

Multiple Choice Questions (MCQs)

Name—

1. What is supply?

- A. The desire to buy a product
- B. The total amount of a product available to consumers
- C. The price of a product
- D. The marketing strategy used by a business

2. Demand refers to:

- A. The number of products a business makes
- B. The cost of production
- C. Consumers' desire and willingness to pay for a product
- D. Advertising activities

3. According to the law of supply and demand, what usually happens when demand increases?

- A. Prices fall
- B. Prices stay the same
- C. Prices tend to rise
- D. Supply disappears

4. When supply increases, prices usually:

- A. Increase
- B. Decrease
- C. Become unpredictable
- D. Do not change

5. What marketing strategy is commonly used when demand is low?

- A. Premium pricing
- B. Limited availability
- C. Discounts and promotions
- D. Exclusivity marketing

6. Which of the following is an example of high-demand marketing?

- A. Overstock sales
- B. Off-season discounts
- C. Limited-edition products
- D. Clearance pricing

7. When supply is high, businesses often:

- A. Increase prices
- B. Lower prices to sell excess inventory
- C. Stop marketing
- D. Reduce product availability

8. Low supply often leads to which marketing approach?

- A. Bulk purchasing
- B. Heavy discounting
- C. Creating urgency and exclusivity
- D. Reducing advertising

9. The new iPhone release is an example of:

- A. Low demand product
- B. High demand product
- C. Overstock product
- D. Declining product

10. Scarcity marketing is best described as:

- A. Selling products at a loss
 - B. Offering many bundle deals
 - C. Emphasizing limited stock and exclusivity
 - D. Reducing product features
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Short Answer Questions

1. Why is understanding supply and demand important for marketing decisions?

2. Give one example of a marketing strategy used when demand is high.

3. How does low demand affect marketing strategies?

4. What happens to pricing when supply is low? Explain briefly.

5. Name one marketing strategy used for overstocked products.

6. How does limited supply create exclusivity?

7. What is the main marketing focus during the introduction stage of the product lifecycle?

8. How do businesses adjust marketing during the decline stage of a product's lifecycle?

Answer Key

MCQ Answers

1. **B**
2. **C**
3. **C**
4. **B**
5. **C**
6. **C**
7. **B**
8. **C**
9. **B**
10. **C**

Short Answer (Sample Points)

1. It helps businesses set prices, manage inventory, and choose effective marketing strategies.
2. Increasing prices or emphasizing limited availability.
3. Businesses use promotions, discounts, and advertising to boost sales.
4. Prices usually increase because the product is scarce.
5. Overstock sales or bundle discounts.

6. Limited supply makes products seem rare and more valuable.
7. Building awareness and informing customers about the product.
8. Using discounts, promotions, or rebranding to attract customers.