

Travel & Tourism

Chapter 11 Outline Pricing Products

Vocabulary

Price –

Prestige Pricing –

Markup –

Cost-plus Pricing –

Supply –

Demand –

Elasticity of Demand –

11.1 Pricing Strategies

Value of Price

Pricing Hospitality & Tourism

Promotion Pricing

Psychological Pricing

Market-Penetration Pricing

Breakeven Pricing

Cost-based Pricing

Discounting

Special Pricing Strategies

1.

2.

3.

4.

11.2 Factors Affecting Price

External & Internal Market Demand

External

Competition

Economy

Environmental conditions

Costs & Expenses

Internal Factors

Product Life Cycle & Pricing

1.

2.

3.

Chapter 11: Pricing Products

1. What is the term for the value placed on goods or services being exchanged?

- utility
- A) place utility
- B) price
- C) competitive advantage
- D)

2. Who determines whether the value of a product is worth the exchange of money?

- the marketer
- A) the owner of the company that makes the product
- B) the customer
- C) none of the above
- D)

3. À la carte and prix fix are price options used in what type of business?

- hotel
- A) motel
- B) motor coach
- C) restaurant
- D)

4.

Early-bird specials and weekend deals are examples of which pricing strategy?

- A) promotional pricing
- B) psychological pricing
- C) market-penetration pricing
- D) breakeven pricing

5.

The difference between the retail or wholesale price and the cost of an item is called the _____.

- A) breakeven price
- B) discount
- C) markup
- D) value

6.

Pricing an item at or below cost to attract customer attention is called _____.

- A) bundle pricing
- B) loss-leader pricing
- C) markup
- D) price lining

7.

If the supply of an item is limited, the price usually _____.

- A) goes down
- B) goes up
- C) stays the same
- D) none of the above

8.

The variation of consumer demand due to a change in price is called _____.

- A) markup
- B) discounting
- C) supply
- D) elasticity of demand

9.

Why is the price of a product generally high during the introduction stage of the product life cycle?

- A) to attract new customers
- B) to beat the competition
- C) because the promotional costs are low
- D) because the promotional costs are high

10.

Which is not a factor that can affect the price of a product?

- A) the competition
- B) economic conditions
- C) war or the threat of war
- D) loyal customers