



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

1. **Team pricing** is the type of pricing companies sell a package or set of goods or services for a lower price than they would charge if the customer buys all of them separately.
2. **Everyday low pricing** is where sellers determine price of the product according to everyday demand and supply.
3. **Pricing Lining** is used extensively by retailers.
4. **Discrimination or Dual Pricing** is a pricing method where a firm will charge different prices from different customers according to their ability to pay.
5. The seller may charge higher prices during the initial stages of the product life- that is, during the introduction of the new product in market. This type of pricing is called as **Market Skimming Pricing**.
6. **Skimming** involves setting a very high price for a new product initially and to reduce the price gradually as competitors enter the market.
7. **Perceived value pricing** uses buyers' perception of value and not the sellers cost as the key to pricing.
8. When customer demand sets up the price of a product in the market, it is called **Demand oriented pricing**.
9. During a boom-period in the economy, when market conditions are favourable due to bullish attitude or **inflationary trend**, firms can afford to fix higher prices of their products.
10. **Price** being an important element of the marketing-mix must be coordinated with the other elements- product, place, and promotion.
11. Price has an important bearing on the firm's financial goals, i.e. **Revenue and Profit**.
12. **Pricing Policy** of a firm is a major determinant of a firm's success as it affects the firm's competitive position and share in the market.
13. **Price Stabilization** is an objective is prevalent in industries that have a price leader.

14. **Market share** is meaningful measure of success of a firm's marketing strategy.

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

III. ANSWER THE FOLLOWING QUESTIONS:

16. Explain the importance of pricing in marketing

(3 marks) - CBSE 2019

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

(2 marks)-CBSE 2020

18. Describe the importance of pricing to customers.

(3 marks) -CBSE 2020

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

20. Explain any three factors affecting Price Determination. (2 marks)-CBSE 2018