



Question 16. Describe the various terms related to tagline in the world.

Answer:

1. 'Tagline', 'tag line' and 'tag' are American terms. In U.K., they are called 'end lines', 'end lines', or 'strap lines'.
2. Germans call them as 'Claims',
3. French refer them as 'Signatures'
4. Belgians call them 'baselines'.

Question 17. What does the following signify?

Amul's message — "A gift for someone you love." Rasna — "I love you, Rasna."

"I'm lovin it" — McDonald Weekender — "Wear your attitude."

Raymond's Suiting — "The complete man."

"Yamaha Bike—" "The rugged personality."

Answer: These represent taglines. Taglines are simple but powerful messages that help to communicate an enterprise's goals, mission, distinct qualities and so much more.

These are small amount of text which serves to clarify a thought.

These are in the form of Questions, Statements, Exclamations, etc.

Question 18. What is importance of Intellectual Property for an entrepreneur?

Answer: Intellectual Property (IP) rights are the legally recognized exclusive rights to creations of the mind. By this, owners are granted some exclusive rights to a variety of intangible assets. For example, copyrights, trademark, patents, industrial design rights, trade secrets, etc.

Question 19. Give examples of patentable inventions.

Answer: Patentable inventions include Art, Process, Method or Manner of manufacture;

1. Machine, Apparatus or other Articles
2. Substances produced by Manufacturing
3. Computer Software which has Technical application to Industry or is used with Hardware Product Patent for Food/Chemical/Medicines or Drugs.

Question 20. What is the importance of Copyright?

Answer: Copyright gives the creator of the original work exclusive rights to it, usually for a limited period of time.

It is applicable to creative, intellectual or artistic forms or work. For example, musical composition, literary work such as poems, plays, etc.

Question 21. All the four elements of the market mix are interdependent. How will you support this statement?

Answer: Yes, all the four elements of the market mix are interdependent. For example, if the quantity of sale is to be increased then the distribution pattern needs to be effective and capable of covering larger area. Simultaneously more advertisement expenditure is required. This will require the introduction of new promotional schemes for the product.

Question 22. Give some methods of classifying the product.

Answer: Products can be classified as:

1. Consumer products: It includes fans, vegetables, toothpaste, fruits, soaps, shampoos etc. these include final goods.
2. Capital goods: It includes all those goods needed by the producers for producing goods e.g. tools, equipment, nut-bolts, machines, etc.
3. Services: These are invisible and intangible goods provided by various entrepreneurs to the customers. For example, banking, transportation, tourism, movies, etc.

Question 23. Why do customers prefer enterprises with assured after sales service?

Answer: Customers prefer enterprises with assured after sales service because of following reasons:

1. Durability: The durability of the product increases when an effective after sale service is available. This point is stronger in the mind of the consumer.
2. Convenient: The use of the product becomes more convenient when it runs with less problems or hurdles.
3. Maintenance: The maintenance of the product becomes easy as this responsibility is passed on to the seller when after sale service is prompt.

Question 24. What is the cost plus pricing method?

Answer: In this method the cost of production of one unit of the product is calculated. This cost covers all the types of costs including explicit cost, variable cost, fixed cost, etc. to this is now added the preplanned profit margin.

Price = cost of production + profit

Here, costs of production as well as profit both are determined separately in advance. This is the most common method used by the entrepreneurs.

Question 25. How does packaging support the entrepreneur in enhancing the market?

Answer: Packaging supports the entrepreneur in the following ways:

1. It provides better utility to the customers which enhance the sale of the product.
2. It provides more aesthetic value to the customers.
3. It provides basic information about the product to the customers.
4. Good packaging enables the suppliers to maintain decent stock.

Question 26. What is quantity discounting?

Answer: It is a type of discounting in which discount is offered by entrepreneur or seller on bulk sales. It can be referred as a reduction in price of the product or service that a seller offers to anyone who purchases more than a minimum quantity e.g. a company offers 1.0% discount on purchase of 150,000, 15% on purchase upto ₹ 1 Lakh and 20% discount for the purchase of goods worth above ₹ 1,50,000.

Question 27. Market rate method is useful for new entrepreneurs. Why?

Answer: Market rate method is useful for new entrepreneurs because of following reasons:

1. Low risk: Keeping the price of the product equivalent to the market rate minimizes the risk of loss to a new entrepreneur.
2. More chances of success: The prices fixed are competitive. This provides more chances of selling the new product in the market.

Question 28. Why is pricing crucial in an entrepreneurial activity?
Answer: In an entrepreneurial activity pricing is crucial because of following reasons:

1. Profit: When the predetermined price is fixed an entrepreneur can obtain predetermined profit.
2. Source of revenue: Selling of the product is the only source of revenue for the producer. A regular sale makes the revenue regular.
3. Determines demand: Demand is dependent on the price of the product. Carefully fixed price by an entrepreneur does not lose its customers; on the contrary there is continuous increase in its customers.

Question 29. How does the Penetrating Price Method of pricing facilitate in expanding the market?

Answer: Penetrating Price Method of pricing is one in which the price of the product is decided lower than the original price of the product with minimal of profit. This method facilitates in expanding the market because the main aim of enterprise to penetrate into the market covering large area by attracting as many customers as possible at the very outlet. The sale is expected to have a high turnover, bring high returns on investment and the necessary profit. Example: Nirma washing powder.

Question 30. The total cost of a heater is Rs. 800. If the manufacturer wishes to have a margin of 20% on the sale price, what should be its selling price?

Answer: Let, Sale Price = Rs x

The margin of profit is $x - 800$ (as the total cost is Rs 800)

Profit margin required 20% of x i.e. $0.2x$.

$$0.2x = x - 800$$

$$0.8x = 800$$

$$x = 800/0.8 = \text{Rs } 1000.$$

Thus, the selling price should be Rs 1000.

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