CBSE Class 12 Marketing Question Paper 2026 with Solutions

Time Allowed : 2 Hours	Maximum Marks : 70	Total Questions : 24

General Instructions

1. The paper is divided into Section A and Section B.
2. Section A includes objective-type questions.
3. All questions in Section A are compulsory.
4. Section B includes short answer, and long answer type questions.
5. Answers must be written legibly within the word limit.
6. Use of unfair means or electronic devices is prohibited.
7. Follow the correct format and instructions for each section.

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

Correct Answer: A Generic Product is the basic version of a product containing only those attributes absolutely necessary for its functioning, whereas a Potential Product encompasses all the possible augmentations and transformations that a product might undergo in the future.

Solution:

Step 1: Understanding the Concept:
Product levels help marketers understand how to add value to a product at different stages of its development.
The Generic Product represents the fundamental utility, while the Potential Product represents the future vision of the product.

Step 2: Key Formula or Approach:
The approach involves comparing the most basic functional state of a product (Generic) with its ultimate evolutionary possibilities (Potential) to satisfy future consumer needs.

Step 3: Detailed Explanation:
1. **Generic Product:** This is the "no-frills" version of the product. It meets the basic functional requirements but lacks any unique features or brand identity. For example, a basic unbranded smartphone that can only make calls and send texts.
2. **Potential Product:** This refers to the evolution of the product. It includes all the improvements, features, and modifications that a company could potentially add to satisfy customers in the future. For example, a smartphone that might eventually integrate advanced AI or holographic displays.
3. **Key Difference:** The Generic product is about "what it is now" in its simplest form, while the Potential product is about "what it could become" to surprise and delight customers.

Step 4: Final Answer:
The Generic Product is the basic, functional version of the product (e.g., a simple chair), while the Potential Product represents future enhancements (e.g., a chair that self-adjusts to posture using sensors).

> Quick Tip
>
> Remember Theodore Levitt's five levels: Core Benefit, Generic Product, Expected Product, Augmented Product, and Potential Product. The "Potential" level is where companies look for future competitive advantages.

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

Correct Answer: Labelling acts as a "silent salesman" by providing essential information, attracting customer attention through design, and persuading consumers to make a purchase at the point of sale without the need for a human sales representative.

Solution:

Step 1: Understanding the Concept:
In modern retail (like supermarkets), products must sell themselves. Labelling is the communicative part of packaging that performs the role of an informative and persuasive salesperson.

Step 2: Key Formula or Approach:
The approach focuses on the psychological impact of visual cues, information transparency, and brand differentiation on consumer decision-making at the point of purchase.

Step 3: Detailed Explanation:
1. **Identification:** The label helps the consumer identify the brand and differentiate it from competitors on crowded shelves.
2. **Description:** It provides vital details such as ingredients, usage instructions, expiry dates, and warnings, which builds trust with the consumer.
3. **Promotion:** Attractive graphics, colors, and promotional claims (e.g., "New and Improved" or "20% Extra") catch the eye and trigger impulsive buying.
4. **Grading:** Labels help in categorizing products into different quality grades (e.g., Gold, Silver, Premium).
5. **Statutory Requirements:** It fulfills legal obligations by providing mandatory information, which ensures transparency.

Step 4: Final Answer:
Labelling serves as a silent salesman by combining visual appeal with informative content to influence the consumer's decision-making process at the shelf.

Quick Tip

Think of the label as the last point of marketing communication before the purchase. If the label fails to communicate value, the sale might be lost to a competitor.

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

Correct Answer: The three essential components of a product are the Core Benefit (the basic need it satisfies), the Tangible/Formal Product (the physical features and quality), and the Augmented Product (the additional services and benefits).

Solution:

Step 1: Understanding the Concept:
A product is more than just a physical object; it is a bundle of satisfactions that a consumer buys. Marketers divide these satisfactions into three distinct layers.

Step 2: Key Formula or Approach:
The approach analyzes the product as a multi-layered entity, moving from the psychological need (Core) to the physical object (Tangible) to the value-added services (Augmented).

Step 3: Detailed Explanation:
1. **Core Product (Benefit):** This is the fundamental service or benefit the customer is actually buying. For a hotel, the core benefit is "rest and sleep."
2. **Actual/Formal Product:** This involves the physical attributes, design, brand name, packaging, and quality level. For the same hotel, this includes the bed, bathroom, and brand logo.
3. **Augmented Product:** This includes the non-physical parts of the product like warranty, after-sales service, delivery, and installation. For the hotel, this might be free Wi-Fi or a complimentary breakfast.

