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