**Chapter 15 Quiz**

1. Which of the following is not one of the three methods that can help develop pricing strategies?
   1. Cost based
   2. Value based
   3. Ownership based
   4. Competition based
2. \_\_\_\_\_\_\_\_\_\_\_\_\_ represents an estimate of how much more (or less) consumers are willing to pay for a product relative to other comparable products.
   1. Value based pricing methods
   2. Ownership method
   3. Improvement value
   4. Competition Based
3. Which method approaches to setting prices that focus on the overall value of the product offering as perceived by the consumer.
   1. Competitive based method
   2. Ownership method
   3. Value based method
   4. Cost based method
4. Cost of ownership and improvement value are two approaches to which method of pricing?
   1. Everyday low pricing
   2. Leader pricing
   3. Value based pricing
   4. Price bundling
5. How does EDLP add value?
   1. By increasing consumers search costs
   2. Allowing consumers to look at products longer
   3. By reducing consumers search costs
   4. By allowing consumers to spend more of their valuable time comparing prices
6. An alternative to EDLP is a \_\_\_\_\_\_\_\_\_\_\_\_ strategy, which relies on the promotion of sales, during which prices are temporarily reduced to encourage purchases.
   1. Market penetration strategy
   2. Experience curve effect
   3. High/low pricing
   4. Reference price
7. Sellers using a high/low pricing strategy often communicate their strategy through the creative use of a \_\_\_\_\_\_\_\_\_\_\_\_\_.
   1. Experience curve effect
   2. EDLP
   3. Reference point
   4. New product pricing strategy
8. How do firms using a market penetration strategy set the initial prices?
   1. They set the initial prices high to show competitors they mean business
   2. They set the initial price moderately to not have any initial risk
   3. They set the initial price low for the introduction of the new product or service
   4. They set the initial price lower than before so that they can later raise the prices
9. With the experience curve effect, what happens to sales and costs?
   1. Sales grow and costs grow
   2. Sales decrease and costs increase
   3. Sales grow and costs drop
   4. Sales drop and costs drop
10. A \_\_\_\_\_\_\_\_\_\_ is a long term approach to setting prices broadly in an integrative effort based on the five Cs or pricing.
    1. Pricing tactics
    2. Markdown
    3. Pricing strategy
    4. Markdowns
11. \_\_\_\_\_\_\_\_\_\_ are reductions retailers take on the initial selling price of the product or service.
    1. BOGO
    2. Sale
    3. Markdowns
    4. Size discount
12. The most common implementation of a quantity discount at the consumer level is the \_\_\_\_\_\_\_\_\_.
    1. Markdown
    2. Year round sale
    3. Size discount
    4. Pricing tactics
13. Consumers who spend the day after Christmas stocking up on discounted wrapping paper and bows for the following year are apart of what pricing tactic?
    1. Coupons
    2. Price bundling
    3. Seasonal discounts
    4. Leader pricing
14. Which pricing tactic is being used when the manufacturer issues the refund as a portion of the purchase price returned to the buyer in the form of cash.
    1. Seasonal discount
    2. Coupons
    3. Rebates
    4. Leasing
15. A \_\_\_\_\_\_\_\_\_ reduces the invoice cost if the buyer pays the invoice prior to the end of the discount period.
    1. Zone pricing
    2. Seasonal discount
    3. Cash discount
    4. Advertising allowance
16. \_\_\_\_\_\_\_\_\_\_ are fees paid to retailers simply to get new products into stores or to gain more or better shelf space for their products.
    1. Quantity discount
    2. Cash money discount
    3. Slotting allowance
    4. Advertising allowance
17. Loss leader pricing does what prices?
    1. Raises the prices above the stores costs
    2. Raises the prices below competitors
    3. Lowers the price below the stores costs
    4. Lowers the price below its competitor’s highest price
18. \_\_\_\_\_\_\_\_\_\_ tactic is a deceptive practice because the store lures customers in with a very low price on an item, only to aggressively pressure these customers into purchasing a higher priced model.
    1. Fraud
    2. Price discrimination
    3. Bait and switch
    4. Fake price
19. When firms sell the same product to different resellers at different prices, it can be considered \_\_\_\_\_\_\_\_\_\_\_\_.
    1. Cheating the system
    2. Predatory pricing
    3. Price discrimination
    4. Bait and switch
20. \_\_\_\_\_\_\_\_\_\_\_\_ is the practice of colluding with other firms to control prices.
    1. MSRP
    2. Cheating the system
    3. Price fixing
    4. Price discrimination

Answers:

1. C
2. C
3. C
4. C
5. C
6. C
7. C
8. C
9. C
10. C
11. C
12. C
13. C
14. C
15. C
16. C
17. C
18. C
19. C
20. C