Assignment 5

The due date for submitting this assignment has passed. As per our records you have not submitted this assignment.

1) Cost of setting up a warehouse is considered as _________ cost and cost of overtime paid to workers is considered as a _________ cost.

- Fixed, fixed
- Variable, fixed
- Fixed, variable
- Variable, Variable

No, the answer is incorrect.
Score: 0
Accepted Answers: Fixed, variable

2) Which of the following statements is true about variable costs?

- The corporate jet expenditure is an example of a variable cost.
- These costs must be recovered by the price.
- The marketing manager's salary is an example of a variable cost.
- These costs are independent of sales volume

No, the answer is incorrect.
Score: 0
Accepted Answers: These costs must be recovered by the price.

3) If you are a seller of luxury sports cars, what kind of pricing objective is suitable for you?

- Survival
- Maximum market share
- Product-quality leadership

No, the answer is incorrect.
Score: 0
Accepted Answers: Product-quality leadership
4) If a small change in price of a product results in a large change in the demand then:
   - The demand of the product is elastic
   - The demand of the product is inelastic
   - E should be equal to 1
   - None of these

   **No, the answer is incorrect.**
   **Score:** 0
   **Accepted Answers:**
   - The demand of the product is elastic

5) Which of the following statement is true regarding break-even point:
   - The profit at break-even point is 0
   - Total revenue is more than total cost at break-even point
   - Total cost is more than total profit at break-even point
   - None of these

   **No, the answer is incorrect.**
   **Score:** 0
   **Accepted Answers:**
   - The profit at break-even point is 0

6) The cost of a product is Rs. 90. The company producing it decides that it should get a return on sales of 10%, and hence prices it at Rs. 100. The pricing method followed in this case is:
   - Perceived Value pricing
   - Target return pricing
   - Mark up pricing
   - None of these

   **No, the answer is incorrect.**
   **Score:** 0
   **Accepted Answers:**
   - Mark up pricing

7) Which of the following is not true regarding target return pricing?
   - It requires reliable estimate of number of units sold
   - Profit remains unaffected if actual sale number differs from that of estimated sales
   - Total capital invested in production is required to use this method
   - This method is not suitable for totally new products

   **No, the answer is incorrect.**
   **Score:** 0
   **Accepted Answers:**
   - Profit remains unaffected if actual sale number differs from that of estimated sales

8) If product quality of a firm is low and the price charged is high, the firm is said to follow a:
   - Premium Strategy
9) A value-based pricing strategy involves which of the following? 
- The pricing is based on amount of units that can be sold
- Setting price based on buyers’ perceptions of value rather than on seller's cost
- The company adds up the costs of making the product and sets a price that covers the cost plus target profit
- None of the above

No, the answer is incorrect. 
Score: 0
Accepted Answers: 
Setting price based on buyers' perceptions of value rather than on seller's cost

10) Select the correct sequence of the first four steps of setting the price (from left to right)? 
- Select the pricing objective, Determine demand, Estimate costs, Analyse competitor price mix
- Select the pricing objective, Estimate costs, Analyse competitor price mix, Determine demand
- Select the pricing objective, Analyse competitor price mix, Estimate costs, Determine demand
- Select the pricing objective, Determine demand, Analyse competitor price mix, Estimate costs

No, the answer is incorrect. 
Score: 0
Accepted Answers: 
Select the pricing objective, Determine demand, Estimate costs, Analyse competitor price mix