



### III. LONG ANSWER TYPE QUESTIONS

Question 1. While selecting a brand name, what care must be taken by an entrepreneur?

Answer: While selecting a brand name an entrepreneur should choose a name which is :

1. Short, simple and easy to pronounce.
2. Noticeable, easy to recognize and remember.
3. Pleasing, impressive when uttered.
4. Neither obscene, negative, offensive or vulgar.
5. Adaptable to packaging, labelling requirements, to different advertising media and languages.
6. Linked to product and eye catching.
7. Contemporary, capable of being registered and protected legally.

Question 2. Explain the various types of brands available.

Answer: Various types of brands available are:

1. 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”
2. Family brand name (Umbrella branding): Here the entrepreneur’s name or the company’s name is used for all the products, like—KISSAN, is brand name for jams, sauces, etc. AMUL, has been used to market a large variety of dairy products viz. milk, ghee, butter, ice-creams, etc.
3. Corporate names: Here, entrepreneur can choose their corporate name or logo together with some brand names of individual products for example, Godrej, Tata, Bajaj, etc.
4. Alpha-numeric names: It is mainly for industrial products. An alpha-numeric name signifies its physical characteristics. For example, SX4, Liv52, ANX Grindlay, i10, i20, etc.

Question 3. How will you show that market mix is dependent on the type of the product?

Answer: Market Mix is a set of activities. Contribution of each is essential. It can be explained using following example:

A toilet soap manufacturer can offer improved quality product at a lower price. He can keep such a low price that it can be penetrating pricing. In the competitive market he would be able to increase its sale by selecting adequate channel of distribution to reach maximum consumers. Promotion on TV and newspapers for timely information will be beneficial in raising his sales. He will have to keep shorter distribution channel for ensuring easy and quick reach of the product to the customers.

Question 4. Why do different entrepreneurs adopt different types of market mix for their products?

Answer: Different entrepreneurs adopt different types of market mix for their product because of following:

1. Target group: Market mix is different . for different income groups. Higher price is kept for the products meant for rich

- people. Also the demands of the customers vary from place to place which ultimately depend on their paying capacity.
2. Promotional method: Various types of promotional methods have varying effect in the same locality. Therefore, the selection of the method is guided by the locality.
  3. Distribution: Mode of distribution is different for different areas. If it is city area, then road and air transport is preferable. If supply chain is longer, then it could be a mixture of air, water and land transport. Easily reachable mode is preferred and selected.

Question 5. What factors affect the policy of packaging?

Answer: Following factors affect the policy of packaging:

1. Quantity of the product.
2. Quality of the product.
3. Safety of the product.
4. Choice of the customers.
5. Environmental factors.
6. Specific requirement of the product.
7. Cost of packaging material.

Question 6. What is trade marking? Why is it necessary?

Answer: The process of providing mark of trade by the enterprise to its product is trade marking. By this process a sign, symbol, word, asset of words, picture etc. is provided to the product. The trademark becomes identification mark of the product.

Trade marking is necessary because of following:

1. Essentiality: Some of the products need a trademark for their sale. They may be a product of a business house or may be a new enterprise.
2. Identity: Trademark provides identity to the product. Product gets recognition due to trademark.
3. Reach: Easy and simple trademarks always reach to maximum possible customers. The product thus becomes famous.

Question 7. What is variable pricing technique?

Answer: Variable pricing technique is the one in which different prices are charged from different categories of customers. There is price discrimination. Many factors are responsible for the variation in the price. If a customer is purchasing more quantity of the product, he will be offered lower price. If the demand for the product increases in the market then higher price can be charged. This method has both the objectives viz. selling more quality and also charging higher price but at different times, e.g. Indian railways charges different fares for AC 3 tier, AC 2 tier, second class and general compartment.

Question 8. What major considerations affect the variable price method?

Answer: Following are the major considerations which affect the variable price method:

1. Paying capacity of the customers.
2. Volume of the product purchased by the customer.
3. Bargaining power of the customers.
4. Choice and preference of the customers.
5. Expectation about changes in demand of the product in the future.
6. Acquaintance of the firms with the customers.

Question 9. What is meant by base pricing and discount?

Answer: Base pricing and discount method is the method in which the entrepreneur fixes one price for its commodity. This price is calculated in advance considering the point that discount will be

offered during the sale. Here, the discount offered is of various types. Depending on the type of customers the various rates of discount are fixed. Discount is offered to all the customers but at different rates.

The wholesaler discount may be different from, volume discount, discount for transaction and off-season discount. Base price and discount = predetermined price discount.

Question 10. What is trade discounting? Why is it done?

Answer: Trade discounting is the method of discounting in which the supplier offers a decent profit margin to retailer on the sale.

Entrepreneur can also provide this to wholesaler. This can be done by deducting the percentage of discount from the wholesalers' or retailers' price. Mostly this type of discount is offered on volume purchase or for sales promotion. Such discount is mostly offered to the members of same trade and not to the final consumers.

Advantages of trade discounting:

1. Increase in trade satisfaction as the members of trade receive satisfactory discount.
2. It reduces the chances of loss as the costs are covered.
3. Profit margin of wholesaler and retailer is maintained.

Question 11. What is penetrating pricing?

Answer: Penetrating pricing is the method of pricing in which the entrepreneur introduces its product in the market with low price compared to competitors. The low price increases the sale of the product tremendously. Normally for keeping low price, the profit margin is normally kept very low. The product thus captures the major part of the market e.g. Hero Honda, CD Dawn motorbike was introduced with the same pricing method. The CD Dawn penetrated into the market and captured major part of the market. Recently Bajaj CT-100 also followed the tactics.

Wheel active detergent powder kept the price of Rs. 20 per half kilogram. This also captured the market quickly.

Question 12. When does an entrepreneur employ dealers for sales?

Answer: An entrepreneur can employ dealer for sales when:

1. The product is having longer shelf- life.
2. The size of market is very large.
3. Market is spread to larger distances.
4. The expenditure on the product is very small e.g., spoons, shampoos, etc.
5. The producer is willing to take less risk.
6. The large-scale production is undertaken by the producers.
7. The entrepreneur launches a new product.
8. Quick transportation arrangements are planned.

Question 13. Why is packaging an important ingredient in the Product Mix?

Answer: Packaging is an important ingredient in the Product Mix because of following:

1. Convenience: Packaging adds to the convenience to the product. It becomes convenient for handling; transporting and storing e.g. medicines are packed in small packets.
2. Branding: A specific packaging becomes a part of a brand. A product gets identification due to packaging e.g. Nirma washing powder has a picture of dancing girl, Tata salt have Tata salt written on its pack.
3. Conveys information: Various details about the product like quantity, expiry date, date of manufacture, procedure of using, etc. are conveyed to the customers for providing better value to the product.
4. Eye-catchy: A beautiful pack and attractive design of the pack

is always eye-catching. It attracts the customers e.g. perfumes are normally packed in beautifully moulded bottles.

(v) Protection: Suitable packaging provides protection to the product. It improves its shelf-life and maintains its quality for some stipulated time.

Question 14. How does market mix play an important role in enhancing the sale?

Answer: Marketing mix plays an important role in enhancing the sales of the enterprise. Its following components help in raising the sale:

1. Product: If various features and characteristics of the product are of the liking of majority of the potential customers, the sales is automatically going to be higher. Effective after sale service, efficient utilization of know-how, full capacity production will create good rapport of the product. Consequently sales will be enhanced.
2. Price: Favourable and adequate pricing depending on the paying capacity of the customers always appeal the customers. The loyalty towards the product is also enhanced which ensures minimum sales and also attracts new customers. Various pricing methods are available at the disposal of the entrepreneur. Selection of appropriate method can be used as a tool for raising sales.
3. Promotion: Publicity plays a leading role in promoting sales. Depending on the nature of the product the advertisement mode can be selected. Door to door selling, newspaper, radio, pamphlet, etc. are the various methods, which can be used for increasing the number of customers.
4. Distribution: Various channels of distribution can be effectively used by entrepreneur depending on nature of market, preference of consumers and nature of the products. Shorter is the channel of distribution more efficient is distribution.

Question 15. Will you, as an entrepreneur, use the base pricing method for consumable items? Justify your answer.

Answer: Yes, an entrepreneur, could use the base pricing method for consumable item.

This is because of following reasons:

1. Raising the sales: When the discount is assured on the consumable item, customers will be attracted towards the item. This will increase the sales.
2. Easy promotion: Due to varying discount, the promotion of the product becomes easy, as discount rates can be made public easily and effectively.
3. Customers will not be lost: If one rate of discount is not acceptable then the other and more effective discount can be offered.
4. Scope for bargain: Bargain on price or discount is possible in this method. This bargain can be initiated by entrepreneur and also by the customers leading to productive transaction for the entrepreneur.

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