

## Chapter 25 Price Planning

### Section 25.1 Price Planning Issues

#### Review Key Concepts

1. Value is a matter of anticipated satisfaction. If a product is highly valued the price can be a little higher, which is the case with very popular items like the iPod or certain video games. If a product is not of much value in a consumer's mind, the price cannot be very high. For example, an older version of a computer game may be valued much lower than the current version. Thus, the price for the older version must be lower.
2. Since fewer customers buy a product at a higher price, the volume is lower and so is sales revenue.
3. Other means of improving market share include increasing advertising expenditures, changing product design, and obtaining new distribution outlets.

#### Practice Academics

##### Social Studies

4. Accept all reasonable answers. A company that wants to compete with price in a foreign country may run across problems with government regulations prohibiting such a practice, tariffs which increase product costs, low-cost local labor that makes competition difficult, and a population that chooses to purchase domestically made goods whenever possible.

##### Mathematics

5.  $185\% \left( \frac{18.50}{10} = 1.85 \right)$