Sports and Entertainment Marketing
Chapter 5 Review

____ is a pricing strategy that involves selling several items as a package for a set price.
Bundle Pricing

____ is illegal and involves competitors conspiring to set the same prices.
Price Fixing

____ is the difference between the retail or wholesale price and the cost of an item.
Mark Up

____ is the value placed on the goods or services being exchanged.
Profit

A ____ is a group of closely related products that are sold by a company.
Product Line

A product with a price of 29.99 would be an example of which type of pricing?
Odd/Even Pricing

A specific model or size of a product is defined as?
Product Item

Calculating all costs and expenses and adding desired profit is defined as?
Cost-Plus Pricing

Changing a product’s image in relation to a competitor’s image is defined as?
Repositioning

Define Penetration Pricing

Pricing a product below the competition

Define Price Skimming

Pricing a new product high

Depending on the intended use of the product, the same product could be what?
Consumer Good and a Business Good

Explain the difference between Elastic and Inelastic Demand. Be sure to include the reasons why something is inelastic.

Elastic demand is directly affected by price. If the price goes up then the demand will go down.
Inelastic demand is not directly affected by price. If the price goes up the demand will remain the same.

Reasons why a product is inelastic:
  Product is a necessity
  No substitutes available
  Price increase is not significant related to your income
  Time restraints (need it now)

Explain the difference between marketing to consumers vs. marketing to a business.
Promoting to consumers usually involves advertising on TV, billboards, magazines, etc.
Promoting to businesses usually involves discounts for high volume purchases, etc.

Fads have a ___________ life cycle.
Short

Goods purchased by an organization for use in its operation are defined as?
Business Goods
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If a store gets a shirt from their wholesaler for $6.99 and they charge 15.99, what is their markup? What is their markup percentage? You must show work for full credit!

Markup: 15.99 – 6.99 = $7.00
Markup %: 7.00 ÷ 6.99 = 100.14%

If you purchased a pair of Nike athletic shoes in a retail store, the shoes would be considered a ____ good.

Consumer Good

In order to achieve a profit, it may add a surcharge, or reduce unneeded features or product size, this is which objective?

Profit Objective

List the 4 stages of the Product Life Cycle.

Introduction
Growth
Maturity
Decline

List the steps in the new development process & state the major objective of each stage.

1. **SWOT Analysis:** Involves analysis of the company’s strengths (S), weaknesses (W), opportunities (O), and threats (T) in the marketplace. Provides focus to do the remaining steps.

2. **Idea Generation:** Ideas can come from consumers, employees, R & D departments, and even competitors. You can look at customer complaints/returns, survey results, and analyzing competitors’ products. Company develops a “protocol” that identifies target market, customers’ needs/wants, and explains uniqueness of new product.

3. **Screening and Evaluation:** Idea is evaluated to see if technology exists to make product and if it meets objectives. Focus groups are used for feedback.

4. **Business Analysis:** Financial aspects of product are reviewed to see if profitable and if product can be patented or copyrighted for protection.

5. **Development:** Making the actual product, a prototype is first created. Tests are run to see if problems exist and if product can be made at a reasonable cost.

6. **Test Marketing:** Offering the product for sale in small geographic area and testing all aspects of marketing mix (Product, Place, Price, and Promotion). Not all products go through this step, due to competitor influences

7. **Commercialization:** Company offers product on large-scale basis to general public.

Panel of consumers who discuss opinions about a topic under the guidance of a moderator is defined as?

Focus Group

Pricing a product according to what customers will pay is defined as?

Target Pricing

Pricing based on consumer perception is defined as?

Prestige Pricing

Pricing items at different prices to maximize revenue when limited capacity is involved is called?

Yield Management Pricing

Process that involves producing and marketing a new product is defined as?

Commercialization
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Products need to have a ____________________________ to make them stand out in the marketplace.
**Point of Difference**

Selling all goods in a product line at specific price points is defined as?
**Price Lining**

What are the 3 ways for a product manager to manage their product through its life cycle? Explain each of them.
- **Product Modification**: Change in its features, appearance, packaging, or quality can increase sales.
- **Market Modification**: Try to find new customers or encourage current customers to use more of the product.
- **Repositioning**: Changing a product’s image can attract it to another, niche audience and avoids direct competition with others.

To increase its market share, a company may______________ the price of its product to do so.
**Lower**

Unique product characteristic or benefit that sets the product apart from a competitor’s product is defined as?
**Point of Difference**

Using Non-Price Competition, businesses use what to sell their product?
**Quality of the Product**

What are the benefits to:
- **Bundle Pricing**
  - Customer benefit from lower price
  - Business benefits due to higher sales and more products sold
- **Loss-Leader Pricing**
  - Customers will buy other products while at the store
  - Total purchase for shopping visit will more than cover the money lost on the loss leader
- **Price Lining**
  - Makes it easier for consumer to make purchasing decisions
  - Easier to take markdowns
  - Inventory control simplified

What are the two common pricing objectives?
**Increasing profits and improving market share**

What do Clayton Act & Robinson- Patman Act prohibit?
**Price Discrimination**

What does the Sherman Anti-Trust Act prohibit?
**Price Fixing & Predatory Pricing**

What helps determine a company’s profit and loss?
**Price**

What is closely related to the price of a product?
**Consumer Perception**

What is Product-Line pricing?
**Pricing involves setting different markup % for each product**
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When demand is higher than the supply and allows the producer to _________________.

**Charge more for the product**

Which special pricing strategy makes it easier for consumer to make purchasing decisions?

**Price Lining**

Who typically uses Cost-Plus Pricing?

**Service Providers i.e. Food Vendors**