INDIAN SCHOOL AL WADI AL KABIR

DEPARTMENT OF COMMERCE

MCQ’s UNIT II: PRICE DECISION

1. Buyers who are aware of Firm’s________ might desire to purchase its products because Price no longer remains a limiting factor.
A) location
B) prestige
C) capital
D) product

2. Availability of quality goods at competitive price __________social welfare in society.
A) neutralizes
B) minimizes
C) maximizes
D) no effect

3. Generally price will be set relatively ___________by the firm if manufacturing is expensive, Distribution and promotion are exclusive.
A) high
B) low
C) medium
D) not fixed

4. Management of a firm can make estimates of __________at different levels of production at different prices and can choose the best combination of production, volume, and price.
A) cost
B) profit
C) expenses
D) income

5. Firms may pursue different objectives such as maximizing revenue, ____________ Maximizing market share or maximizing customer satisfaction.
a) Maximizing profit
b) Maximizing expense
c) Minimizing profit
d) Minimizing expense

6. If the cost of acquiring material and __________ of the product is high, the price of the Product in the market will also be higher.
a) Transportation cost
b) Marketing cost
c) Manufacturing cost
d) Sales expense

7. The product price should be such that it covers the ________on the other elements of the marketing mix.

a) Cost of production
b) Manufacturing expenses
c) Expenses
d) Cost of raw material

8. If buyers are habitual of the product the price may be fixed ______

a) High
b) Low
c) Moderate
d) Fluctuative

9. Favorable market-conditions due to ________ or inflationary trend, encourage firms to fix higher prices of their products.

a) Bullish attitude
b) Bearish attitude
c) Demand
d) Supply

10. Statement 1: When customer demand sets up the price of a product in the market, it is called Demand oriented pricing.
Statement 2: There is an inverse relationship between the price and quantity demanded of a commodity.

a) Both statement 1 and statement 2 are true
b) Both statement 1 and statement 2 are false
c) Statement 1 is correct but statement 2 is incorrect
d) Statement 1 is incorrect but statement 2 is correct

11. Those who have the ability to _________ well can get the product at a lower cost and others will have to shell out more money for the same product.

a) Bargain
b) Bid
c) Hostile
d) Surrender

12. When an item is clearly different and the right price is not apparent, skimming method may be used. (TRUE OR FALSE)

13. STATEMENT 1: By setting low initial prices, the competitors are kept away and this makes possible for the firm to enlarge its share by generating larger sales volume.
STATEMENT 2: This method of pricing is most common and is desirable when sales volume of the product is very sensitive to price, when a large volume of sales is to be affected, when product faces a threat from competitors and when stability of price is sought for.

a) Both statement 1 and statement 2 are true
b) Both statement 1 and statement 2 are false
c) Statement 1 is correct but statement 2 is incorrect

d) Statement 1 is incorrect but statement 2 is correct

14. Nirma detergent powder used ___________to enter the market and raise its market share quickly at the cost of Surf.

a) penetration pricing
b) Skimming pricing
c) Competitive pricing
d) Variable pricing

15. Under _________pricing method, a firm will charge different prices from different customers according to their ability to pay. This policy is popular with service-enterprises like legal and medical services, CAs, etc.

a) Dual Pricing
b) Market skimming pricing
c) Premium pricing
d) Leader pricing