

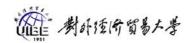
## Quiz (4) for Principles of Marketing (Sessions 12-13)

	Major	Class	Name	Score	
I.	Fill in the blanks with either "T" or "F" to mean "True" or "False" as your judgment for the following statements:				
(		polistic competition	on, buyers and se	ellers trade over a range of	
-	ices.				
(	product	benefit is consis	tent with setting		
(	) 3. Variable	costs vary with the	e level of product	ion.	
(	· ·	) 4. On a breakeven chart, the firm will breakeven at a volume of sales at which total profits exactly equal total costs.			
(	) 5. Markups	are generally high	ner on products th	nat have an elastic demand.	
(	price on	) 6. A firm that is practicing captive product pricing may charge a low price on the main product but set a high markup on the supplies.			
(	7. Price bundling considers the impact of consumer perceptions as well as traditional economic influences.				
(	discoun	t pricing strategy.	1 0	an example of a quantity	
(	item wh	en buying a new o	one.	given for turning in an old	
(	) 10. In prom below lis		ompanies tempo	rarily price their products	
II.	Choose one b	est answer out	of the given ch	noices:	
1.				of superior materials and a n of the following pricing	
	U	b. current pr	rofit maximizati	on c. market-share	
100	a. survivai adership	b. current pr	ioni maximizan	on c. market-snare	
100	d. product-qual	ity leadership		e. All of the above	
2.	2. The drop in the average cost of production as a function of the accumulated production experience is called the:				
	-	rage cost curve		n average cost curve e. application-based curve	
3.	In perceived valu				
		set be the seller is	s used to appeal	to several different market	
se	gments.	dratina miss seed-1-	los omo vecad to 1	ild um damand	
	-	keting mix variable is set by the self		luced application of other	

d. a low price set by the seller is used to impart perceived value.

e. both (C) and (D)

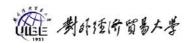
marketing mix variables.



- 4. In a normal demand curve, demand and price are:
  - a. equal
  - b. inversely related.
  - c. independent of one another.
  - d. maintaining a constant relationship.
  - e. used to calculate profit.
- 5. Which of the following statements about the price elasticity of demand is true?
- a. Buyers are less price sensitive when the product they are buying is unique.
  - b. Buyers are less sensitive when the product is high in quality. prestige or exclusiveness.
  - c. buyers are less price sensitive when substitute products are hard to find or when they cannot easily compare the quality of substitutes.
  - d. only (A) and (B)
  - e. all of the above
- 6. All of the following conditions support market skimming pricing except when:
  - a. the product's quality and image can support a higher price.
  - b. there are enough buyers who want the product at the higher price.
  - c. the costs of producing a small volume are so high that they cancel the advantage of charging a high price.
  - d. competitors cannot enter the market easily with a lower priced product.
  - e. All of the above are conditions that support market-skimming pricing.
- 7. Management determines price steps for different combinations of features for related

products in which type of product-mix pricing strategy?

- a. product-line pricing b. optimal-product pricing c. captive-product pricing
  - d. by-product pricing e. product-bundle pricing
- 8. Under which of the following does the seller agree to pay all of the freight cost to a customer?
  - a. zone pricing
  - b. Freight absorption pricing
  - c. FOB origin pricing
  - d. basing-point pricing
  - e. both (A) and (D)
- 9. Which of the following is not necessary for price discrimination to work:
  - a. the cost of segmenting the market should not exceed the extra revenue obtained from price discrimination.
- b. The various segments of the market must show identical intensities of demand.
  - c. competitors should not be able to undersell the firm in the segment being charged the higher price.
    - d. Members of the segment paying the higher price should not be able to turn around and resell the product to the segment paying the high price.



## e. none of the above

- 10. The IFSO Corporation sells to all buyers at the same factory price, the firm loads the goods on a common carrier for the customer who pays actual freight costs to his destination and assumes title as soon as the goods are loaded. IFSO uses:
  - a. basing point pricing.
  - b. uniform delivered pricing.
  - c. zone pricing.
  - d. FOB origin pricing.
  - e. postage stamp pricing.

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