3 The role of marketing – Part 2 — Answers

Answers

3.1 The price where the amount demanded equals the amount supplied —the market settles there.

3.2 Supply rises (sellers offer more when the price is higher).

3.3 Price inelastic (demand changed little, so the higher price raised revenue).

3.4 Introduction → growth → maturity → decline.

3.5 Penetration pricing sets a **low** price to win market share quickly; price skimming sets a **high** price first (for a new product) then lowers it. (Any clear difference.)

3.6 Price skimming.

3.7 It should *raise* fares. With inelastic demand, passenger numbers fall only a little when the price goes up, so the extra revenue from the higher fare per ticket more than makes up for the few lost passengers —total revenue rises.