

## 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