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| **FT/MKAK/1223/A 14-JUN-2023** | |
| **Subject: Marketing (Answer Key)**  **Grade: XII** | Max. Marks: 60Time: 3 Hours. |

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|  | **SECTION A: OBJECTIVE TYPE QUESTIONS** |  |
| Q1 | **Answer any 4 out of the given 6 questions on Employability Skills (1 x 4 = 4 marks)** |  |
| i. | The ability to do what needs to be done without the influence or trust from other people or situation is known as:   1. Direction 2. **Self – motivation** 3. Self – learning 4. Self - assessment | 1 |
| ii. | Identify the entrepreneurial competency where an entrepreneur is never disheartened by failures and keeps trying, adapting and iterating to overcome obstacles that come in the way of achieving goals.  **Ans: Persistence** | 1 |
| iii. | Talkative vs. silent; frank , open vs. secretive; adventureous vs. cautious; sociable vs. reclusive these traits describe which dimension of personality?   1. Agreeableness 2. Conscientiousness 3. **Extraversion** 4. Culture | 1 |
| iv. | What thoughts come to you when you are under negative stress   1. You think that you can cope with the situation 2. **You think that you cannot cope with the situation** 3. You think that everything will get fine eventually 4. You think that you will get help immediately | 1 |
| v. | Explain the fear ‘Fear of not being an expert’.  **Ans:** This fear can become a barrier for many budding entrepreneurs. It is the feeling of not knowing enough about your industry or business or product. Many entrepreneurs are not considered experts in their line of business, but still they make important decisions and solve issues everyday within their industry. The best way to overcome this fear is to constantly and continuously learn about what one does not know. | 1 |
| vi. | Individuals who focus on developing solutions that benefit the society are called \_\_\_\_\_\_\_.   1. Family businessmen 2. First generation entrepreneurs 3. Women entrepreneurs 4. **Social entrepreneurs** | 1 |
| Q2 | **Answer any 5 out of the given 7 questions (1 x 5 = 5 marks)** |  |
| i. | Furniture, T.V. sets, Refrigerators are the examples of the following type  of goods:   1. **Shopping** 2. Speciality 3. Convenience 4. Industrial | 1 |
| ii. | The policy of charging very high price in the initial stages of the life of a product is called:   1. **Skimming-the-Cream Price Policy** 2. Penetrating Price Policy 3. Follow-the-Leader Price Policy 4. Non-competitive Price Policy | 1 |
| iii. | Ninja Tech recently developed Ninja Tech Nutritional Bars to improve memory is an example of   1. **Product line** 2. Product life cycle 3. Product modification 4. Product cycle | 1 |
| iv. | One of the following is not an objective of pricing:   1. To achieve target rate of return on invested capital 2. To face competition 3. **To reduce the cost of raising capital** 4. To maintain or improve share of the market | 1 |
| v. | Out of the following, this will be suitable for packaging oil:   1. Wooden Box 2. Cardboard box 3. Sack 4. **Bottle** | 1 |
| vi. | \_\_\_\_\_\_\_Leader pricing\_\_ under this method of pricing, the prices of one or a few items may be cut temporarily to attract customers. | 1 |
| vii. | Market skimming pricing is suitable for a   1. Product that has so much of competition in the market 2. Product that is newly introduced to the market 3. **Product that is innovative and in high demand and low supply** 4. Product has a short lifespan in the market | 1 |
| Q3 | **Answer any 6 out of the given 7 questions (1 x 6 = 6 marks)** |  |
| i. | If the supplied charges a high price for inputs the manufacturer shifts this burden to the \_\_\_\_\_customers\_\_\_\_\_\_ by charging a higher price for the final product. | 1 |
| ii. | Maruti Vega Ltd. entered into the market with colour televisions and have now introduced products like audio systems air-conditioners washing machines etc. The company is not only offering the products but also handling complaints and offering after sales services.  Identify the level of product discussed here.  **Growth Stage** | 1 |
| iii. | These are costs which do not vary according to the number of units of product made or  service sold:   1. **Fixed costs** 2. Moving assets 3. Working capital 4. Fixed capital | 1 |
| iv. | The products that are sold through widespread distribution network is known as:   1. **Convenience products** 2. Shopping products 3. Unsought products 4. Speciality products | 1 |
| v. | During slump-period when market conditions are un-favorable due to “bearish attitude”, firms decide to lower the prices of products to keep the business going and to clear off their old stocks. Identify the type of factors which influence the pricing decision.   1. **Prevalent Economic Conditions** 2. Government Regulations 3. Raw Material or Input suppliers 4. Competition | 1 |
| vi. | Buildings, heavy plants and factory equipment necessary to build or assemble products are examples of:   1. Accessory equipment 2. Fast Moving consumer goods 3. **Capital equipment goods** 4. Manufacturer goods | 1 |
| vii. | What is chosen by the management of a firm while making estimates of profits at different levels of production at different prices?   1. Quantum of production 2. **Cash flow to the firm** 3. Revenue to the firm 4. Best combination of production, volume and prices | 1 |
| Q4 | **Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)** |  |
