

Section Answer Keys

Chapter 25 Price Planning

Section 25.2 Price Planning Factors

Review Key Concepts

1. In response to increased costs and expenses, pricing options a business might consider are: pass the increase onto the consumer, reduce the size of the item or drop features to maintain the price, increase features or upgrade materials in order to justify a higher price.
2. Five factors that affect demand elasticity are: brand loyalty, price relative to income, availability of substitutes, luxury versus necessity, and urgency of purchase.
3. The Federal Trade Commission regulates price advertising.

Practice Academics

Social Studies

4. The federal laws involved in the following situations are: (a) price fixing—Sherman Antitrust Act; (b) price discrimination—Clayton Antitrust Act and Robinson Patman Act (c) resale price maintenance—Unfair Trade Practices Law (also known as the Minimum Price Law).

Mathematics

5. 35,000 watches