

Chapter 11

Product, Price, and Place

Answer Key

Part 1: Content Review

Matching

1. F
2. H
3. A
4. E
5. B
6. G
7. D
8. I
9. J
10. C

Multiple Choice

1. D
2. A
3. D
4. C
5. C
6. C
7. B
8. B
9. B
10. A

Completion

1. selling
2. Prestige
3. quantity discount
4. bait-and-switch
5. predatory pricing
6. price gouging
7. transportation
8. freight forwarders
9. wholesaler
10. bulk-breaking

Part 2: Concept Review

Open Response

1. The list price of a product is the established price printed in a catalog, on a price tag, or on a price list. The list price does not include any discounts. The selling price is the actual price a customer pays for a product after any discounts or coupons are deducted. The selling price will be lower than the list price when the customer buys the product after receiving a discount or using a coupon.
2. The four stages of a product life cycle are introduction, growth, maturity, and decline. The price of brand new product in the introduction stage can be set high to recover some the new product development costs. However, brand new products can also be introduced at low prices to encourage customers to make a purchase and generate demand. During the growth phase, the price of high-priced new products usually falls. During the maturity stage, the prices of products are stable. During the decline stage, the price is often significantly reduced to quickly sell remaining inventory.
3. The most popular B2B discount pricing strategies marketers use are cash discounts, promotional discounts, quantity discounts, seasonal discounts, and trade discounts. A cash discount is usually a percentage deducted from the total invoice amount. It is offered to encourage a customer to pay a bill early. A promotional discount is given to businesses that agree to advertise or promote a manufacturer's product. A quantity discount offers a reduced per-item price for larger numbers of an item purchased. If retailers buy goods well in advance of the season, they are often given a seasonal discount. A trade discount is the way that manufacturers quote prices to wholesalers and retailers.
4. An indirect channel is a path of selling products that uses intermediaries to get the product from the manufacturer to the end users. People and businesses that may be involved in indirect channels include producers, retailers, wholesalers, agents, and end users.
5. The six main methods of transportation are road, rail, air, water, pipeline, and digital. Student product examples will vary.

Part 3: Math Skills

Multi-Step Mathematics

1. (a.) $\$2.79 \div 12 \text{ ounces} = \$0.23/\text{ounce}$
 (b.) $\$3.99 \div 20 \text{ ounces} = \$0.20/\text{ounce}$
 (c.) $24 \times 12 \text{ ounces} = 288 \text{ ounces}$
 $\$39.99 \div 288 \text{ ounces} = \$0.14/\text{ounce}$
 Mega Warehouse Club offers the best value.
2. $\$135,000 \div (\$399 - \$165)$
 $\$135,000 \div \$234 = 577 \text{ strollers}$
3. $\$0.55 + \$0.95 = \$1.50$
4. (a.) Markup $\$18 \times .90 = \16.20
 Base Price $\$18 + \$16.20 = \$34.20$
 (b.) Markup $\$22 \times .90 = \19.80
 Base Price $\$22 + \$19.80 = \$41.80$
 (c.) Markup $\$27 \times .90 = \24.30
 Base Price $\$27 + \$24.30 = \$51.30$

5. (a.) Markup $\$22 \times 1.25 = \27.50
Base Price $\$22 + \$27.50 = \$49.50$
(b.) Markup $\$27 \times .75 = \20.25
Base Price $\$27 + \$20.25 = \$47.25$

Part 4: Communication Skills

Listening

1. Student responses may vary.
2. Student responses may vary.
3. Student responses may vary.
4. Student responses may vary.
5. Student responses may vary.
6. Student responses may vary.