Step 4: Final Answer:
The three components are: 1. Core Benefit (functional utility), 2. Tangible Product (physical features), and 3. Augmented Product (supporting services).

Quick Tip

Most competition today occurs at the "Augmented Product" level as products become more standardized at the core and actual levels.

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

Correct Answer: A good brand name should be short, easy to pronounce and remember, distinctive, suggestive of the product's benefits, and legally protectable.

Solution:

Step 1: Understanding the Concept:
A brand name is the first point of contact between a brand and its audience. A well-chosen name creates a positive image and aids in brand recall.

Step 2: Key Formula or Approach:
The approach evaluates a name based on its linguistic simplicity, psychological impact (memorability), competitive differentiation, and legal sustainability.

Step 3: Detailed Explanation:
1. **Short and Simple:** Names like "Nike" or "Sony" are easy to pronounce and stay in the consumer's memory.
2. **Distinctive:** It should stand out from competitors. For example, "Apple" for computers was very distinctive compared to names like "IBM" at the time.
3. **Suggestive:** It should hint at the product's benefits or qualities. For example, "Lux" suggests luxury, and "Fair & Lovely" suggests skin care benefits.
4. **Adaptable:** The name should be versatile enough to allow for future product line extensions.
5. **Universal Meaning:** In a global market, the name should not have negative connotations in other languages or cultures.
6. **Legally Protectable:** It must be capable of being registered as a trademark.

Step 4: Final Answer:
Key characteristics include simplicity, distinctiveness, suggestiveness, adaptability, and legal availability.

> Quick Tip
>
> Always test a brand name for linguistic traps if you plan to go international. Some names that sound great in English can be offensive in other languages!

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

Correct Answer: Product Bundling is a marketing strategy where several products or services are grouped together and sold as a single unit, usually at a lower price than the total cost of individual items.

Solution:

Step 1: Understanding the Concept:
Marketers use bundling to increase the perceived value for the customer and to move more inventory. It simplifies the purchase decision for the consumer.

Step 2: Key Formula or Approach:
The approach utilizes the "price-value" trade-off, where offering multiple items at a consolidated lower price creates a higher perception of savings and utility.

Step 3: Detailed Explanation:
1. **Mechanism:** Marketers combine a high-demand product with a lower-demand one or complementary items together.
2. **Benefits:** It increases the average transaction value, reduces marketing costs per unit, and exposes customers to other products in the brand's portfolio.
3. **Example:** A classic example is a "Combo Meal" at a fast-food restaurant like McDonald's, where a burger, fries, and a soft drink are sold together for a lower price than if purchased separately. Another example is software suites like "Microsoft Office" which bundles Word, Excel, and PowerPoint.

Step 4: Final Answer:
Product bundling involves selling multiple items as one package. Example: A travel agency offering a bundle of flight, hotel, and local sightseeing.

> Quick Tip
>
> Bundling is effective because it reduces the "pain of paying" by masking the individual prices of the items in the package.

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

Correct Answer: The Product Life Cycle consists of four main stages: Introduction, Growth, Maturity, and Decline, representing the sales and profit history of a product over time.

Solution:

Step 1: Understanding the Concept:
Just like living beings, products go through various stages from their launch until they are removed from the market. Strategizing according to the stage is crucial for a firm's survival.

Step 2: Key Formula or Approach:
The approach involves mapping the product's performance on a graph of Sales vs. Time to

identify shifts in competitive intensity and market saturation.

Step 3: Detailed Explanation:
1. **Introduction Stage:** The product is launched. Sales are low, and promotion expenses are very high to create awareness. Profits are usually negative.
2. **Growth Stage:** Consumer awareness increases. Sales rise rapidly. Competitors enter the market. Profits begin to peak.
3. **Maturity Stage:** Sales growth slows down as the product has reached most potential buyers. Competition is intense, and firms use heavy discounting to maintain market share.
4. **Decline Stage:** Sales and profits fall due to technological changes, shifts in consumer tastes, or better competition. The product may eventually be phased out.

Step 4: Final Answer:
The PLC stages are: 1. Introduction (launch), 2. Growth (rapid sales), 3. Maturity (peak sales), and 4. Decline (falling sales).

Quick Tip

Not all products follow this S-curve. Some might be "fads" (quick rise and fall) or "classics" (long maturity stage).

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

Correct Answer: Market Skimming involves setting a high initial price to target early adopters and "skim" profits, while Market Penetration involves setting a low initial price to attract a large number of buyers and gain significant market share quickly.

Solution:

Step 1: Understanding the Concept:
These are two contrasting strategies used during the launch of a new product. The choice depends on the nature of the product, competition, and target audience.

Step 2: Key Formula or Approach:
The approach compares a "profit-first" strategy (Skimming) focusing on niche quality segments with a "volume-first" strategy (Penetration) focusing on mass market price sensitivity.

Step 3: Detailed Explanation:
1. **Market Skimming:** Used for innovative products with little competition. The firm charges a premium price. As the novelty wears off or competitors enter, the price is gradually lowered. Example: Apple iPhones at launch.

2. **Market Penetration:** Used when the market is price-sensitive. A very low price is set to encourage trial and discourage competitors. The goal is to build volume and achieve economies of scale. Example: Reliance Jio's entry into the telecom market.

Step 4: Final Answer:
Skimming = High initial price for maximum profit per unit.
Penetration = Low initial price for maximum market reach and volume.

> Quick Tip
>
> Use Skimming for products with high R&D costs and unique features. Use Penetration when you want to establish a dominant market position rapidly.

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

Correct Answer: Cost-plus pricing is a method where a fixed percentage of profit (markup) is added to the total cost of producing one unit of a product to determine its selling price.

Solution:

Step 1: Understanding the Concept:
This is a standard, cost-oriented approach. It ensures that all costs are covered and the desired profit margin is achieved. It is widely used by retailers and wholesalers.

Step 2: Key Formula or Approach:
The formula used is:

$$\text{Unit Cost} = \text{Variable Cost} + \left(\frac{\text{Fixed Cost}}{\text{Unit Sales}}\right)$$

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

Step 3: Detailed Explanation:
1. **Calculate Costs:** First, determine the total cost per unit (including direct materials, labor, and overheads).
2. **Add Markup:** Decide on the percentage of profit desired based on company targets.
3. **Final Price:** Add the markup amount to the unit cost. For example, if a product costs \$10 to make and the desired markup is 20%, the price will be \$12.

Step 4: Final Answer:
Cost-plus pricing is adding a profit margin to the unit cost.

Formula: Price $=$ Unit Cost $\times$ $(1 +$ Markup Rate$)$.

Quick Tip

While simple, this method ignores competitor pricing and consumer demand, which can lead to overpricing or underpricing in a competitive market.

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

Correct Answer: The pricing of a product is influenced by internal factors (costs, marketing objectives) and external factors (demand, competition, government regulations, and economic conditions).

Solution:

Step 1: Understanding the Concept:
Price fixation is a complex decision as it directly impacts sales volume and profitability. A firm must balance its internal needs with external market realities.

Step 2: Key Formula or Approach:
The approach involves a "Dual-Limit Analysis": Costs establish the floor (minimum price), and Consumer Value/Demand establishes the ceiling (maximum price).

Step 3: Detailed Explanation:
1. **Product Cost:** The floor price is set by the total cost of production, distribution, and selling.
2. **Utility and Demand:** The ceiling price is determined by the value perceived by the customer and the intensity of demand.
3. **Competition:** The prices of similar products in the market set a benchmark. High competition usually leads to lower prices.
4. **Government Regulations:** Certain products (like medicines or essential goods) have prices capped by the government to protect consumer interests.
5. **Marketing Objectives:** If the goal is "Market Share Leadership," prices might be kept low. If it's "Product Quality Leadership," prices will be high.

Step 4: Final Answer:
Key factors include: Costs, Consumer Demand, Competition, Legal/Government constraints, and Corporate Objectives.

Quick Tip

Always remember: Cost sets the minimum price, and Demand/Value sets the maximum price. Competition determines where in between the price should fall.

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

Correct Answer: Psychological pricing is a pricing strategy based on the theory that certain prices have a psychological impact on consumers, making them perceive the product as significantly cheaper or of better value than it actually is.

Solution:

Step 1: Understanding the Concept:
Consumers do not always act rationally. Psychological pricing exploits emotional responses rather than logical calculations to drive sales.