| i. | The products which exist but the consumers do not want to purchase them as of now but might eventually purchase them as in the case of Life Insurance comes under which category.   1. New unsought product 2. **Regularly unsought product** 3. Homogenous product 4. Heterogeneous product | 1 |
| ii. | If a company prices its product just enough to cover the cost and maintain its facilities, the pricing objective is   1. Financial 2. **Survival** 3. Profit making 4. Cost covering | 1 |
| iii. | Name the component of product that enhances the total product personality.   1. **Associated features** 2. Logo 3. Package 4. Brand | 1 |
| iv. | Price is the only element in the marketing mix that produces \_\_revenue\_\_\_\_\_\_\_. | 1 |
| v. | \_\_\_\_\_\_Impulse\_\_ are the products that consumers had not planned to buy but are persuaded at the last-minute pick up and put in their trolley or basket. | 1 |
| vi. | Bata Ltd. priced its range of shoes as Rs.1249, Rs. 5981, Rs. 2429 etc., Which of the following pricing techniques is adapted by Bata?   1. Deceptive pricing 2. **Psychological pricing** 3. Premium pricing 4. Dual Pricing | 1 |
| Q5 | **Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)** |  |
| i. | Which out of the following is not included in the components of a product?   1. Associated feature 2. Core product 3. Logo 4. **Potential product** | 1 |
| ii. | A cup of tea is priced differently by hotels and restaurants of different categories. Identify the pricing strategy.   1. Cost Oriented Pricing 2. Skimming pricing 3. Penetration Pricing 4. **Perceived value pricing** | 1 |
| iii. | When diverse products belonging to the same category are manufactured by a company but have different brand names is called ---------.   1. Store brand 2. Family brand 3. **Individual brand** 4. Umbrella brand | 1 |
| iv. | Under ------- type of pricing there is an inverse relationship between the price and quantity of a commodity.   1. Cost-oriented pricing 2. **Demand oriented pricing** 3. Markup pricing 4. Break even pricing | 1 |
| v. | During which stage of product life cycle a marketer has to consider modifying the market, product and marketing mix to fight competition and take it closer to the customer so as to register adequate profits to remain in the business.   1. Introduction stage 2. Growth stage 3. **Maturity stage** 4. Decline stage | 1 |
| vi. | A firm that produces highly substitute goods can adopt which one of the following pricing strategy?   1. **Going rate pricing** 2. Product bundling 3. Penetrating pricing 4. Skimming pricing | 1 |
| Q6 | **Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)** |  |
| i. | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is involved is a company may purchase the raw material from a company and may sell the finished product to the same company.   1. Unsought products 2. Industrial products 3. Capital items 4. **Reciprocal buying** | 1 |
| ii. | \_\_\_\_\_\_Team price\_\_\_\_\_ is a type of pricing companies sell a package or set of goods or services for a lower price than they would charge if the customer buys all of them separately. | 1 |
| iii. | In the maturity phase of PLC, a marketing manager should consider:   1. Dropping the product and moving on to the next product winner 2. **Modifying the market, product and marketing mix** 3. Pricing to penetrate the market 4. Stay in the same condition | 1 |
| iv. | All of the following are true about the price except:   1. Price is an element which generates revenue for an organization and determines its growth. 2. The term price denotes money value of a product 3. **Price is not a key variable in a firm’s marketing plan** 4. Price represents the amount of money that customers pay to the sellers to gain benefits of having or using a good or service | 1 |
| v. | If demand of a commodity increases with respect to previous supply, its price increases, and if supply of a commodity increases with respect to previous demand, its price falls. It is termed as -----.   1. Demand for the product 2. Supply for the product 3. **Price elasticity of demand** 4. Price reflections | 1 |
| vi. | With this firms can pass on increased production costs to its customers and generate a profit.   1. Market driven pricing 2. Competition-oriented pricing 3. Break-even Pricing 4. **Markup Pricing** | 1 |
|  | **SECTION B: SUBJECTIVE TYPE QUESTIONS** |  |
|  | **Answer any 3 out of the given 5 questions on Employability Skills (2 x 3 = 6 marks) Answer each question in 20 – 30 words** |  |
| Q7 | According to trait theory, combining a set of observable traits into a group forms an individual’s personality. Explain any two global traits associated with work. | 2 |
| Q8 | Explain the importance of interpersonal skills of an entrepreneur. | 2 |
| Q9 | A person with a personality disorder thing, feels, behaves, or relates to others very differently from the average person. Suggest the best steps to overcome personality disorders. | 2 |
| Q10 | Explain any two fear that an entrepreneur needs to confront and find ways to move beyond them. | 2 |
| Q11 | There are five parameters that describe an individual’s personality. Enlist any four. | 2 |
|  | **Answer any 3 out of the given 5 questions in 20 – 30 words each (2 x 3 = 6 marks)** |  |
