

## Entrepreneurship Building a Business

### Chapter 11 The Price Strategy

#### Section 11.1 Considering Price Strategy

##### SECTION 11.1 After You Read Answer Key

##### Self-Check

1. When demand is elastic a change in price creates a change in demand. When demand is inelastic a change in price has little effect on demand.
2. Market share is a business's portion of the total sales generated by all competing companies in a given market.
3. Your business costs and your profit objectives must be considered in cost-based pricing.

##### Think

4. Accept any reasonable answer and explanation. Common responses might be (1) price skimming (charging high prices allows recovery of costs and maximizing profit as quickly as possible) or (2) Penetration pricing builds sales by using a low start up price.

##### Mathematics

5. A rational number represents part of a whole. Rational numbers can be expressed as fractions ( $\frac{1}{2}$ , decimals, 0.5), or percents (50%). To calculate a discount price, first multiply the price by the discount percentage to find the discount dollars. Then, subtract the discount dollars from the price to find the discount price.