maximum profits from segments willing to pay more. Prices are gradually reduced over time. This strategy is suitable for innovative or unique products with less competition.

Market Penetration Pricing is a strategy where a product is introduced at a low price to attract a large number of customers quickly and gain market share. It is useful in highly competitive markets.

Difference:

- Skimming uses high initial prices; Penetration uses low initial prices.
- Skimming targets premium customers; Penetration targets mass market.
- Skimming earns quick profits; Penetration focuses on long-term market share.
- Skimming works with low competition; Penetration is used in high competition.

Quick Tip

Skimming = High price, high profit early; Penetration = Low price, high volume.

8. What is Cost-plus Pricing, and how is it calculated?

Solution:

Concept: Cost-plus pricing is a simple pricing method where a fixed profit margin is added to the cost of producing a product.

Answer:

Cost-plus Pricing is a pricing method in which the seller determines the cost of producing a product and then adds a fixed percentage of profit (markup) to arrive at the final selling price.

Formula:

$$\text{Selling Price} = \text{Cost} + (\text{Cost} \times \text{Markup Percentage})$$

Example:

If the cost of a product is 100 and the markup is 20%, then:

$$\text{Selling Price} = 100 + (100 \times 0.20) = 120$$

This method ensures that all costs are covered and a desired profit is earned.

Quick Tip

Cost-plus pricing is easy to calculate but does not consider competition or demand.

9. Discuss the factors that influence the fixation of price for a product.

Solution:

Concept: Price fixation is influenced by internal and external factors. Marketers must consider costs, demand, competition, and market conditions while setting prices.

Answer:

The following factors influence the fixation of price for a product:

- **Cost of Production:** The total cost (fixed and variable) sets the minimum price level.
- **Demand for the Product:** Higher demand allows higher pricing, while low demand may require lower prices.
- **Competition:** Prices of competitors influence pricing decisions to remain competitive.
- **Government Regulations:** Legal restrictions, taxes, and price controls affect pricing.
- **Market Conditions:** Economic conditions such as inflation, recession, and consumer income levels play a role.
- **Marketing Objectives:** Goals like profit maximization, market share, or survival influence pricing strategy.
- **Product Life Cycle Stage:** Prices vary depending on whether the product is in introduction, growth, maturity, or decline stage.

These factors must be carefully analyzed to set an effective price.

Quick Tip

Group factors into internal (cost, objectives) and external (demand, competition, government) for better clarity.

10. Define Psychological Pricing and provide a real-life example.

Solution:

Concept: Psychological pricing is based on consumer perception, where prices are set to influence buying behavior.

Answer:

Psychological Pricing is a pricing strategy in which prices are set in a way that appeals to customers' emotions and perceptions rather than logic. It creates an illusion of a lower price or better value.

For example, a product priced at 99 instead of 100 appears significantly cheaper to customers, even though the difference is minimal. This is known as **odd pricing** and is widely used in retail stores.

Such pricing influences customer perception and increases sales by making products seem more affordable.

Quick Tip

Prices ending in 9 (99, 199) are common examples of psychological pricing.

11. What are the functions of a wholesaler in the distribution chain?

Solution:

Concept: A wholesaler acts as an intermediary between manufacturers and retailers, performing various functions that facilitate smooth distribution of goods.

Answer:

The main functions of a wholesaler are:

- **Buying and Assembling:** Wholesalers purchase goods in bulk from manufacturers and collect them at one place.
- **Storage:** They store goods in warehouses until they are needed by retailers.
- **Breaking Bulk:** Wholesalers divide large quantities into smaller lots suitable for retailers.
- **Transportation:** They arrange transportation of goods from producers to retailers.
- **Financing:** Wholesalers provide credit facilities to retailers and sometimes to manufacturers.
- **Risk Bearing:** They bear risks related to price fluctuations, damage, or spoilage of goods.
- **Market Information:** They provide valuable information about market trends, demand, and competition.
- **Grading and Packing:** They sort goods according to quality and pack them appropriately.

Quick Tip

Remember key roles: storage, financing, risk bearing, and breaking bulk.

12. Distinguish between Direct and Indirect channels of distribution.

Solution:

Concept: Channels of distribution refer to the path through which goods move from producer to consumer. These can be direct or involve intermediaries.

