**ASSESSMENT QUESTIONS**

Chapter 6: Target Market and Private-Label Pricing

**True or False**

Identify whether the following statements are true or false and circle the correct answer.

1. A formula to find your first cost from the intended wholesale price and intended markup how would be \( W/S \text{ price} \times (100\% - MU\%) = \text{First Cost} \) (FC)

2. Value-based pricing is when the desired retail price is first identified, and then one works backward from that price to determine what the product should cost

3. Brands do not need to factor in their direct and indirect expenses or overhead costs when creating their target selling pricing strategies

4. In order to plan a pricing strategy, your brand must examine your target customers demographics, geographical location, and purchasing behaviors.

5. In terms of value, customers generally are willing to accept the low quality of a fast fashion item because the price is also low.

**Multiple Choice**

Select the best response.

1. Cost-based costing, where one starts with the
   a. Retail price and works backwards to figure out the target cost price.
b. Cost of the product and works forward from the costs. They then add the markups to arrive at a retail price.

c. Wholesale price and then moves forward with adding markups to find the retail price.

d. None of the above

2. In order to come up with a pricing strategy, merchandisers and designers must

a. Review their past pricing strategies

b. Evaluate target market of their brand

c. Analyze the competition and their pricing

d. All of the above

3. Status pricing or premium pricing is used to target

a. Customers that have been conditioned to purchase on sale

b. Affluent or aspirational customers.

c. Customers that are making purchases based on value and everyday low pricing.

d. All of the above

4. When a brand sets the price lower than the competitor with the hopes it will make up the price difference with a high sales volume, this is an example of

a. Value-based pricing strategy

b. High-low pricing strategy

c. Penetration pricing strategy
d. Premium pricing strategy

5. Private-label retailers are able to achieve a higher markup strategy because they

a. Implement a wholesale pricing strategy of selling to a department store at a wholesale price

b. Implement a pricing strategy that sells directly to the consumer within their own stores

c. Both a and b are true

d. Both a and b are false
Key for Chapter 6 Assessment Questions

True-False

1. T
2. T
3. F
4. T
5. T

Multiple Choice

1. b
2. d
3. b
4. c
5. b