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.