INDIAN SCHOOL MUSCAT

SECOND PERIODIC ASSESSMENT

MARKETING (812)

CLASS: XII MAX.MARKS: 20

Marking Scheme

Q.N	VALUE POINT	MARKS BREAK UP
1.	External factors are forces which are beyond control of the firm. A firm cannot alter or change these factors or forces for its advantage.	1
2.	Cost refers to the money incurred to produce a particular product or service. Price is the amount of money charged for a product or service."	1
3.	The manufacturer sets the price below which his/her manufactured product will not be sold to the distributors or consumers. He/she may enter into a formal agreement with the distributors of product to not sell below this fixed price in any situation. The basic purpose of this policy is to protect the interest of the manufacturer and create a positive brand-image in the market.	1
4.	Skimming involves setting a very high price for a new product initially and to reduce the price gradually as competitors enter the market. 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.	3= 1 1+1+1 ANY TWO
5.	It implies that a firm sells the same product / service at two or more prices that do not reflect a proportional difference in costs. Price discrimination occurs in many forms: (i). Discrimination on the basis of customer segment – the product / service is sold at different prices to different customer groups, e.g. Indian Railway charges lower fare for students. (ii). Discrimination on the basis of product form – different version of the same product are sold at different places. Based on image differences, e.g. a company may sell two varieties of a bathing soap ₹2 and ₹50 respectively, through the difference in their cost of ₹10 only. (iii). Locational discrimination – the product is sold at different prices at two places even though the cost is the same at both the places, e.g. a cinema theatre charges different prices for seats close to the screen and higher for the seats located far off ie different for ground floor and balcony seats. (iv). Time discrimination – Prices differ according to the season or time of the day. (v). Public utilities like taxi charge higher rate at night. Similarly, 5 star hotels charge a lower price for their rooms during off-season (vi). Image discrimination – the same product is priced at different levels on the basis of difference in image,	31+1+1 ANY THREE
6.	**A. Importance of Pricing for Firm**	3 = 1+1+1

	1. To determine firm's Competitive Position and Market share 2. To achieve the financial goals of the company- 3. To determine the quantum of production 4. To determine the product positioning and distribution in the market. 5. To determine the quality and variants in production 6. To establish consistency with the other variables in the marketing mix. 7. Helpful in maintaining system of free enterprise and long run survival of firms 8. Improvement in company's image i. Helpful in decision-making ii. Helps in satisfaction of needs iii. Helps determine the purchasing power and standard of living of the consumer iv. Enhancement in social welfare Any three points	ANY THREE POINTS
7.	1. Profitability objectives: Target Rate of Return on Investment or Net Sales 2. Profit Maximization Market-Related Objectives: Meeting or Preventing Competition in the Market Maintaining or Improving Market Share 3. Price Stabilization Public Relations' Objectives Enhancing Public Image of the Firm Resource Mobilization	4= 1+1+1+1(1 mark for explanation)
8.	***A. Internal factors*** • Internal factors are the forces which are within the control of a firm up to certain extent. • The firm can regulate and change these factors as per requirement. 1. Objectives of the firm 2. Role of Top Management 3. Cost of the Product 4. Product Differentiation 5. Marketing Mix 6. Size of the organization 7. Location of the organization 8. Nature of Goods 9. Promotional programs ***B. External Factors*** • External factors are forces which are beyond control of the firm. • A firm cannot alter or change these factors or forces for its advantage. • Demand • Buyers' behaviour • Competition • Raw Material or Input suppliers • Prevalent Economic Conditions • Government Regulations Explain any 4 points each	4= ½ + ½ + ½ + ½ + ½ + ½ + ½ + ½