

(Marketing short answers)

1. Internal rate of return (IRR)

It is discount rate which gives a net present value of zero.
When NPV zero this rate is the IRR,

$$IRR = A + \frac{N_A}{N_A - N_B} \times (B - A) \quad \uparrow \quad \downarrow$$

Changing rates mean different NPV

- The higher the cost of capital, the smaller the NPV; when $r \uparrow$, NPV \downarrow
- The smaller the cost of capital, the higher the NPV; when $r \downarrow$, NPV \uparrow

2. Payback Period Method

Payback can be defined as the period, usually in years, which it takes for project net cash inflows to recoup the original investment. (Payback is the number of years needed to recoup investment)

3. Target Market

- Target market is the specific group of customers at whom the company aims its goods or services.
- From market research, they know their customers' income levels, lifestyles, buying patterns, likes and dislikes and even psychological profiles.
- The target customer should permeate the entire form the merchandise purchased to the layout and décor of the store.

4. Price elastic

If an increase in product price causes consumers to reduce their purchases more than proportionally, the product is said to be price elastic.

5. Price inelastic

If the increase in price had resulted in an increase in total revenue, we would state that the product was price inelastic.

6. Operational Marketing Information system

Lists of the operational marketing information system:

- (1) Sales Information Systems
- (2) Inventory information Systems
- (3) Distribution Information Systems
- (4) Credit information Systems

7. Point of Sale (POS) System

- are another facet of the order entry system. Provide for the capture of data about orders at the point of sale.
- Are frequently found in fast food chain stores and grocery chain store.
- the information obtained from point-of-sale systems becomes input to the financial accounting system.

8. Cost-plus pricing

Determining the cost of the product and adding a markup to the cost to provide the desired profit is called cost-plus pricing.

9. Demand pricing

It may base the price of their products on the value they believe the customer perceives the product to have, or demand pricing.

10. Penetration pricing

Once the organization has developed a larger market share, or developed larger customer base, it may then raise prices slowly vis-à-vis its competitors, counting on customer satisfaction and retain the market share. Such pricing is known as a penetration pricing.

11. Market skimming pricing

Entering the market with a new product priced at a high level is called market skimming pricing.

12. Manufacturing systems

- Manufacturing systems encompass all the activities necessary to ensure production.
- These activities may include the evaluation of sites for production; the planning, development, and maintenance of production facilities.

13. Production systems

- Production systems are subsystems of manufacturing systems.
- They are designed to produce the goods and how they are produced that the marketing system plans to sell.

14. Continuous flow production

Some products are produced continuously, through is called continuous flow production.

For example, oil refineries continuously produce refined oil from raw oil products.

15. Mass-production

Some products are produced on an assemblyline, is called mass-production.

For example, television sets and bottled soda.

16. Job order production

- Some products are produced in batches.
- when they are requested and according to the specifications in the request, or through is called job order production.

For example, printing paper for 500 brochures order

17. Reorder-level system

A reorder-level system – a system for determining the least expensive quality to order.

18. Economic order quality (EOQ)

Economic order quality (EOQ) provides managers with the means to reduce total inventory costs by identifying the most economic quantity in which to order each item of inventory.

19. Gantt charts

Gantt charts are useful for job order production.

20. PERT charts

- to the management of large project.
- Allow managers to control project completion times

21. Personnel file

Personnel file contains personal and organization related information such as name, address, sex, minority status, marital status, citizenship, years of service, education and training, previous experience, employment history within the organization, salary rate, salary or wage grade, and retirement and health plan choices.

22. Employee skills inventory

Employee skills inventory contains information about every employee's work experience, work preferences, test scores, interests, and special skills or proficiencies.

23. Job description

Each job description specifies the purpose, tasks, duties, and responsibilities of each job and the conditions and performance standards under which those duties and responsibilities must be carried out.

24. Job specification

A job specification describes the skills, knowledge, experience, and other personal characteristics required of workers who are to be placed in the positions described in the job descriptions.

25. Compensation plans

An organization can offer vary widely and include such schemes as hourly wage plans, piece-rate plans, incentive pay plans, merit pay plans, monthly salary plans, commissions, and profit sharing.

26. Benefit plans

Include a wide range of fringe benefits such as stock options, health insurance, life insurance, dental insurance, medical services, day-care services, tuition for approved courses, and retirement plans.