| Q12 | 1. Ownership a) Manufacturer’s brand: When the ownership lies with the manufacturer and the producer provides the brand name to the products, it is called manufacture’s brand. The manufacturer is responsible for its marketing and enhance customer loyalty by building the brand name. Examples include Apple, GE, Intel and McDonald’s. b) Middleman’s brand/ Store brand/Private label: In certain cases, the manufacturers do not undertake branding by themselves, instead they leave their products to the wholesalers or retail chains for the branding, these brands are named as Middleman’s brands/ Store brand/ Private Labels. Example include Reliance Select a brand of Reliance Retail | 2 |
| Q13 | The definition of Price according to Philip Kotler is- “Price is the amount of money charged for a product or service.” Similarly according to Stanton “Price is the amount of money needed to acquire some combination of goods and its companying services.” Pricing is defined as ‘the process whereby a business sets the price at which it intends to sell its products and services’. | 2 |
| Q14 | Identify and explain the pricing strategy which sets prices primarily according to the estimated value of a product or service to customer rather than according to the cost of the product.  **Value- based pricing**Value-based price is a pricing strategy which setsprices primarily, according to the perceived or estimated valueof a product or service to customer rather than according to the cost of the product. In this type of pricing price of a product is determined on customers’ perception of value rather than the seller’s cost. Pricing begins with analysis of consumers’ needs and value perceptions and then company sets its target price and designs the product. It is quite opposite to cost based pricing as higher value of product is perceived due to company’s brand image or marketing at prestigious retail outlets. For example, the products sold at ‘Fab-India’ or ‘Forest Essentials’ cosmetics are considered as premium products by the customers and so are priced high. | 2 |
| Q15 | Product is one of the core elements of marketing mix. Various people view it differently as consumers; organizations and society have different needs and expectations. 3. The product includes both good and service. 4. A marketer can realize their goals by manufacturing, selling, improving and modifying the product. 5. It includes both tangible and non-tangible features and benefits offered. 6. It is vehicle or medium to offer benefits and satisfaction to consumers. 7. The important lies in services rendered by the product and not ownership of product. People buy services and not the physical object. 8. Product includes total offers, including main qualities, features and services | 2 |
| Q16 | If fixed expenses in a production unit are Rs. 1,62,000, variable cost per unit is Rs. 45 and the Selling price per unit is Rs. 60, find the BEP quantity? | 2 |
|  | **Answer any 2 out of the given 3 questions in 30– 50 words each (3 x 2 = 6 marks)** |  |
| Q17 | While setting the price of its product i.e goods and services, the business takes into account various aspects of production. Explain any three key variables in a firm’s marketing plan.  **While setting prices for its products, i.e. goods or services, the business takes into account various aspects of production, listed below**. • Price of rawmaterial- The firm considersprice at which it could acquire the goods and raw material to prepare final product to be sold in the market. A higher cost of acquiring these implies a higher product-price and vice versa. • Cost ofmanufacturing- If manufacturing cost is higher, the price of product will also be higher, whereas lower manufacturing cost leads to lower price. This cost includes the wages of labour, expenses on power and other overheads during manufacturing. • Market condition- When market has positive sentiment i.e. high demand for goods and services because of high income and purchasing power of consumers, companies set higher prices for their products. On the contrary when there is depression or negative sentiment due to lack of demand in market, price is also kept low by firms.For example, automobile companies increase prices of cars when there is high demand and offer heavy discounts when demand is low. • Competition in the market- If there isno other firm in the market offering similar product, the firm may set a higher price for its productor service, but if there are many market players for the same product, the price will be kept competitive.For example,Airtel initially kept high prices for its mobile services, but with entry of Vodafone, Idea and Reliance Jio the prices for various mobile services have been slashed. • Brand and quality of product- A higher brand-value and better quality corresponds to a higher product price in the market. For example, a simple jewellery store in the ChandniChowk market of Delhi will set price of its ornaments based on cost of gold/silver and making charges (cost of labour for making a particular piece of jewellery). But a high-end jewellery store such as Kalyan Jewellers or Tanishq will price similar ornaments at a much higher price owing to its brand-value and reputation in the market | 3 |
| Q18 | **IMPORTANCE OF PRODUCT** Product therefore, is the core of all marketing activities. Without a product, marketing cannot be expected. Product is a tool in the hands of the marketers which gives life to all marketing programmes. So, the responsibility of the marketers to know its product well is pertinent. The importance of the product can be judged from the following facts: 1) Product is the focal point and all the marketing activities revolve around it. Marketing activities like selling, purchasing, advertising, distribution, sales promotion are all meaningless unless there is product. It is a basic tool by which profitability of the firm is measured. 2) It is the starting point of planning. No marketing programme will commence if product does not exist because planning for all marketing activities distribution, price, sales promotion, advertising, etc. is done on the basis of the nature, quality and the demand of the product. Product policies thus decide the other policies. 3) Product is an end. The main purpose of all marketing activities is to satisfy the customers. Thus product is an end (satisfaction of customers) and the producer, therefore, must insist on the quality of the product so that it may satisfy the customers’ needs. It has been observed that the life of low quality products in the market is limited. | 3 |
| Q19 | **Market-Related Objectives**: • Meeting or Preventing Competition in the Market Some firms adopt pricing policies to meet or prevent competition in the market. They are ready to fix their prices at a competitive level to meet competition in the market. They even follow “below cost pricing”, that is, charge less than the cost because they believe it will prevent new firms from entering the market. • Maintaining or Improving Market Share . Market share is meaningful measure of success of a firm’s marketing strategy. This price objective helps to maintain the market share, i.e. either to increase or sometimes to decrease it. This pricing objective is followed by firms operating in expanding markets. When a market has a potential for growth, market share is a better indicator of a firm’s effectiveness than target return on investment. A firm might be earning a reasonable rate of return on investment or capital employed but its market share could be decreasing. Target market share means that sale which a company wishes to attain and it is normally expressed as a % of the total industry sales. Therefore, this is a worthwhile pricing objective for firms operating in expanding markets. • Price Stabilization Price Stabilization as an objective is prevalent in industries that have a priceleader. For example, in an oligopoly, there are only a few sellers which follow one big seller who acts as the price leader, and try to stabilize their prices simultaneously. No firm is willing to engage in price wars. They may even forego maximizing profits in times of prosperity or short supply in order to stabilize prices. This is because price stability helps in planned and regular production in long-run | 3 |
|  | **Answer any 3 out of the given 5 questions in 50– 80 words each (4 x 3 = 12 marks)** |  |
| Q20 | **LABELLING**  Role of Labeling   1. Provides description of the product and specifies its content: The label provides detailed information of the products, its ingredients, usage, care to be administered, caution, batch number, manufacturing place, helpline number in certain cases, date of manufacturing and expiry etc. 2. Identifies the product or brand: Labeling enables to identify the product amongst the multiple brands**.** SUNFEAST brand of biscuits can be easily identified from the other brands on the basis of their labeling. 3. Aids in product grading: If a company manufactures different qualities of product, labeling aids in finding which pack contains what type of quality. The variants of tea manufactured by Hindustan Unilever Ltd are differentiated by the company through green, red and yellow colored labels. 4. Facilitates in the promotion of products: It also helps in sales promotion. Consumers are to drawn towards buying products on account of their attractive labels. 5. Helps in providing information required as per the law: The labels provides statutory warnings as required by the law in case of products like cigarettes, pan masalas. They are required to carry the picture and the warnings too. In the case of hazardous or poisonous products too necessary statutory warnings are to be put on the label. | 4 |
| Q21 | Each product goes through a life cycle which includes the following stages of growth, maturity and decline. The product life cycle indicates the sales and profit of the product over a period of time. Most of the products follow the ‘S’ shaped curve with certain products deviating showing a sharp growth followed by a sharp decline, or remain in the maturity phase for a long time, and may not face a decline. Trends and Fashion can be grouped in the first category; products in closed economies or in a monopolistic market represent the second type. In this category one may also have commodities like steel, cement, and food products, where the demand remains inelastic, relative to other manufactured products.  “The product life cycle (PLC) depicts a products sales history through 4 stages: 1) Introduction 2) Growth 3) Maturity and 4) Decline | 4 |
| Q22 | **Differential Pricing**  Different customers have different desires and wants. Intensity of the demand for the product would also be different.  **Following factors affect the differential pricing method.**  **a. Time of purchase:** The Taxi charges vary on the basis of time of the day. There are night charges and day charges. Hotels charge different amount for different seasons.  **b. Location**: The similar products can be sold at different prices to the customers in In different places. Factor of place is the determinant of price in such situation. One has totravel a lot to get the same product at a lower rate which is time consuming and may not be economically desirable.  **c. Product version:** A book can be sold for different prices. By binding the book with attractive leather cover, the seller can demand a higher price than the ordinary book. The cost of the product will have a slight variation but the price could have huge variation in such situations. Slightly different versions of products could be sold on high prices in the market.  **D. The Customer**: In a theatre, there are different classes for viewing the same film. But the film is same for all the customers. Some customers are willing to pay more for a comfortable seat. At the same time some customers are not willing to pay higher cost for the same film.  **e. Bargaining ability**: Bargaining ability of the customer is another factor for low and high price of a product. Those who have the ability to bargain well can get the product at a lower cost and others will have to shell out more money for the same product. | 4 |
| Q23 | **1. Market demand**: The demand of the product determines whether the product should be manufactured or its production discontinued. New products are introduced in the market after the need of the product is identified.  **2. Cost of product**: The Company can develop products which are low in costs and produce those products. Nirma, washing powder, a low priced product was launched to counter Surf which was priced high.  **3. Quantity of production**: The Company can add more items on its product line in case the production of the new product is to be made on large scale.  **4. Advertising and distribution factors**: An organization does not incur any additional efforts to advertise or distribute when the company adds one or more products to its product line.  **5. Use of residuals**: In case the by-products can be developed or utilized; a company should produce such products.Sugar manufacturing companies can also use molasses.  **6. Competitor’s action**: In order to meet the competition/market a firm may decide to include or eliminate a product.  **7. Full utilization of marketing capacity**: The Company can start to produce another product to utilize the capacity completely if the existing marketing resources are not being utilized. | 4 |
| Q24 | **Ans: Internal factors**  **1. Objectives of the firm**: A firm may have various objectives and pricing contributes in achieving them. Firms may pursue different objectives such as maximizing revenue, maximizing profit, maximizing market share or maximizing customer satisfaction. The Pricing policy should be established only after clear consideration of the firm’s objectives.  **2. Role of Top Management**: Usually, it is the top management that takes a firm’s pricing decisions. But pricing activities are so crucial for future sales and profits that a marketing manager has to remain involved with the pricing. The role of the marketing manager is to assist the top management in price-determination and ensure that pricing takes place within the policies laid down by top-management.  **3. Cost of the Product:** There is a direct relation between the cost of production and price of a product. If the cost of acquiring material and manufacturing cost of the product are high, the price of the product in the market will also be higher and vice versa. The firm should also fix prices that are realistic, considering current demand and competition in the market.  **4. Product Differentiation**: The price of a product also depends upon its specifications. Generally, producers add more and more features to their products to attract customers, and the customers pay a price for them. Therefore, a highly differentiated product will have more features and attributes, and a higher price than one which is less-differentiated.  **5. Marketing Mix**: Price being an important element of the marketing-mix must be coordinated with the other elements- product, place and promotion. The price should be such that it covers the expenses on the other elements of the marketing mix and corresponds to them ideally. For example- a high-priced branded electronic product should be sold in high-end urban showrooms instead of rural markets; the promotion technique should be TV-advertising and not personal-selling, etc.  **6. Size of the organization**: If the size of firm is big and the scale of production is large, it can afford to set lower product price and increase its sales. On the other hand small sized firm keep high priceof its products.  **7. Location of the organization**: Location of the organization is an important determinant of the price of a product. The price and product-size will vary depending upon whether the market is located in a rural or urban area. For example, in the kirana stores in smaller towns and villages, one will find the Rs 1 or Rs 2 shampoo-sachets instead of a big 200ml or 250ml bottle found in departmental stores in a large city of the same shampoo.  **8. Nature of Goods**: If product is necessity good, firm may set a moderate price keeping in view social welfare purpose; but if the product is luxury good in nature and is being demanded by high end consumers; its price will be high.  **9. Promotional programs**: The extent of promotional programs and advertisement expenditure also influence the price of a product. If it is huge, the product will have high price and vice-versa. | 4 |
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