

# 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**