



## VI. EVALUATION AND MULTI-DISCIPLINARY QUESTIONS

Question 1. (i) Liril — brand name with the “freshness” concept.

(ii) MAGGI, is brand name for noodles, sauces, masalas, etc.

Identify the type of brand name in each of the above case and give their features.

Answer:

(i) Individual brand name: Here, every product is promoted by the entrepreneur on the basis of a separate brand name like:

Liril—brand name with the “freshness” concept.

Lux — brand name for “beauty soap for film stars”

(ii) Family brand name (Umbrella branding): Here, the entrepreneur’s name or the company’s name is used for all the products. Like:

MAGGI, is brand name for noodles, sauces, masalas, etc.

AMUL, has been used to market a large variety of dairy products viz. milk, ghee, butter, chocolates, etc.

Question 2. Amul’s message — “A gift for someone you love.”

Rasna — “I love you, Rasna.”

Tm lovin it” - McDonald Weekender — “Wear your attitude.”

Raymond’s Suiting — “The complete man.”

Yamaha Bike—“The rugged personality.” Savdhan India - “India fights back.”

1. Identify the concept involved in the above examples.
2. What is behind the concept?
3. Describe the importance of the concept.

Answer:

1. The concept involved is Tagline.
2. These have a small amount of text which serves to clarify a thought it is designed with a dramatic effect. These can be in the form of Questions, Statements and Exclamations.
3. Taglines are simple but powerful messages that help to communicate an enterprise’s goals, mission, distinct qualities and so much more.

Question 3. Street vendors sell various types of small goods. Often, there is a standard price posted for each item on sale. If the vendor really wants to sell an item, and determines that a prospective buyer is not willing to pay the posted price, he or she may engage the individual in a negotiation of the sale price. Sometimes referred to as dickering, the buyer and seller make offers back and forth until they can settle on a price that both believe is fair.

1. Explain the type of pricing method involved.
2. Describe the features of the pricing method involved.

Answer:

1. Variable Pricing Method.
2. Following are the main features of the Variable Pricing Method:
  - (a) Paying capacity of the customers can be considered while selling.
  - (b) Volume of the product purchased by the customer affect

the pricing. Low price can be charged if volume of sale is more.

(c) Bargaining power of the customers affects this type of pricing.

(d) Acquaintance of the firms with the customers has an impact on the sale.

Question 4. A company has incurred expenses of Rs 1000 and they want to earn profit margin of 10 % than the company will sell the product at Rs 1100.

1. Identify the type of Pricing method involved.
2. Write advantages and disadvantages of this method.

Answer:

1. Cost Plus Pricing Method.
  2. Advantages of Cost Plus Pricing Method:
    - (a) Easy: This method of pricing is very simple method. It can easily be used for determining the price.
    - (b) Flexible: Any changes in the cost of production or the margin of profit change the price in the same direction. It automatically gets adjusted to the change.
    - (c) Visible profit margin: Profit margin is not to be calculated. It is already fixed. Thus, by multiplying the profit per unit with the volume of the product, the total profit can be determined.
    - (d) Increases efficiency: Any upward rise in cost is easily visible. This provides an idea to the entrepreneur to adjust his production for keeping the cost as low as possible.
    - (e) Less calculation: Comparatively less calculations are involved, which makes the implementation of this method simple.
    - (f) Easy implementations: This method can easily be implemented because of its simplicity to understand and easy calculations.
- Disadvantages of Cost Plus Pricing Method:
- (a) Suitable only for single product: A firm involved in production of only one type of product finds it convenient. In case the firm decides about variation, then this method cannot be successfully used.
  - (b) Could neglect the competitive price: In case the sum of cost price and profit is more than the competitive price, then the sale of the product will be low.
  - (c) Consumers' preference: It is not considered while fixing the price by this method. This method does not provide much scope for selling the product discriminately to different group of customers.

Question 5. Subhiksha was founded in 1997 by R. Subramanian, an IIT-IIM graduate. It operated over 1600 outlets selling groceries, fruits, vegetables, medicines and mobile phones and positioned itself as value retail chain. It adopted strategy to cut price, focus on lower and upper middle class, and opened shops near catchment area of customers. It started with one store in Chennai and within a short span the count reached to 1600 outlets (2008). Still Subhiksha was a failure.

Describe the possible reasons behind the failure of Subhiksha.

Answer: Following are the reasons behind the failure of Subhiksha:

1. Rapid store expansion in various formats like groceries, medicines, mobiles, electronics, consumer durables and IT without sufficient fund in hand.
2. Operated on very slim or zero margins resulting in higher cash outflow whereas inflows were almost nil.
3. Not much attention to customer service resulted in bad quality service at store level.

4. Downstream supply chain was not integrated resulting in lower fill rates and customer dissatisfaction.
5. Expanded business through debt.
6. The company did not have enough funds to manage its operations.
7. Poor inventory management resulted in defective inventory, breakages, lower fill days and pile up inventory.

Question 6. Google Wave started out with a bang. An Internet giant like Google doesn't need to market its product, because a lot of influential internet users are willing to do that for them and that too free of cost. The reason behind this is that Google has made a reputation of a company which makes products and services that revolutionise the way we use the internet. Google wanted to enter the booming social media market and wanted to compete with social media giants like Facebook and Twitter.

The concept behind Google Wave was to start a social form of Gmail, where a group of people can communicate with each other in a single thread and can post videos, images and files in real time. It was the amalgamation of chat, file sharing and social networking. Months before being launched, articles from sites like Techcrunch and Mashable gave us a sneak peek to the new application and showed us what the application had in store for us. It was such an interesting concept that Twitter was flooded with tweets minutes after the news was out. Google Wave was launched with a lot of speculation. It started out as an invite only application and the first users who got an invitation were the ones using Sandbox. In the first few weeks, everybody was dying to get their hands on the new product by Google. Many weeks have gone by and Google Wave has opened their gates to everyone. But as the mystery of the Google Wave has unfolded, it has turned out that Google Wave has failed expectations. Mention the reasons why Google Wave failed?

Answer:

Following are the main reasons behind failure of Google wave:

1. Too much conversation
2. Prone to excessive
3. Real time chatting
4. Applications affect load time.

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