

Section Answer Keys

Chapter 26 Pricing Strategies

Section 26.2 Pricing Process Strategies

Review Key Concepts

1. The key factor in deciding price lines is the differential between the levels of pricing. The prices within the line must be far enough apart so that the customer can perceive that there are significant differences between the groups.
2. Bundling discourages comparison shopping because the grouping of products in the package may differ among competitors, making it difficult to see which one is the better deal.
3. In everyday low pricing, the prices are low and they remain low with no intention of changing them in the future. In promotional pricing, prices are lowered for a short period of time, after which they go back up to the original price when the promotion is over.

Practice Academics

Social Studies

4. In both Brazil and Egypt, many factors would come into play when setting the price for a cell phone. Competition, local laws, the country's infrastructure, economic conditions, monetary exchange rates, tariffs, and distribution systems would have to be considered. Ultimately, the price customers are able and willing to pay would also have to be considered. The cell phone features required for them to work in each country may have a bearing on the final price. In addition, in some cases, land lines may not be available, limiting the consumer's options.

Mathematics

5. \$68 ($\$80 \times 0.15 = \12 ; $\$80 - \$12 = \$68$)