

Name:

Class:

Date:

Lesson 8.1: Agribusiness and Marketing

Lesson Review

Carefully study the lesson and then answer the following questions.

1. What is agribusiness? (8.1.1)

Answer:

2. *True or False?* Capital is the financial and material resources a business has available to use. (8.1.1)

Answer:

3. *True or False?* The goal of agribusiness to maximize the output while minimizing the input is known as diminishing returns. (8.1.1)

Answer:

4. What is the production of many types of commodities known as? (8.1.0)

- A. Profit maximization
- B. Agricultural specialization
- C. Diversification
- D. Supply and demand

Answer:

5. Agricultural producers may receive _____ from the government to help stabilize the market for specific products. (8.1.1)

- A. patents
- B. subsidies
- C. market equilibrium payments
- D. enterprises

Answer:

6. The group of consumers that are likely to purchase a specific product make up the _____ for a specific product. (8.1.1)

- A. market
- B. seasonality
- C. comparative advantage
- D. longevity

Answer:

7. List the four basic market structures common in agribusiness. (8.1.1)

Answer:

8. What is the difference between a market and a niche market? (8.1.1)

Answer:

9. The amount of money that a business earns over its expenses is called its _____. (8.1.2)

- A. cash sales
- B. capital sales
- C. profit
- D. capital purchase

Answer:

10. What is the difference between current and noncurrent assets? (8.1.2)

Answer:

11. The reduction in value of an asset over time is called _____. (8.1.2)

- A. noncurrent
- B. inventory
- C. depreciation
- D. liabilities

Answer:

12. The amount of money a noncurrent asset is worth when all of the usefulness to the business is gone is called the _____. (8.1.2)

- A. salvage value
- B. acquisition value
- C. depreciation
- D. asset value

Answer:

Match each of the liability terms to its definition.

- A. Accounts payable
- B. Amortization
- C. Capital loan
- D. Chattel mortgage
- E. Collateral
- F. Interest
- G. Liability
- H. Loans

13. The fee charged by the lender in exchange for loaning money (8.1.2)

Answer:

14. Charges that are typically due in full when received (8.1.2)

Answer:

15. A loan in which movable personal property is used to secure the loan amount (8.1.2)

Answer:

16. The debts or financial obligations of the business (8.1.2)

Answer:

17. Sums of money that are paid back to the lender over time (8.1.2)

Answer:

18. The property used to secure a loan (the lender can take this as payment if the loan is not repaid) (8.1.2)

Answer:

19. A loan for the costs necessary to run a business (8.1.2)

Answer:

20. The process of splitting the total loan repayment into equal installments (8.1.2)

Answer:

21. How is net worth calculated? (8.1.2)

Answer:

22. *True or False?* Having a budget can allow you to make decisions about whether or not the business will be profitable. (8.1.2)

Answer:

23. Selling a noncurrent inventory item is called _____. (8.1.2)

- A. cash sales
- B. capital sales
- C. profit
- D. capital purchase

Answer:

24. Receiving money for a service or sale of a current inventory item is called _____. (8.1.2)

- A. cash sales
- B. capital sales
- C. profit

D. capital purchase

Answer:

25. Why would a business owner want to calculate the return on investment for his or her enterprise? (8.1.2)

Answer:

26. What are six things the best risk management strategies include according to the USDA Economic Research Service? (8.1.3)

Answer:

Match the business structure to the corresponding description.

A. Cooperative

B. Corporation

C. Limited liability company (LLC)

D. Partnership

E. Sole proprietorship

27. One person owns and has financial responsibility for the enterprise (8.1.4)

Answer:

28. Owners work to develop an operating agreement that details the financial responsibility of each member (8.1.4)

Answer:

29. Two or more owners develop an agreement outlining which portion of the business will be allocated to each person (8.1.4)

Answer:

30. A business that functions as a separate legal entity, with those involved each getting a share of the profit distribution (8.1.4)

Answer:

31. A group of producers who come together to meet a mutual need (8.1.4)

Answer:

32. What are the three components of a business plan? (8.1.4)

Answer:

33. What is the difference between a mission statement and a vision statement? (8.1.4)

Answer:

34. The concept of agricultural products bringing in most of their revenue at a specific time of the year is called _____. (8.1.4)

- A. market
- B. seasonality
- C. comparative advantage
- D. longevity

Answer:

35. Which of the following should you examine to complete a market analysis? (8.1.4)

- A. Who is the least common consumer of the product?
- B. What are the current weather conditions in your selling area?
- C. What trends exist in the market?
- D. All are correct.

Answer:

36. Which of the following is a statement showing how the business fits into the same market as its potential competitors? (8.1.4)

- A. Market analysis
- B. SWOT analysis
- C. Business action plan
- D. Comparative advantage

Answer:

37. What does the acronym SWOT in the term *SWOT analysis* stand for? (8.1.4)

- A. Strengths; Weaknesses; Opportunities; Threats to an organization
- B. Supplies; Wealth; Opportunities; Taxes
- C. Strengths; Worth; Outstanding debt; Talents
- D. Subsidies; Weaknesses; Outlays; Taxes

Answer:

38. What is the practice of holding businesses accountable for making decisions that are in the best interest of the consumers, even when they are not the most profitable options? (8.1.5)

Answer:

Critical Thinking

1. Give an example of a time when a business made a decision based on good business ethics rather than only the profitability of their company. (8.1.5)

Answer: