



M COM ENTRANCE

MARKETING MANAGEMENT PRACTICE QUESTIONS

CH4 : PRICING DECISION

1. What stage of the product life-cycle are pricing decisions most complex?
 - A Introductory
 - B Growth
 - C Maturity
 - D Decline
2. Skimming price relates to:
 - A Charging competitive price
 - B Charging high initial price
 - C Charging low initial price
 - D None of the above
3. Penetration pricing is:
 - A Charging high price
 - B Charging low price
 - C Charging competitive price
 - D None of the above
4. The strategy of introducing a product with high introductory price is called
 - A penetration strategy
 - B skimming strategy
 - C pull strategy
 - D push strategy
5. In India, which pricing practice is not permissible ?
 - A Penetrating pricing
 - B Skimming pricing
 - C Predatory pricing
 - D None of the above
6. The price-setting method which most closely corresponds to the concept of product positioning is
 - A cost-plus pricing
 - B going-rate pricing
 - C perceived value pricing
 - D psychological pricing
7. The pricing strategy which adjusts the basic price to accommodate differences in customers, products and locations is called :
 - A Differentiated pricing
 - B Promotional pricing

- C Geographical pricing
- D Price discounts and allowances

8. **Assertion (A)** : Odd pricing aims at maximising profit by making micro-adjustments in pricing structure.

Reasoning (R) : Odd pricing refers to a price ending in 1, 3, 5, 7, or 9. When examining a price, the first digits carry more weight than the last ones.

Codes :

- A (A) is right and (R) is wrong.
- B (A) is wrong and (R) is right.
- C Both (A) and (R) are right.
- D Both (A) and (R) are wrong.

9. Which among the following is an internal factor of pricing decision ?

- A Price elasticity as per sales of product
- B Consumer behaviour for given product
- C Position of product in product cycle
- D Consumer's expectation from company by past pricing.

10. In which of the following pricing policies, a firm charges higher initial price for the product and reduces it over time as the demand at higher price is satisfied?

- A Peak load pricing
- B Incremental pricing
- C Skimming
- D Penetration pricing

11. Given below are two statements. One is labeled as Assertion (A) and the other is labeled as Reason (R).

Assertion (A): Auto companies and other consumer goods companies offer cash rebates to encourage purchase of the manufacturer's products within a specified period.

Reason (R): The same product is priced differently at different times.

In the context of the two statements above relating to pricing strategy, which one of the following options is correct?

- A Both a) and R) are correct
- B Both A) and R) are not correct
- C A) is correct but R) is not correct
- D A) is not correct but R) is correct

12. The practice of selling two or more separate products together for a single price is :

- A Bundling
- B Dumping
- C Both A and B
- D None of the above

13. After determining its pricing objectives, what is the next logical step a company should take in setting its pricing policy?

- A Analyse its competitor's cost, price and offer
- B Determine the demand of the product
- C Estimate the cost of the product
- D Select the pricing method

14. When the Companies pay less attention to its own costs or demands and bases its price largely on competitors' prices, then it is known as:

- A** Value pricing
- B** Going rate pricing
- C** Image pricing
- D** Psychological pricing

15. Select the correct sequence of steps in setting a pricing policy :

- (a) Determining Demand
- (b) Analyzing competitors' Costs, Prices and Offers
- (c) Selecting the Final Price
- (d) Selecting the Pricing Objective
- (e) Estimating costs
- (f) Selecting a pricing method

Codes :

- A** (d), (a), (e), (b), (f) and (c)
- B** (a), (e), (b), (d), (f) and (c)
- C** (a), (b), (e), (d), (f) and (c)
- D** (a), (b), (c), (d), (e) and (f)