

Chapter 25 Price Planning

Section 25.2 Price Planning Factors

Section Outline with Content and Academic Vocabulary

Section Outline

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Content Vocabulary

break-even point The point at which sales revenue equals the costs and expenses of making and distributing a product. (p. 592)

demand elasticity The degree to which demand for a product is affected by its price. (p. 592)

law of diminishing marginal utility An economic law that states that consumers will buy only so much of a given product, even if the price is low. (p. 592)

price fixing A situation that occurs when competitors agree on certain price ranges within which they set their own prices. (p. 595)

price discrimination When a firm charges different prices to similar customers in similar situations. (p. 595)

unit pricing A pricing method that allows consumers to compare prices in relation to a standard unit or measure. (p. 595)

loss leader An item priced at or below cost to draw customers into a store. (p. 596)

Academic Vocabulary

constant Continually recurring or continuing without interruption. (p. 591)

equate Make equal, uniform, corresponding, or matching. (p. 593)