Answer:

Difference between Direct and Indirect Channels of Distribution:

- **Direct Channel:** In this channel, goods are sold directly by the producer to the consumer without any intermediaries.
Example: Company-owned stores or online sales.
- **Indirect Channel:** In this channel, intermediaries like wholesalers, distributors, and retailers are involved between the producer and the consumer.
Example: Manufacturer → Wholesaler → Retailer → Consumer.

- **Control:** Direct channel offers greater control to the producer, whereas indirect channel reduces control.
- **Cost:** Direct channel may reduce intermediary costs, while indirect channel involves additional costs.
- **Market Reach:** Direct channel has limited reach; indirect channel helps in wider distribution.

Quick Tip

Direct = No middlemen; Indirect = Includes intermediaries.

13. Identify the level of channel starting from Producer to Retailer to Consumer.

Solution:

Concept: Channel levels refer to the number of intermediaries involved between the producer and the consumer in the distribution process.

Answer:

The channel **Producer** → **Retailer** → **Consumer** is known as a **one-level channel of distribution**.

In this channel, there is only one intermediary, i.e., the retailer, who purchases goods directly from the producer and sells them to the final consumer.

This type of channel is commonly used for consumer goods where quick delivery and direct retailer involvement are important.

Quick Tip

Number of intermediaries = Level of channel (1 intermediary = one-level channel).

14. Discuss the factors that determine the choice of a distribution channel for a firm.

Solution:

Concept: The selection of a distribution channel depends on various factors related to the product, market, company, and environment.

Answer:

The following factors determine the choice of a distribution channel:

- **Product Characteristics:** Nature of the product (perishable, bulky, expensive) influences the choice of channel.
- **Market Factors:** Number of customers, geographical location, and buying habits affect distribution decisions.

- **Company Characteristics:** Financial strength, size, and control preferences of the firm play a role.
- **Competitive Factors:** Channels used by competitors influence the firm's choice.
- **Middlemen Considerations:** Availability, efficiency, and willingness of intermediaries are important.
- **Environmental Factors:** Economic conditions, legal restrictions, and technological changes impact channel selection.

These factors must be carefully evaluated to ensure efficient and cost-effective distribution.

Quick Tip

Remember: Product, Market, Company, Competition, Middlemen, Environment—these cover all key factors.

15. What is Integrated Marketing Communication (IMC), and why is it important?

Solution:

Concept: Integrated Marketing Communication (IMC) ensures that all promotional tools and messages of a company are unified and consistent to create a strong brand image.

Answer:

Integrated Marketing Communication (IMC) refers to the coordination and integration of all marketing communication tools—such as advertising, sales promotion, public relations, and personal selling—to deliver a clear, consistent, and compelling message to the target audience.

Importance of IMC:

- **Consistency of Message:** Ensures that all channels communicate the same brand message.
- **Better Brand Image:** Builds a strong and unified brand identity.
- **Cost Efficiency:** Reduces duplication of efforts and optimizes resources.
- **Improved Customer Relationships:** Provides a seamless experience to customers.
- **Higher Effectiveness:** Integrated efforts create greater impact than isolated promotions.

Thus, IMC helps in delivering a powerful and consistent communication strategy.

Quick Tip

IMC = One voice, one message across all platforms.

16. Discuss the advantages and disadvantages of Social Media Marketing.

Solution:

Concept: Social Media Marketing uses platforms like Facebook, Instagram, and Twitter to promote products and engage with customers.

Answer:

Advantages:

- **Wide Reach:** Businesses can reach a large global audience.
- **Cost-Effective:** Marketing on social media is relatively inexpensive.
- **Customer Engagement:** Direct interaction with customers improves relationships.
- **Targeted Advertising:** Ads can be customized based on user preferences.
- **Brand Awareness:** Helps in building and promoting brand identity.

Disadvantages:

- **Time-Consuming:** Requires continuous monitoring and content creation.
- **Negative Feedback:** Negative comments can harm brand image.
- **Privacy Issues:** Concerns about data security and misuse.
- **Dependence on Technology:** Requires internet access and technical skills.
- **High Competition:** Difficult to stand out among numerous brands.

Thus, while social media marketing offers many benefits, it also has certain limitations that businesses must manage carefully.

Quick Tip

Always present both advantages and disadvantages for a balanced answer.