**Answers**

1. b) Psychological pricing which also includes prestige pricing and odd-even pricing

2. a) Pricing policies which includes using factors such as Cost, Competitors and Consumers as a basis for developing pricing strategy

3. c) Promotional pricing, other examples of promotional pricing includes buy one get one free (BOGOF) or buy two and get the third free.

4. a) Product-bundle pricing is where the seller typically offers several products as a bundle at a discount or reduced price.

5. b) Discriminatory pricing, which is often used by businesses when there is need to adopt different prices based on different target customers, location, timescale and product type.

6. b) Competition-based pricing, where prices are set based on knowledge of the competition, their behaviour and cost.

7. d) Value-conscious consumers are consumers who place equal emphasis on the price and the quality of product they purchase in the current economic climate.

8. a) True. This is because in a perfect market there are many producers and buyers, unrestricted entry to the market, producers are homogeneous, buyers and sellers are indifferent about whom to trade with and cartels and oligopolies may be formed

9. b) Intangibility and perishability are most related to prices in services marketing because they are 2 of the five characteristics that make services different from physical products. Therefore they influence pricing decisions of different services.

10. d) In Non-profit markets there are different objectives relating to price because when a non-profit does charge a fee, the fee may deliberately not cover the costs of the service, which contrast with commercial firms.

11. d) Cost plus pricing which is adding a standard mark-up to the cost of the product. It is popular because sellers are more certain about cost than demand and it is seen as fair to both buyers and sellers.

12. b) Market share and profit maximization are two of the four key objectives in which price plays a role.

13. d) A marketing-orientated approach because this approach takes into consideration all the marketing factors at that can affect pricing decisions.

14. c) value based pricing is based on understanding the customer, the value they associate with the product, the price they are willing to pay, the cost of the product and the quality of the product

15. b) True. The break even point is the point at which the level of sales is not great enough for the business to make a profit and yet not low enough for the business to make a loss.

16. c) Other marketing mix variables are important internal factors influencing pricing decision because the price component of a product must be consistent with other elements of the marketing mix to avoid confusing the buyer

17. c) Legal and regulatory issues are some of the external factors that influence pricing decisions because government actions and the powers vested in its agencies influence pricing of goods and services.

18. a) In inelastic markets increasing price raises total revenue while decreasing price reduces total revenue.

19. a) Ofwat and Ofgem are regulatory bodies set up by UK government to regulate prices in the privatized utilities of Water and Gas/Electricity respectively.

20. d) In price competition the firm seeks to attract customers solely on the basis of product/service price.