Pricing Concepts & Strategies

Activity

Instructions: Answer each of the following questions in the box to the right of the question. Each question is worth 2 points.

Question	Answer
1. Karen is a product manager at Just Heavenly Ice Cream Company. One of her responsibilities is to set the price for new frozen desserts. Karen always begins each pricing assignment by calculating the cost of making the new dessert. Then she adds the projected profit margin in order to arrive at the retail price. Thus, Karen uses the concept of _____ pricing.	
2. Irene went to a baseball game and paid $6 to sit in the upper level of the stadium above the third base line. Keesha paid $35 to go to the same game and sit in the box seats behind home plate. The difference in the ticket prices is an example of _____ pricing.	
3. Savco Drugs is offering tubes of sunblock at three tubes for $15. this is an example of _____ pricing.	
4._____ pricing is a new-product pricing method that allows a company to attract a large number of customers quickly or to lure customers from another brand.	
5. Denis is a gourmet cook who loves shopping for fresh produce at farmers' markets. Because he enjoys bargaining with the growers, Denis is glad the growers use the pricing policy called _____.	
6. Companies selling luxury products price them at amounts such as $30, $50, or $100. this psychological pricing technique is called _____ pricing.	
7. The pricing method in which there is no relationship between cost and price or between demand and price is called _____ pricing.	
8. When a company prices its products in line with the market leader's prices, the company is using a pricing method called _____ pricing.	
9. Sprint and Verizon had secret meetings to agree on ranges of prices for a new smartphone the companies plan to soon introduce to the market. This is called _____ and is illegal according to the _____ Act of 1890.	
10. When Microsoft decided to enter the hard disk player (a.k.a. mp3 player) market, they priced the Zune much lower than the iPod and other players. This is an example of _____ pricing and is done during the _____ phase of the Product Life Cycle.	