UNIT 2

BUSINESS

PRICING

Unit Description

Content: This course is designed to familiarize the student with concepts in marketing and pricing strategies.

Skills: Organizational Structure
- Recognizing relationships between parts of a lecture
- Recognizing detailed relationships between ideas in lectures
- Note-taking
- Recognizing organization and purpose of written texts
- Recognizing relationships within a written text
- Showing relationships between ideas
- Using notes to assist speaking

Unit Requirements

- Lecture: “Pricing”
- Listening: “Psychological Pricing Strategies” (a radio broadcast)
- Integrated Speaking Task: Choosing pricing strategies
- Assignments: www.MyAcademicConnectionsLab.com
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   Integrated Speaking Task

GRAMMAR CHART: Adjective Clauses with Relative Subject Pronouns

UNIT 2 ANSWER KEY
1 PREVIEW

Go to www.MyAcademicConnectionsLab.com for Vocabulary Check.

Previewing the Academic Content, page 24

The topic of pricing is addressed in marketing courses, which are typically offered at the university level through the College of Business. Students who graduate with a degree in business could pursue careers in government, international commerce, health care, the arts, and a variety of for-profit or non-profit companies and organizations. In this unit, students will explore:

• the price setting strategies companies use
• some of the issues that marketers consider when pricing goods or services

Activating Background Knowledge

• Before students read and study about pricing, you may want to discuss their attitudes about pricing and value.
  • What are some factors that they consider when deciding whether a product or service is the right price?
  • In their home cultures, what are some products or services that have very high prices? What products or services have low prices? Why?
  • Is negotiating the price of a product a common practice in their countries? For what types of products or in what settings?
• Examine the Key Words on page 24. This vocabulary will be helpful for comprehension of the lecture, texts, and activities and useful for the Integrated Speaking Task.
• Point out that the pronunciation of the noun and verb forms of influence and purchase are the same.
• Before students begin Exercise 1, page 24, elicit a definition for a bargain (something that is offered at a price lower than the usual asking price).

Go to www.MyAcademicConnectionsLab.com for Key Words and Key Words: Practice.
Previewing the Academic Skills Focus, page 25

Highlight the purpose of this section, stated on the left. This unit focuses on strategies for:

- recognizing relationships between parts of a lecture
- recognizing detailed relationships between ideas in lectures
- recognizing organization and purpose of written texts
- recognizing relationships within a written text
- showing relationships between ideas
- using notes to assist speaking

Review the academic skills focus: Organizational Structure.

- Point out that some other patterns fit into the chart about organizational structure. For example, comparison / contrast is a variation on the pattern of discussion, especially at an academic level, where it is expected that students will draw conclusions rather than just give comparisons / contrasts at a factual level. Problem / solution is a variation on argument or discussion, depending on whether the aim is to argue for a particular solution, or to discuss different possible solutions and come to a conclusion.
- Academic Connections 4, Unit 2, addresses additional organizational patterns, such as problem / solution and cause / effect.

For item B in Exercise 1, page 26, students may ask what value-based pricing and cost-based pricing are. These terms are addressed in the lecture. Students do not need to be familiar with them to complete this exercise.

Go to www.MyAcademicConnectionsLab.com for Comprehension.

Go to www.MyAcademicConnectionsLab.com for Discussion Board.

2 BUILDING ACADEMIC LISTENING SKILLS

Go to www.MyAcademicConnectionsLab.com for Vocabulary Check.

Highlight the purpose of this section, stated on the left. Tell students that in this section, they will learn how to recognize the organizational structure of a lecture.
Before You Listen, page 27

After students complete Exercise 3, page 28, you may want to offer this additional activity.

- Have students work in pairs or groups to design a product by listing features (and perhaps drawing it).
- Have them choose a price for the product.
- Instruct groups to mingle with the rest of the class, trying to sell their designs. Each student can "buy" one product from another group.
- Have the two groups with the highest number of buyers present their pricing strategy to the group.
- After students listen to the lecture (and perhaps again after they complete the reading), have them discuss whether the pricing strategy that worked best for them is consistent with what they heard / read.

Go to www.MyAcademicConnectionsLab.com for Key Words and Key Words: Practice.

Global Listening, page 28

Students listen to a lecture about pricing and analyze the purpose of each part of the lecture.

Review the academic skills focus: Recognizing Relationships between Parts of a Lecture.

- Before you go over the information in the skills section, elicit from students the three parts of a text and the function of each one.
- If they have trouble remembering, have them review Steps 3–5 of the Integrated Writing Task section on page 21 in Unit 1.
- Examine the information in the skills section. You may want to point out that a lecture may or may not include a thesis statement and scope.

Before students listen to the lecture, this is a good time to do some work with idiomatic expressions.

- Elicit from or give students the definition of an idiomatic expression (a set expression that can't be understood by combining the meanings of each individual word).
- Ask students to give examples of idiomatic expressions they might know and explanations of their meanings.
- This lecture has two idiomatic expressions: make or break and a big headache. You may want to write these on the board before students listen to the lecture the first time. Have them guess at the meanings.
• After they have completed Exercise 2, page 29, ask if anyone remembers hearing the expressions and whether they think their initial guesses at the meanings was confirmed.
• Alternatively, after students have completed Exercise 4, page 30, elicit the definition of *idiomatic expression*, have students give some examples of ones they know and their meanings, and then ask students to listen to the lecture again, specifically listening for *make or break* and *a big headache*. You won’t need to play the entire lecture. Both of these expressions are used in the first minute or so.
• Have students discuss the meaning of each expression as a class.

**Summary of the Lecture**

“Pricing,” page 29 (For the complete audioscript, see *Academic Connections 3*, page 181.)

**A. Why pricing is important**

1. If the price is too high, customers might buy a competitor’s product. If it’s too low, the company’s profit might be too small or nonexistent.

2. Prices drastically affect profit. One expert suggests that for most companies, a 1 percent change in price can increase profit by 12.5 percent.

3. Price influences how customers value a product.
   a. If the price is high, they often think the quality of the product is better, even if it’s not.
   b. Price influences the customers’ relationship to the company because customers like to be associated with products that appear to have high quality.

**B. Strategies for pricing**

1. Cost-based pricing is based on cost.
   a. How it works: First product is designed. Then the company figures out the cost of each item, along with other costs such as delivery, packaging, and design. Finally, the company adds an amount over all of the costs—a margin—that defines how much the profit will be.
   b. Disadvantages: Cost-based pricing includes a number of factors that could greatly affect sales.
      • It doesn’t consider the market—the customers. Customers might not want to pay that price, or a competitor’s product might have better features for the same price.
      • A product might have additional features, but not ones that customers want to pay extra for.
      • A competitor’s brand name might have more strength.
2. Value-based pricing is based on value; *good value* is not the same as *low price*.
   a. How it works: It works the reverse of cost-based pricing. First, the company thinks about what customers want and how much they are willing to pay for it. It might do market research. Then all aspects of the product are selected—all features and a target price. Next, the product is designed based on the desires of the customers and the price they’re willing to pay.
   b. Advantages:
      • A company can be more sure that customers will be willing to pay for the product.
      • The company can get an idea of whether it will be profitable before the product is made.
      • It’s more difficult to use value-based pricing, but it’s worth it because having a successful product is more likely.

C. Conclusion. Value-based pricing is more likely to succeed.

*The class will examine value-based pricing more deeply and learn about a number of different ways to approach it.*

Go to www.MyAcademicConnectionsLab.com for *Listening Activities 1–4*.

**Focused Listening, page 31**

Students listen to brief excerpts from the lecture again and analyze the relationship of each excerpt to the lecture as a whole.

Review the academic skills focus: Recognizing Detailed Relationships between Ideas in Lectures.

You may want to pause the audio after each excerpt in Exercise 1, page 31, so that students have time to decide what relationship each connective signals.

Review the academic skills focus: Note-taking.

After students have completed Exercise 6, page 33, discuss their answers as a class to ensure that they completely understand the content of the lecture.
Summary of the Case Study (Exercise 7, page 34)

1. P&G, a large U.S. company, sells a variety of consumer products and is known for skilled marketing.

2. Although its prices are usually higher than competitors’, their Crest SpinBrush®, priced at only $1 more than the most expensive typical toothbrush, is now the best-selling toothbrush in the country.
   2.1 The designers got the idea from a discount store. They saw that electric toothbrushes cost more than $50, but only had a small fraction of the whole toothbrush market.
   2.2 They chose a price of $5 and then designed a brush that would generate a small profit at that price.
   2.3 The Crest SpinBrush is now one of P&G’s most successful new products and has more than a 40 percent share of the electric-toothbrush market.

Go to www.MyAcademicConnectionsLab.com for Listening Activity 5.

Go to www.MyAcademicConnectionsLab.com for Checkpoint 1.

3 BUILDING ACADEMIC READING SKILLS

Go to www.MyAcademicConnectionsLab.com for Vocabulary Check.

Highlight the purpose of this section, stated on the left. This section addresses the organizational structure of longer written texts and the relationships between parts of a text.

Before You Read, page 34

- Examine the Key Words on page 35 before students begin Exercise 1, page 34. This vocabulary will be helpful for comprehension of the text and useful for the Integrated Speaking Task.
- Point out the distinction in word forms for calculate and calculation; tempt, temptation, and tempting.
- Point out that there is no difference in the pronunciation of the noun and verb forms of bundle and retail.

Go to www.MyAcademicConnectionsLab.com for Key Words and Key Words: Practice.
Global Reading, page 36

Students skim a text about pricing considerations and learn to recognize four key patterns of text organization.

Review the academic skills focus: Recognizing Organization and Purpose of Written Texts.

- As you examine the skills focus information with students, remind them that their ultimate goal is understanding what they read and hear more fully. The ability to organize large amounts of information is also a skill that is essential for effective written and spoken communication.
- Point out to students that the structure of an essay or text is similar to the structure of an academic lecture: there is an introduction, body, and conclusion. The patterns of organization a writer may use are the same as those an effective speaker uses and are clearly linked to the writer’s purpose.

Remind students before they begin Exercise 3, page 36, that skimming is reading quickly for main ideas. You may want to set a time limit for reading the text.

Summary of the Reading


This text looks at different kinds of value-based pricing, how they work, and how to avoid pricing problems.

Value-based pricing strategies
1. Market-skimming pricing
   a. How it works: It sets initial prices high so the company can skim profit from the market in layers, getting the most profit from various market segments.
   b. Conditions under which market skimming make sense:
      i. Product must be interesting enough for consumers to pay higher price
      ii. Product should be unique or unusual
      iii. Cost cannot be too high to produce a small volume
      iv. Competitors should not have easy entry to market with ability to undercut price
2. Market-penetration pricing
   a. How it works: It sets a low price at first to rapidly attract a lot of buyers and get a large market share. A high number of sales causes falling costs and allows company to further reduce prices.
b. Conditions for this strategy to be effective:
   i. Market must be price sensitive enough to attract a large number of buyers.
   ii. Cost of production and distribution must decrease as sales increase.
   iii. Low price must help deter competition.
   iv. Product must remain at low price or advantage may be temporary.

3. Captive product pricing
   a. Effective for products that are used with another product.
   b. How it works: The producer sells the main product, such as a printer, at a very low price, but supplies for it, such as the ink cartridges, are sold at a high profit.

4. Product bundle pricing
   a. How it works: It combines several products into a bundle and the bundle is sold at a lower price.
   b. Example: Fast-food restaurants bundle a burger, fries, and drink as a combo with a reduced price. This promotes some products that consumers might not buy, but the low combo price attracts them to the bundle.

5. Optional-product pricing
   a. How it works: Customers are drawn in with low prices, but profit is made on optional upgrades, extras, and accessories.
   b. Example: A buyer may choose a larger hard drive or extra memory for a computer that is sold at a very low price.
   c. Companies need to use caution with this strategy because it can result in a reputation for misleading consumers if the main product is not useful without the extras. One form of this strategy, called “bait and switch,” is actually illegal in many places. With this strategy, the main product is not available and ads are created to draw people in so that they will buy a higher-priced product.

6. Other issues:
   a. Consumer backlash: Backlash occurs when customers feel that a company takes advantage.
   b. Illegal pricing: Price fixing happens when two companies work together to set prices. Many countries ban price fixing. In 2004 German executives were sent to prison because they fixed prices on computer memory. In this case, customers paid millions of dollars more than was required. Predatory pricing—selling below cost to destroy competition—is also banned. This is especially bad when big powerful companies destroy smaller ones.
   c. Price confusion: This is a deceptive, but perhaps legal, strategy. A company sets the price in a way that is hard for customers to understand, so customers don’t know exactly what the price of the product is. This prevents them from comparing products from various companies.

Go to www.MyAcademicConnectionsLab.com for Reading Activities 1–4.
Focused Reading, page 38

Students read the text they skimmed and identify strategies the author uses to make the relationships between ideas in the text clear.

After students complete Exercises 1 and 2, pages 38–39, discuss their answers as a class to ensure that they understand the text completely.

Review the academic skills focus: Recognizing Relationships within a Written Text, page 39.

Before students begin Exercise 4, page 40, remind them that scanning is reading quickly for specific details. You may want to review the scanning strategies that were addressed in the skills section of Unit 1 on page 9.

For Exercise 5, pages 41–42, if you have a large class, you may want to have students work in pairs. Half the pairs will use Group A’s examples and half the pairs will use Group B’s. After they have worked together to complete items 1–3, proceed to item 4. You may want to discuss answers as a class. Where there are differences in answers, ask students to explain.

Go to www.MyAcademicConnectionsLab.com for Reading Activity 5.

Go to www.MyAcademicConnectionsLab.com for Checkpoint 2.

4 BUILDING ACADEMIC SPEAKING SKILLS

Make sure that students are familiar with the grammar point covered in MyAcademicConnectionsLab for this unit (adjective clauses with relative subject pronouns) before they begin this section. Go to page 15 in these Teacher’s Notes for the grammar chart.

Go to www.MyAcademicConnectionsLab.com for Grammar Check.

Highlight the purpose of this section, stated on the left. In this section, students practice showing relationships between ideas and note-taking to prepare for a presentation in which they choose the best strategy to price a product.
**Before You Speak, page 43**

Students listen to a brief student presentation and analyze the use of common logical connectives in speaking and writing.

Go over the questions for Exercise 1, page 43, before playing the audio.

Review the academic skills focus: Showing Relationships between Ideas.

For Exercise 4, page 44, opinions may vary about some of the answers; students’ attention should be drawn to the language of the headings in the chart: *more common* rather than *is used*.

**Summary of the First Part of Student’s Presentation, page 43**

(For the complete audioscript, see *Academic Connections 3*, pages 181-182.)

The speaker describes a recent purchase:
1. The speaker wanted to buy a digital camera. She saw one advertised for a low price.
2. She went to the store thinking she’d get in and out quickly, but that didn’t happen. The salesperson surprised her by saying that camera wasn’t very good.
3. He told her about a different, much better camera that was just $50 more.
4. Since she was in a hurry and she wanted good photos, she bought the more expensive one.

**Summary of the End of the Student’s Presentation, page 43**

(For the complete audioscript, see *Academic Connections 3*, page 182.)

The speaker analyzes her decision to purchase:
1. The speaker says she bought the camera because of bait and switch advertising.
2. She thinks the low price was to lure people into the store.
3. The store really didn’t want to sell the original product because it might not have been profitable.
4. The store really wanted to convince customers to buy a much more profitable camera.
Focused Speaking, page 45

Students listen to an excerpt from a consumer affairs radio program about pricing and prepare a brief presentation similar to the one they heard earlier.

• Examine the Key Words on page 45. This vocabulary will be helpful for understanding the audio selection and useful for the Integrated Speaking Task.
• Point out the distinction in form between psychological and psychology. As you read the Key Words aloud, you may want to have students repeat them.
• Before students listen and take notes, you may want to review pages 32–33 and suggest that students use one of these diagrams to help them take notes.

Review the academic skills focus: Using Notes to Assist Speaking.

For Exercise 4, page 46, you may want to have students practice with another partner after receiving feedback from the first.

Summary of the Excerpt from a Radio Program, page 45

(For the complete audioscript, see Academic Connections 3, page 182.)

The role of psychology in pricing:

1. The role of emotion. Even when logic sends one message, emotions may, for some people, send another message. People do buy more when a price ends in .99 or .95!

2. Loss leaders. A loaf of bread that costs just $2 will actually lose money for the store, but it makes people think the store has good prices, so more people shop there. That’s how they make their money.

3. An expensive image. Several different departments for women’s clothes, for example, project different images with some more upscale than others. People assume that the more expensive clothing is better quality, so they’ll pay those prices, but that clothing might be just as inexpensive to produce as the cheaper clothing. Marketers are tricky!

Go to www.MyAcademicConnectionsLab.com for Comprehension.

Integrated Speaking Task, page 47

The Integrated Speaking Task requires students to plan and deliver a short presentation.

- Go over the Integrated Speaking Task assignment.
- Go over Steps 1–5 on pages 47–48.
- If students need more support for Step 3, you may want to provide them with the organizational structure and a note-taking template, such as this one:
  1. Introduction
     a. (General statement): Briefly describe the situation
     b. (Main point + scope): Say what the product is and which pricing strategy your group chose
     c. Features of the product and pricing strategy: thesis
        - Feature 1
        - Feature 2, and so on
        - Pricing strategy
  2. Body
     a. Reason 1 to support the thesis: reason for choosing pricing strategy
        - Supporting detail 1
        - Supporting detail 2, and so on
     b. Reason 2 to support the thesis: reason for choosing pricing strategy
        - Supporting detail 1
        - Supporting detail 2, and so on
  3. Conclusion: Summarize the main points
- You may want to have two groups practice their presentations with each other and provide feedback before each group presents to the whole class.
- