

INDIAN SCHOOL MUSCAT
FINAL EXAMINATION
MARKETING

(812)

SET A

CLASS: XII
11.11.2019

MARKING SCHEME SUBJECT [THEORY]

Time Allotted: 3 Hrs.
Max. Marks: 60

Answers

PART A: Employability Skills (10 Marks)		Marks (with split up)
1. A commercial business letter is a letter written in-----language. (a) Formal (b) Informal (c) Formal and Informal (d) None of these		1 Mark
Ans: (a) Formal		
2. Which one is a good leadership skill to have? (a) Be willing to take risks (b) Be able to negotiate (c) Save time or money for the company by analyzing business needs (d) All of the above		1 Mark
Ans: (d) All of the above		
3. Ctrl + C is used to - (a) Copy the selected text (b) Cut the selected text (c) Paste the selected text (d) Print the selected text		1 Mark
Ans: (a) Copy the selected text		
4. Which one of the following is not an input device? (a) Optical mark reader (b) Optical character reader (c) Key-board (d) Monitor		1 Mark
Answer: (d) Monitor		
5. What are green jobs? Ans: A 'green job' is employment in any industry that contributes to preserving or restoring environmental quality in that sector and allowing for sustainable development.		1 Mark
6. The experience of feeling competent to cope with the basic challenges in life and of being worthy of happiness is.....? (a) Arrogance (b) Self-esteem (c) Wishful thinking (d) Self-efficacy		1 Mark
Ans: (b) Self-esteem		

7. (a) State whether the following statements are True or False
Email cannot be sent to more than one person at a time.
- (b) You want to send an e-mail message to your friend Sushil. In which order will you perform the given steps to write and send an e-mail to him?
- Type Sushil's e-mail address, subject and message
 - Click on the Compose button
 - Click Send
 - Open your e-mail account.

1+1 =
2 Marks

- (a) (iv)>(ii)>(i)>(iii)
(b) (iv)>(i)>(ii)>(iii)
(c) (iv)>(i)>(iii)>(ii)
(d) (iii)>(i)>(ii)>(iv)

Ans:

(a) False

(b) (iv)>(ii)>(i)>(iii)

8. State whether the person engaged in the activity mentioned below is an 'Entrepreneur' or an 'Employee'.

- (a) Shahid becomes the manager of a dealership selling food products. He is an _____.
- (b) Ritu leaves the company she worked for and starts catering food for marriage programmes. She is an _____.

1+1 =
2 Marks

Ans:

(a) Employee

(b) Entrepreneur

9. (a) Classify the following natural resources as 'renewable' or 'non-renewable'
- Petroleum
 - Solar energy
- (b) What does conservation of energy mean? (Choose the correct option)
- Saving energy
 - Producing energy
 - Using energy inefficiently
 - Creating energy sources

$\frac{1}{2} + \frac{1}{2} + 1 =$
2 Marks

Ans:

(a)

(i) non-renewable

(ii) Renewable

(b)

(i) Saving energy

10. Match the following

Column A	Column B
1. Customer needs	A. Arun and Shyam decide to give free biscuits along with selling tea.
2. Attract customers	B. Shyam takes his tea samples to customers to understand their taste preferences

1+1 =
2 Marks

Ans:

1 – B

2 – A

11. Who is a green consumer and what are eco-friendly products?

Ans: A green consumer is someone who is very concerned about the environment and, therefore, only purchases products that are environment-friendly or eco-friendly Products with little or no packaging, products made from natural ingredients and products that are made without causing pollution are all examples of eco-friendly products.

2 Marks

Part B: Subject Skills (50 Marks)

12. Price indicates the -----which a buyer is ready to exchange for purchase of certain good or service.
(a) Satisfaction 1 Mark
(b) Money value
Ans: b) Money value
13. If the supplier charges a high price for inputs, the manufacturer shifts this burden to the -----
----by charging a higher price for the final product 1 Mark
Ans: Consumer
14. _____ is a pricing strategy for newly introduced products that results in a high initial product price. This price is reduced over time as demand at the higher price is satisfied.
(a) Prestige pricing
(b) Price lining 1 Mark
(c) Skimming
(d) Incremental pricing
Ans: (c) Skimming
15. A form of distribution in which manufacturer makes an agreement, with a middleman in each market area stipulating that the distribution of the product within that is to be confined solely to that middleman is known as-
(a) Inclusive Distribution 1 Mark
(b) Exclusive Distribution
(c) Selective Distribution
(d) Price Distribution
Ans. (b) Exclusive Distribution
16. Promotion mix contain(s):
(a) Advertisement
(b) Sales Promotion 1 Mark
(c) Publicity
(d) All of these
Ans. (d) All of these
17. A consumer contest is an example of _____.
(a) Personal selling
(b) Sales promotion 1 Mark
(c) Advertising
(d) Indirect selling
Ans: (b) Sales Promotion
18. Which promotional technique from the following will help to increase the sale of product among the existing customers itself?
(a) Premium and bonus offer
(b) Free samples 1 Mark
(c) Discount offers
(d) Free gifts
Ans: (a) Premium and bonus offer
19. Sales promotions provide customer satisfaction and are likely to build long-term customer loyalty. 1 Mark
Ans: False
20. As the Internet continues to grow in importance as a mechanism for booking travel, the travel agents role is becoming greater. 1 Mark
Ans: False

21. Service marketing is the same as _____

- (a) Transaction marketing
- (b) Relationship marketing
- (c) Internal marketing
- (d) Outdoor marketing

1 Mark

Ans: (b) Relationship Marketing

22. Digital Marketing is the same as

- (a) Online marketing
- (b) Cross-selling
- (c) Website designing
- (d) Door-to-door marketing

1 Mark

Ans. (a) Online Marketing

23. Why has web marketing become a popular form of marketing?

- (a) It is much cheaper than other forms and often more effective
- (b) Television advertising is being offered less
- (c) It is easier than traditional marketing
- (d) It has been heavily advertised

1 Mark

Answer: (a) It is much cheaper than other forms and often more effective

24. Define 'Price'.

Ans:

According to Philip Kotler is- "Price is the amount of money charged for a product or service."

2 Marks

OR

According to Stanton "Price is the amount of money needed to acquire some combination of goods and its accompanying services."

25. How does 'Product differentiation' influence the pricing decision for a product?

Ans:

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.

2 Marks

26. How do the following factors affect the selection of channel of distribution?

- (a) Perishability
- (b) Size and Weight

Ans:

(a) **Perishability.** The products which are of a perishable nature need lesser number of the intermediaries or agents for their sale. Under this very rule, most of the eatables (food items), and the bakery items are distributed only by the retail sellers.

1+1 =
2 Marks

(b) **Size and Weight.** The size and weight of the products too affect the selection of the middlemen. Generally, heavy industrial goods are distributed by the producers themselves to the industrial consumers.

27. What is zero level channel of distribution?

Ans:

The manufacturer or producer supplies the product to the customer through its own retail outlets and salesmen present there (e.g. McDonald, Patanjali stores). There are no intermediaries involved; the manufacturer is selling directly to the customer.

2 Marks



28. What are 'Above-the-line (ATL)' and 'Below-the-line (BTL)' promotional measures?

Ans:

- ATL promotional measures use the broadcast medium and print media to reach the mass audience
- BTL promotional measures are targeted to a selective audience which might be present in a store or in a fair

1+1 =
2 Marks

29. Define Sales Promotion.

Ans:

UK Institute of Sales Promotion has defined sales promotion as: "Any activity which aids value to a product or service for a limited time period by offering an incentive to purchase"

2 Marks

OR

McDonald and Wilson define sales promotion as "non-face-to-face activity concerned with the promotion of sales. It involves the making of a featured offer to defined customers within a specific time limit."

30. State with reason whether following statements are 'True' or 'False'.

- (a) Media is the message.
- (b) Brands and their fans never break up.

Ans:

- (a) **True:** This statement brings to the forefront the significance of media in communication strategy by generating a response. The media selected should be free from clutter for the message to be transmitted in the proposed manner.
- (b) **False:** Brand loyalty continues as long as brand delivers the value. The moment it stops delivering value, the fans or loyalists start breaking up.

1+1 =
2 Marks

31. Write a short note on 'Psychological pricing method' used by marketers.

Ans:

Psychological Pricing: Under this pricing method, the prices of products are set in such a way that has a psychological influence on the buyers. Customary Pricing and Price Lining are examples of psychological pricing. Odd Pricing is also a form of psychological pricing, whereby prices are set at odd numbers such as ₹99, ₹149, ₹990 which makes the customers falsely believe that they are paying a lesser price.

3 marks

32. Give any three distinctions (column wise) between 'Wholesaler' and 'Retailer'

Ans:

Wholesaler	Retailer
1. Deals in large quantities and on a large scale	1. Deals in small quantities and on small scale
2. Handles a small number of items and Varieties	2. Handles a large number of items and Varieties
3. First outlet in the chain of distribution	3. Second outlet in the chain of distribution
4. Sells to retailers and industrial users	4. Sells to consumers
5. Receives goods from manufacturers/producers	5. Receives goods from wholesalers and sometimes from the manufacturers
6. Location of a wholesaler's shop is not very important	6. Location of retailers' shop near the residential areas is very important
7. Window display is not very Important	7. Window display is a must to attract Customers
8. Sells at a very low margin of profit as turnover is very fast	8. Sells at a higher margin of profit as he has to spend on window display and pay higher rent for accommodation in a central place
9. Do not provide after-sale service	9. Provide after-sale service

1 X 3 =
3 Marks

ANY THREE

33. Briefly explain any three functions performed by a 'Retailer'.

Ans:

1. **Collection of goods:** Retailers purchase and collect goods from large number of wholesales and manufactures to meet the needs of consumers.
2. **Time Utility:** Retailers keep a large number of products of different varieties in stock to sell them to the customers whenever they require.
3. **Transportation:** Retailers perform transportation function by carrying the goods from the wholesaler and handing them over to the ultimate consumers. Sometimes, they also provide free home delivery of products to the customers.
4. **Financing:** Retailers sell the goods on credit to the consumers and thus they increase their short-term purchasing power. In this process, they undertake the risk of bad debts.
5. **Customer Education:** Retailers educate the customers by informing them about the availability and diverse uses of new products along with their demonstration.
6. **Spokesperson of Customers:** Retailers act as the spokesperson or agents of the customers. They communicate the needs or demands of their customers to the wholesalers and manufactures. Thus, they help the customers in getting the want satisfying products and help the manufacturers in producing the products which are desired by the customers.

1 X 3 =
3 Marks

ANY THREE

34. What are the functions performed by the various channels of distribution?

Ans:

1. **Transactional Functions:** The primary function of distribution channel is to bridge the gap between production and consumption. Buying, selling and risk bearing functions come under this category. There has to be a willingness of buying and selling in the transactions involved. No willingness for buying and selling there would be any transaction. All the participants in the distribution channel must assume such risk of loss.
2. **Logistical Functions:** The functions involved in the physical exchange of goods are called logistical function. Storage, grading, sorting and transportation are essential for physical exchange of goods which are the logistical functions of physical distribution.
3. **Facilitating Functions:** These functions facilitate both the transaction as well as physical exchange of goods. These facilitating functions of the channel include post-purchase service and maintenance, financing, market information etc. Sellers provide necessary information to buyers in addition to after sales services and financial assistance in the form of Sale on credit.

1 X 3 =
3 Marks

35. How is 'push strategy' different from a 'pull strategy' in a promotion mix?

Ans:

- **Push strategy** is adopted is to motivate and persuade the intermediaries" to make effort to increase the sales. It is closely related to the "Selling Concept". It emphasizes more of personal selling (hard selling) along with advertising and other trade promotional measures.
- **Pull Strategy** emphasizes on consumers. If the customer demands particular goods from the retailer and the retailers want the same from the wholesalers and the wholesalers in turn asking the manufacturers to provide that kind of goods, the customer to wholesaler who is pulling the cord. Advertising by the manufacturer may persuade the consumer to ask for the goods to their retailers. Retailers in turn will ask the wholesalers and the wholesalers to manufacturer.

1 ½ + 1
½ = 3
Marks

36. State any three conditions where skimming pricing policy is highly effective.

Ans:

1. Where the demand is relatively inelastic, as the customers know little about the product and close rivals are few.
2. Where the market can be broken down into segments with different price elasticity of demand.
3. Where little is known about price elasticity of the product.
4. Where there is minimum risk and one can move up in the prices.
5. Where the firm is making an effort to „up market“ its product so as to improve further on quality, service and expenditure on marketing costs and so capitalizes on its efforts.

1 X 3 =
3 Marks

ANY THREE

37. Give the meaning of the following modes of advertising:

- (a) Print Media
- (b) Radio Advertising
- (c) Out of home advertising

Ans:

- (a) **Print Media:** It consists of national newspapers, English dailies, vernacular papers, consumer magazines, Trade journals, technical journals, professional journals, directories and yearbooks.
- (b) **Radio Advertising:** Advertising done using the media of a Radio. It is an audio media. Radio is everywhere and it cannot be ignored. Currently there are 248 FM channels. It reaches 350 million people in 91 cities.
- (c) **Out of home advertising:** Colourful billboards along the streets and highways, benches, posters, signs and advertising on buses, subways, metros, taxicabs and trains.

1 X 3 =
3 Marks

38. Discuss the external factors that a company must consider while determining the pricing for a product.

Ans:

1. **Demand:** The market demand for a product has a direct impact on its pricing. Since demand is affected by prospective buyers, their incomes, tastes and preferences etc., they should be taken into account while making decision of pricing. For example, if demand for a product is inelastic, (necessities) a high price may be fixed. If the demand for a product is elastic (Responsive), the firm should not fix higher prices; rather fix lower prices to grab major market share.
2. **Buyers' behaviour:** Buyers' behaviour also affects the pricing decisions. If they are habitual of the product the price may be fixed high. Similar pricing decisions are taken by the firm, if buyers have a particular perception of the product being a symbol of prestige/status, or utility, e.g. luxury cars.
3. **Competition:** Market-competition plays a crucial role in pricing. In a highly-competitive market, a seller's objective is to give maximum utility at minimum-possible price. Each firm tries to outsell others offering lesser price and better quality products in the market. Therefore, prevailing information about what price the competitors are charging for similar products and what possibilities exist for increasing/decreasing price also affect pricing.
4. **Raw Material or Input suppliers:** Pricing decisions take into consideration three parties the supplier of raw material, the manufacturer, and the final consumer. If the supplier charges a high price for inputs, the manufacturer shifts this burden to the consumer by charging a higher price for the final product. On the other hand, if a manufacturer is making large profit on a particular product, suppliers will also try to cash in on these profits by charging a higher price for the raw material.
5. **Prevalent Economic Conditions:** During a boom-period in the economy, when market conditions are favourable due to 'bullish attitude' or inflationary trend, firms can

1 X 5 =
5 Marks

afford to fix higher prices of their products. On the other hand, during slump-period when market conditions are un-favourable due to '**bearish attitude**' firms have to lower the prices of products to keep the business going and to clear off their old stocks.

6. **Government Regulations:** If Government policies exert regulatory pressures, promote anti-price rise sentiment etc. then the companies cannot fix a higher price to capture the market. On the other hand, if government policies are supportive and promote businesses through healthy competition in the market, then firms can fix higher prices.

ANY FIVE

39. Give any five distinctions (column wise) between '**Advertising**' and '**Sales Promotion**'

Ans:

Advertising	Sales Promotion
Advertising is aimed at long-term building of positive brand attitude,	Promotion is aimed at more short-term tactical goal of "moving forward" sales now.
Advertising deals indirectly with potential customers by providing information or creating feelings to buy a product/service.	The primary communication objective is brand purchase intention.
Advertising is costly	Sales promotion is cheaper as compared to advertising
Advertising is suitable for medium to large firms	Sales promotion is suitable for large firms.
Advertising has twin purposes of increasing sales and build brands	Whereas sales promotion has an extra objective of providing knowledge.
Advertising assumes that sales will increase.	Sales Promotion has direct effect on sales
Advertising is done through newsprint, TV, Radio, Outdoor publicity, etc.	Sales promotion is done through discount coupons, free stuff, tasting, contests, events, meets, etc.
Result of advertising are slower	Result of sales promotion are faster
Example: A TV advertisement for a mobile phone listing its features	Example: HUL giving free tubes of Close Up toothpaste is an example of sales promotion.

1 X 5 =
5 Marks

ANY FIVE

40. Explain any five importance/functions performed by promotion element in the marketing mix.

Ans:

1. **Information:** It informs (awareness and education) customers about the launch of new product/service/idea and the place of availability.
2. **Persuasion:** The promotion is to persuade the customers to use one particular brand in this brands-cluttered world.
3. **Remind:** Promotion has to continuously remind the customers of the brand and enforce customer loyalty, It is true not only during normal times, but even when the product is in shortage, so that customers do not forget your brand. During the World War II Bourn Vita was in short supply, yet the company continued to advertise for this very purpose.
4. **Relationship:** Promotion is meant to create relationships through constant promotion and involvement of customers with the marketer so as to create a lifetime relationship with them.
5. **Adds value:** Promotion creates value by influencing consumers perceptions.
6. **Assists other company efforts:** Promotion accomplishes goals, assists sales representatives, and enhances the results of other marketing communications.

1 X 5 =
5 Marks

ANY FIVE

41. Briefly explain the characteristics of services.

Ans:

1. **Intangibility:** A service can't be seen, touched, held, or put on a shelf, because it has no physical shape. No customer can buy physical ownership (Non-ownership) of an experience (entertainment), time (consulting), or a process (dry cleaning). No service can be examined before its enactment because of intangibility. Examples of services include ticketing, babysitting, schooling, etc.
2. **Simultaneity:** In most of the cases production and consumption goes in simultaneously. A consumer has always to be present in the service factory, either the service provider comes to him (plumber) or he goes to service provider (hair salon). This simultaneity develops much more close contact with the customer. Thus, in-service production and consumption can't be separated.
3. **Heterogeneity:** No two services can be the same, because services depend to a large extent on human actions and interactions between customers and providers. Since production and consumption goes in simultaneously, there is no chance to rectify a faulty product before it reaches the customer. Thus, heterogeneity makes it difficult to standardise the quality of service.
4. **Perishability:** No services can be produced and stored before consumption, hence, they are perishable. Perishability is the main source of many of the problems of supply and demand that services marketers face. A scheduled flight if not filled with fliers goes in vain forever. Most of the service providers, therefore, focus their marketing mix on managing demand.
5. **Non-Ownership:** Customers cannot own the service they receive because ownership is not transferred from the buyer to the seller as it is with a product.

1 X 5 =
5 Marks

42. Briefly explain any five advantages of Online Marketing.

Ans:

1. **Brand Awareness:** It is the degree of consumer recognition of a product by its name. Creating brand awareness is a key step in promoting a new product or reviving an older brand.
2. **Measure Impact:** A key benefit of using online channels for marketing a business or product is the ability to measure the impact of any given channel.
3. **Acquiring Valuable Customers:** It helps to find how visitors acquired through different channels interact with a website or landing page experience and which channels are most effective at acquiring valuable customers.
4. **Use of Analytics:** Analytics on web or mobile app experiences can help determining which online marketing channels are the most cost-effective at acquiring customers.
5. **Better medium:** Through data we can get a quick view of which channels are effective at acquiring and driving higher lifetime value for customers and to find which drives repeat purchases to prior customers.
6. **Customer Analysis:** Helps to analyse group of customers that have strong engagement behaviour and high potential for upsell for higher engagement.

1 X 5 =
5 Marks

ANY FIVE