**POSTTEST**

**Directions:** Identify the correct answer to each of the following questions. Use a separate sheet   
of paper to record your responses.

**Objective A**

1. Charise is considering how much to charge for her small business’s products. Charise is   
involved in

a. pricing. c. a place decision.

b. promotion. d. a product decision.

2. A buyer is willing to pay $9.99 for a product. If the seller is willing to accept that amount, then $9.99 is the

a. demand. c. markdown.

b. value. d. exchange price.

3. Sellers must carefully set prices so that buyers feel they are receiving \_\_\_\_\_\_\_\_\_\_ value for their money.

a. no c. little

b. minimum d. optimum

4. What might happen if a business’s customers feel that they are **not** getting the most value for their money?

a. Sales increase. c. Customers purchase more.

b. Customers spend money elsewhere. d. Sales remain the same.

5. Can prices be set too low?

a. Yes, customers may feel quality is too low.

b. Yes, customers may feel quality is too high.

c. No, the lower the price, the greater the product’s appeal.

d. No, the lower the price, the more willing the customer is to buy.

6. With what do many customers associate price?

a. Quality c. Comfort

b. Discounts d. Location

7. A downturn in the economy has forced a home builder to lower its prices. This company has \_\_\_\_\_\_\_\_\_\_ prices.

a. realistic c. competitive

b. flexible d. inflexible

**POSTTEST** (cont’d)

8. A station across the street is offering gasoline for five cents cheaper per gallon. The other stations in the area decide to lower their prices as well. This is an example of \_\_\_\_\_\_\_\_\_\_ pricing.

a. inflexible c. competitive

b. unrealistic d. realistic

9. To set prices, businesses must price the physical product and all of its associated

a. features. c. physical characteristics.

b. services. d. value.

10. In which of the following businesses is the business owner usually responsible for setting prices:

a. Walmart c. Java Joe’s Coffee Shop

b. Sears d. Macy’s

11. In which of the following businesses would a separate department most likely be responsible for establishing prices:

a. Small boutique c. Chain store

b. Local clothing store d. Hair salon

**Objective B**

12. A hair care company cannot afford to spend millions of dollars on research for the new, inexpensive shampoo it is developing, so the company must choose a less expensive form of research. This is an example of how pricing affects which of the following elements of the   
marketing mix:

a. Profit c. Promotion

b. Place d. Product

13. Which of the following is a product factor that sandwich shops consider when deciding on the price to charge for menu items:

a. Method of delivery c. Cost of food

b. Amount of advertising d. Type of décor

14. When companies increase the quality of materials used in the production of their products, their prices will tend to be

a. reduced. c. higher.

b. the same. d. lower.

**POSTTEST** (cont’d)

15. Can pricing affect a business’s image?

a. Yes, a business with low prices may have a discount image.

b. Yes, a business with low prices will have a prestigious image.

c. No, pricing does not affect a business’s image.

d. No, pricing affects only selling and customer decisions.

16. A company with a high profit margin decides to advertise with a full-page, high-cost magazine ad. This is an example of how pricing influences

a. product. c. physical inventory.

b. promotion. d. place.

17. Which area of promotion will pricing affect?

a. Choice of transportation channels c. Where the product is offered

b. Advertising budget d. Materials used in production

18. A company decides to save money by shipping its products by truck instead of by plane. Which marketing mix element is pricing influencing in this example?

a. Promotion c. Product

b. Problem solving d. Place

19. When Mariah sets prices for her company, she strives to maximize profit, which is considered a(n)

a. advertising goal. c. product strategy.

b. transportation choice. d. pricing objective.

20. Covering costs is a pricing objective related to

a. profitability. c. competition.

b. sales. d. image.