

28**BUSINESS MODELS**

1. Debrin Company uses a tiered pricing strategy. Debrin is most likely to:
 - (A) charge higher prices during peak times of day.
 - (B) offer a discount for buying a large number of units.
 - (C) set a temporarily low price until it builds market share and scales up production.

2. To generate more sales on slow days, a hair salon will be offering its services at a 50% discount on Sundays and Mondays, but it will increase its prices by 20% on Fridays and Saturdays. Which pricing model best describes the company's strategy?
 - (A) Dynamic pricing.
 - (B) Razors-and-blades.
 - (C) Tiered pricing.

3. Nebrid Company describes itself as a B2B firm. This means that Nebrid:
 - (A) sells its products or services to other businesses.
 - (B) is a marketplace for buyers and sellers.
 - (C) provides both inbound and outbound logistics.

4. Pro-X Cycle (Pro-X) is a bicycle manufacturer specializing in custom bicycles. The company sells all bikes for \$1,200, but it offers high-margin packages like custom paint and premium tires and brakes ranging between \$1,000 and \$2,000. The pricing model that best reflects Pro-X's strategy is:
 - (A) hidden revenue.
 - (B) bundling.
 - (C) add-on pricing.

5. Binder Company describes itself as a direct sales business. In terms of its business model, this refers to Binder's:
 - (A) channel strategy.
 - (B) pricing strategy.
 - (C) product or service.

6. The management of a company that manufactures pens decides to initially offer its products at a significant discount to market price to gain market entry. Afterward, it will offer its products at various discounts based on volume of purchases. Which pricing models best reflect the company's strategy?

Discount to market
price

Discount based on
purchase volume

- (A) Freemium pricing Dynamic pricing
(B) Freemium pricing Tiered pricing
(C) Penetration pricing Tiered pricing
7. Redbin Software publishes a multiplayer video game. Redbin allows users to download the basic software at no charge and makes enhanced features available at various prices. Redbin's pricing strategy is best described as:
- (A) hidden revenue.
(B) freemium.
(C) penetration.
8. A smartphone video game developer is about to launch its latest video game, Omega Rising. The developer wants to make the game available for free to users, and it wants to generate sales solely through aggressive advertising. It does not want to charge any fees for any of the game's functionalities. Which pricing model is most appropriate for the developer?
- (A) Hidden revenue.
(B) Freemium pricing.
(C) Penetration pricing.
9. Based on feedback from its extensive customer survey, a car manufacturer will include luxury interior fabrics and a top-of-line audio system as part of the basic features of its next model. As a result, the base price of the model will be higher than the price of competitors' models. Which pricing model best reflects the company's strategy?
- (A) Dynamic pricing.
(B) Bundling.
(C) Value-based pricing

