

Entrepreneurship ©2013

Chapter 10: Product, Price, and Place—Checkpoint Solutions

Checkpoint 10.1

1. Explain the difference between tangible and intangible.

Answer: Tangible means that an object exists physically and can be touched. Intangible means that it is not physical and cannot be touched.

2. What is the product mix?

Answer: All the products and services that a business sells.

3. List three product-positioning strategies.

Answer: 1. Branding. 2. Packaging and labeling. 3. Developing new products when necessary.

4. Why is packaging important to product strategy?

Answer: Colorful and attractive packages help position the product.

5. List the four steps of the product cycle.

Answer: 1. Introduction. 2. Growth. 3. Maturity. 4. Decline.

Checkpoint 10.2

1. List three important considerations when determining price.

Answer: 1. Price must cover the costs of producing and selling the product. 2. Price should provide the desired level of profit for the business. 3. Price must be what customers are willing to pay for the product.

2. Give three examples of unfair and illegal pricing practices.

Answer: (*any three*) 1. Bait and switch. 2. Price fixing. 3. Price ceilings. 4. Price floors. 5. Price discrimination. 6. Deceptive pricing. 6. Predatory pricing.

3. Describe the importance of supply and demand in pricing your product.

Answer: If everyone wants your product and the demand is high, you can usually set a higher price. If only a few people want your product, you will set a lower price to encourage customers to buy.

4. What are two commonly used pricing techniques?

Answer: Psychological pricing and discount pricing.

5. List the five most popular forms of discount pricing.

Answer: 1. Cash discount. 2. Promotional discount. 3. Quantity discount. 4. Seasonal discount. 5. Trade discount.

Checkpoint 10.3

1. What is a supply chain?

Answer: A supply chain is the system that moves a product or service from the supplier to the customer.

2. List three types of intermediaries.

Answer: 1. Wholesalers. 2. Retailers. 3. Agents (brokers).

3. What are the two types of distribution channels?

Answer: 1. Direct. 2. Indirect.

4. List the six main types of transportation.

Answer: 1. Truck. 2. Train. 3. Plane. 4. Ship. 5. Pipeline. 6. Digital.

5. What are the four types of utility?

Answer: 1. Place. 2. Time. 3. Possession. 4. Form.