Step 2: Key Formula or Approach:
The approach utilizes "Threshold Effects" and "Cognitive Biases" like the left-digit effect, where the human brain processes the first digit of a price most heavily.

Step 3: Detailed Explanation:
1. **Odd Pricing:** Prices ending in odd numbers like 9 or 5 (e.g., \$9.99). Consumers focus on the first digit and perceive \$9.99 as significantly less than \$10.00.
2. **Prestige Pricing:** Setting high prices to signal high quality or status, appealing to consumers who equate "expensive" with "better."
3. **Example:** Retailers like Bata or Amazon often price items at 999 instead of 1000. This is known as "charm pricing," where the customer perceives the product to be in the "900 range" rather than the "1000 range."

Step 4: Final Answer:
Psychological pricing uses price points to trigger emotional purchase responses. Example: Pricing a shirt at 499 instead of 500 to make it seem like a "deal."

Quick Tip

This strategy is highly effective in retail because the human brain processes "9.99" as "9" plus change, which feels cheaper than the whole number.

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

Correct Answer: A wholesaler acts as a link between manufacturers and retailers, performing functions like bulk buying, storage (warehousing), financing, risk-bearing, and providing market information.

Solution:

Step 1: Understanding the Concept:
Wholesalers buy in large quantities from producers and sell in smaller lots to retailers. They provide scale and efficiency to the distribution system.

Step 2: Key Formula or Approach:
The approach analyzes the "Value Chain" where wholesalers provide logistical and financial support to manufacturers while ensuring stock availability for retailers.

Step 3: Detailed Explanation:
1. **Bulk Breaking:** They buy in huge quantities and break them into smaller units for retailers.
2. **Storage/Warehousing:** They provide ready stock, reducing the inventory burden on both manufacturers and retailers.
3. **Financing:** They often buy in cash from manufacturers and provide credit to retailers.
4. **Risk Bearing:** They take ownership of goods, bearing the risk of theft, damage, or price fluctuations.
5. **Market Information:** Being close to retailers, they provide valuable feedback to manufacturers about consumer trends and competition.
6. **Transportation:** They often handle the logistics of moving goods from the factory to the local market.

Step 4: Final Answer:
Functions include: Bulk buying/breaking, warehousing, financing, risk-taking, and information gathering.

> Quick Tip
>
> Wholesalers are essential for products that have a wide geographical market and many small retail outlets.

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12. Distinguish between Direct and Indirect channels of distribution.

Correct Answer: Direct channels involve selling directly from the producer to the consumer without intermediaries, whereas Indirect channels involve one or more intermediaries like wholesalers, agents, or retailers.

Solution:

Step 1: Understanding the Concept:
The length of the distribution channel determines how the product reaches the final user. Direct is short; Indirect is long.

Step 2: Key Formula or Approach:
The approach involves a "Cost-Control Trade-off": Direct channels offer maximum control but higher fixed costs; Indirect channels offer maximum reach but lower margins.

Step 3: Detailed Explanation:
1. **Direct Channel (Zero Level):** The manufacturer sells directly to the end-user. Methods include door-to-door selling, mail order, or own retail outlets (e.g., Bata, Eureka Forbes). It allows better control but requires more investment in sales force.
2. **Indirect Channel:** Utilizes middle-men.
- **One Level:** Producer → Retailer → Consumer.
- **Two Level:** Producer → Wholesaler → Retailer → Consumer.
- **Three Level:** Producer → Agent → Wholesaler → Retailer → Consumer.
3. **Comparison:** Direct channels offer higher margins and control but limited reach. Indirect channels offer massive reach but lower control and shared profits.

Step 4: Final Answer:
Direct: No middlemen (e.g., Online direct sales).
Indirect: Involves middlemen like wholesalers and retailers (e.g., FMCG goods like soaps).

Quick Tip

Perishable goods and expensive industrial machinery usually prefer direct channels, while daily necessities prefer indirect channels.

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

Correct Answer: This is a One-Level Channel of distribution.

Solution:

Step 1: Understanding the Concept:
Channel levels are defined by the number of intermediaries between the producer and the final consumer.

Step 2: Key Formula or Approach:
The approach identifies the specific entities in the chain and counts only the intermediary cat-

egories between the source and the destination.

Step 3: Detailed Explanation:
1. In the sequence **Producer** → **Retailer** → **Consumer**, there is only **one** intermediary, which is the Retailer.
2. This channel is commonly used for specialty goods or shopping goods like clothes, electronics, and automobiles (where the company sells through authorized dealers).

Step 4: Final Answer:
The level of channel is the One-Level Channel (or 1-tier distribution).

> Quick Tip
>
> Always count the number of **types** of intermediaries to find the level. Do not count the producer or the consumer.

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

Correct Answer: The choice of distribution channel is determined by product characteristics, market characteristics, company characteristics, and environmental factors.

Solution:

Step 1: Understanding the Concept:
Choosing the right channel is critical for ensuring product availability and cost efficiency. No single channel is best for every product.

Step 2: Key Formula or Approach:
The approach uses "Situational Analysis" to match the product's physical and technical needs with the market's geographic spread and the company's financial capability.

Step 3: Detailed Explanation:
1. **Product Related Factors:** Perishable goods need short channels. Complex technical products need direct selling. Bulky goods need short channels to reduce transit costs.
2. **Market Related Factors:** If the number of buyers is small, direct selling is better. If buyers are spread geographically, long channels are needed.
3. **Company Related Factors:** A financially strong company can afford its own distribution network (direct). A weak company must rely on middlemen.
4. **Competitive Factors:** Sometimes firms follow the channel used by competitors, or they might choose a different one to stand out.
5. **Environmental Factors:** Economic conditions (recession favors shorter, cheaper channels)

and legal regulations also play a role.

Step 4: Final Answer:
Factors include: Product type (perishability), Market size/location, Company's financial strength, and Competition.

Quick Tip

High-value, customized products almost always favor shorter, more direct channels to maintain service quality.

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

Correct Answer: IMC is a strategic process of coordinating all aspects of marketing communication (advertising, PR, sales promotion, direct marketing) to deliver a consistent, clear, and compelling message about the brand.

Solution:

Step 1: Understanding the Concept:
In the past, different departments handled different promotions, often leading to mixed messages. IMC ensures everything works together in harmony.

Step 2: Key Formula or Approach:
The approach focuses on "Message Synergy," where all communication touchpoints reinforce a single unified brand proposition to avoid consumer confusion.

Step 3: Detailed Explanation:
1. **Definition:** It is the "Integration" of all communication tools so they speak with one voice.
2. **Importance - Consistency:** It ensures the brand image is uniform across TV, social media, and in-store displays.
3. **Importance - Synergy:** The combined effect of multiple channels is greater than the sum of their individual effects.
4. **Importance - Cost Efficiency:** By using common themes and assets, companies save money on creative development.
5. **Importance - Relationship Building:** Consistent messaging builds stronger trust and long-term relationships with customers.

Step 4: Final Answer:
IMC is the unification of all promotional tools. It is important for brand consistency, cost savings, and maximizing impact on consumers.

Quick Tip

Think of IMC as an orchestra where all instruments (tools) play the same tune (message) to create beautiful music (brand awareness).

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

Correct Answer: Social Media Marketing (SMM) is the use of social platforms to connect with the audience to build brands and increase sales. It offers high reach and engagement but comes with risks of negative feedback and high time requirements.

Solution:

Step 1: Understanding the Concept:
Social media has transformed marketing from a one-way broadcast into a two-way conversation between brands and consumers.

Step 2: Key Formula or Approach:
The approach involves analyzing the "Reach vs. Risk" dynamic of digital platforms, evaluating the benefits of granular targeting against the lack of control over public discourse.

Step 3: Detailed Explanation:
1. **Advantages:**
- **Global Reach:** Ability to reach millions of users at a low cost compared to traditional media.
- **Targeted Advertising:** Highly specific targeting based on demographics, interests, and behavior.
- **Engagement:** Direct interaction with customers builds loyalty and provides instant feedback.
- **Measurability:** Real-time analytics help track ROI accurately.
2. **Disadvantages:**
- **Negative Feedback:** One bad customer experience can go viral and damage brand reputation quickly.
- **Time Consuming:** Requires constant monitoring and fresh content creation.
- **Privacy Issues:** Growing concerns over data security can lead to consumer backlash.
- **Skill Requirement:** Requires specialized knowledge of algorithms and digital trends.

Step 4: Final Answer:
Advantages include reach and targeting; disadvantages include the risk of public criticism and the need for constant maintenance.

Quick Tip

On social media, ”Engagement is King.” Don’t just post ads; post content that starts a conversation to get the best results.