



INDIAN SCHOOL AL WADI AL KABIR

Class: XII

Topic: UNIT 2 – PRICE DECISION

**Department:
COMMERCE**

WORKSHEET NO: 2

I. CHOOSE THE RIGHT OPTION:

1. - A higher brand-value and better quality corresponds to a **higher product price** in the market.

- (a) **higher product price**
- (b) lower product price
- (c) highest product price
- (d) lowest product price

2. When there is depression or negative sentiment due to **lack of demand** in market, price is also kept low by firms.

- (a) lack of capital
- (b) lack of market
- (c) **lack of demand**
- (d) lack of supply

3. Too high or too low pricing of a product could mean lost **sales** for the organisation.

- (a) income
- (b) capital
- (c) revenue
- (d) **sales**

4. Resource Mobilizing means the creating resources for either self - development or reinvestment in the firm. Prices are deliberately set high in certain cases to generate surplus for reinvestment in the same firm or its sister concerns.

- (a) Resource allocation
- (b) Resource allocating
- (c) Resource development
- (d) Resource Mobilizing**

5. Highly priced commodities generally witness a **sluggish sale** trend in comparison to moderately priced goods.

- (a) High
- (b) Low
- (c) Sluggish sale**
- (d) Low sale

3. The policy of charging very high price in the initial stages of the life of a product is called _____ (CBSE 2019)

- (a) Skimming-the-Cream Price Policy**
- (b) Penetrating Price Policy
- (c) Follow-the-Leader Price Policy
- (d) Non-competitive Price Policy

4. Under this pricing policy, different customers are charged different prices: (CBSE 2018)

- (a) Skimming-the-cream
- (b) Penetrating
- (c) Follow-the-leader
- (d) Discriminating**

6. If one of the firms in an industry sets the price of the product and all other firms sell at the same price, it will be called _____ CBSE 2019

- (a) Non-competitive price
- (b) Option less price
- (c) Follow-the-leader price**
- (d) Non-discriminatory price

II. Fill IN THE BLANKS:

7. Team Pricing is also called as **product bundling**.

8. Everyday low pricing is followed generally in case of **perishable goods**.

9. Resale Price Maintenance pricing considers three parties, **the manufacturer, the distributor of the manufacturers** and the **consumer**.

10. Price lining simplifies pricing decisions in the future as retail prices are already set.

11. Customary Pricing and **Price Lining** are examples of psychological pricing.

12. Odd Pricing is also a form of psychological pricing, whereby prices are set at odd numbers such as Rs. 99, Rs. 149, Rs. 990 which makes the customers falsely believe that they're paying a lesser price.

13. In Leader pricing, the prices of one or a few items may be cut temporarily to attract customers. Such products are called "**loss leaders**".

14. Premium pricing or **Prestige pricing** can give rich dividend when buyers are not price-conscious and are willing to pay a higher price for a better product.

15. In **Discrimination** or **Dual Pricing** method, a firm will charge different prices from different customers according to their ability to pay.

16. Market Skimming Pricing is done to recover the initial investment on the product quickly and reap higher profits during the introduction stage, because of fear of competition at a later stage in the product-life-cycle.

17. In case of **variable-price policy**, the seller sells similar quantities to similar buyers at different prices.

18. In case of **one-price policy**, the seller charges the same price to similar types of customers who purchase similar quantities of the product under the same terms of sale.

19. In **Penetration Pricing method**, the company's objective is to penetrate the market; capture a large market share and develop popularity of the brand.

20. Competitive Pricing is used when the market is highly competitive and the product is not differentiated significantly with respect to competing products.

21. Value-based pricing strategy can be advantageous because it goes inside the mind of the intended consumer to predict what the consumer would be willing to pay for a product and so helps firm in setting price.

22. Pricing begins with analysis of **consumer's needs** and **value perceptions** and then company sets its target price and designs the product.

23. In **Image discrimination**, the same product is priced at different levels on the basis of difference in image.

24. Discrimination on the basis of product form means different version of the same product are sold at different places.

25. Strong competitors are better and able to select appropriate prices, so they **"follow the leader."**

26. The firm cannot set its price below a certain level. That is, it cannot price below the cost. On the other hand, a higher price above its costs may reduce the chances of winning the deal. The net effect of the two opposite pulls can be well described in terms of **"expected profit"** of a particular bid.

27. Fixing the price as per the market trend is known as **going rate pricing**.

28. Competitive pricing is setting the price of a product or service based on what other firms are charging.

29. Break even pricing is the practice of setting a price point at which a business will earn zero profits on a sale.

30. Break-even Pricing = **Total Fixed Cost / Selling Price per unit – Variable cost per unit**

31. Mark up pricing policy is generally adopted by the resellers who obtain the product from producers or whole sellers use a percentage increase on the top of product cost to arrive at an initial price.

32. Selling Price = **Unit total cost + Desired unit profit**

III. ANSWER THE FOLLOWING QUESTIONS:

33. While setting prices for its products, i.e., goods or services, the business takes into account various aspects of production. Explain any three aspects of production.

34. List the objectives of pricing.

35. Explain Market-Related Objectives in detail

36. What is Resource Mobilization?

37. Explain the Importance of Pricing for Firms.

38. Explain the external factors affecting pricing.

39. Explain the importance of pricing in marketing

(3 marks) - CBSE 2019

40. List the conditions favouring 'Skimming Pricing Policy'.

(2 marks)-CBSE 2020

41. Describe the importance of pricing to customers.

(3 marks) -CBSE 2020

42. Describe the various external factors to be kept in mind while deciding the price of the product. (5 marks)-CBSE 2020

43. Explain any three factors affecting Price Determination.

(2 marks)-CBSE 2018