Chapter - Marketing Topic: Price

MCQ test

1. A company introduces a new product at a price lower than its total cost. Which pricing objective might this reflect?

A. Short-term profit maximization
B. Market share leadership
C. Quality leadership
D. Both A and B

2. What does the term 'price' refer to in marketing?
A. Cost of raw materials used
B. Money paid by a buyer for a product or service
C. Profit earned by the seller
D. Discount given on a product

3. In what situation might a government regulate the price of a product?

A. When the product has a low production cost
B. When a company wants to increase profits
C. When a product is essential and there is potential for exploitation
D. When there's too much competition

4. Match the pricing objectives with their likely strategies:

Column A (Objective)	Column B (Strategy)
a. Market Share Leadership	i. High price to reflect premium quality
b. Survive in Competitive Market	ii. Discounts and promotion campaigns
c. Product Quality Leadership	iii. Keep prices low to attract more customers

Options:
A. a-iii, b-ii, c-i
B. a-ii, b-iii, c-i
C. a-i, b-ii, c-iii
D. a-iii, b-i, c-ii

5. Match the pricing-related terms with their correct meanings:

Column A (Term)	Column B (Definition)
a. Price	i. Cost paid by buyer for acquiring a product
b. Product Cost	ii. Minimum price level determined by cost
c. Demand	iii. Quantity consumers are willing to buy at a price

Options:
A. a-i, b-ii, c-iii
B. a-iii, b-i, c-ii
C. a-i, b-iii, c-ii
D. a-ii, b-i, c-iii

6. A company introduces a new luxury perfume and sets a very high price. Which pricing objective does this reflect?

A. Gaining market share
B. Product quality leadership
C. Surviving competition
D. Eliminating fixed costs

7. A salesman of a company dealing in pet foods is paid a fixed salary of Rs.20000 per month and furthermore,20 extra per unit of the product sold beyond the target sales. Identify the type of cost being described in the given example.

(a) Fixed cost
(b) Variable cost
(c) Semi-variable cost
(d) None of the above

8. Utility and demand is an important factor for determining price of a commodity. If the demand is elastic, price should be set a........... level and if the demand is less elastic or inelastic, price should be set at a .... level.

A) Higher, Lower
B) Lower, Higher
C) Lower, Minimum
D) Minimum, Lower

9. While the ___________set the lower limits of the price, __________ provided by the product and demand of the buyer sets the upper limit of price, which a buyer would be prepared to pay.

A) Extent of Competition , Benefits
B) Product cost, utility
C) Pricing Objectives , facilities
D) Legal regulations , Utility

10. The buyer may be ready to pay up to the point where the utility from the product is at least ______________ the sacrifice made in terms of the price paid

A) More than
B) Less than
C) Equal to
D) Both less than & equal to