## 27 Lecture - MGT301

## Important Mcqs

1. Which of the following is NOT a reason for price changes?
A) Changes in raw material costs
B) Changes in demand
C) Changes in competitive pressures
D) Changes in advertising campaigns

Answer: D) Changes in advertising campaigns
2. When a firm temporarily prices its products below the list price or even below cost, it is using which type of pricing strategy?
A) Skimming pricing
B) Penetration pricing
C) Loss-leader pricing
D) Psychological pricing

Answer: C) Loss-leader pricing
3. The practice of setting a low initial price on a new product to appeal to the mass market is known as:
A) Skimming pricing
B) Penetration pricing
C) Discount pricing
D) Psychological pricing

Answer: B) Penetration pricing
4. A company wants to decrease the price of its product to remain competitive. Which of the following pricing strategies should the company use?
A) Skimming pricing
B) Penetration pricing
C) Discount pricing
D) Psychological pricing

Answer: C) Discount pricing
5. When a company gradually reduces the price of a product over time in order to extend its life in the market, it is using which pricing strategy?
A) Skimming pricing
B) Penetration pricing
C) Price skimming
D) Price lining

Answer: C) Price skimming
6. When a company sets different prices for different versions or features of the same product, it is using which pricing strategy?
A) Skimming pricing
B) Penetration pricing
C) Price skimming
D) Price discrimination

Answer: D) Price discrimination
7. When a company increases the price of its product to signal higher quality or exclusivity, it is using which pricing strategy?
A) Skimming pricing
B) Penetration pricing
C) Prestige pricing
D) Promotional pricing

Answer: C) Prestige pricing
8. The practice of setting prices that end in odd numbers, such as $\$ 9.99$ instead of $\$ 10.00$, is an example of which pricing strategy?
A) Skimming pricing
B) Penetration pricing
C) Odd pricing
D) Price lining

Answer: C) Odd pricing
9. Which of the following is a disadvantage of cost-plus pricing?
A) It is easy to calculate and understand
B) It guarantees a certain level of profitability
C) It may not reflect actual market conditions
D) It allows for quick adjustments to changing market conditions

Answer: C) It may not reflect actual market conditions
10. A company wants to increase the price of its product without alienating customers. Which of the following pricing strategies should the company use?
A) Skimming pricing
B) Penetration pricing
C) Price lining
D) Price bundling

Answer: D) Price bundling

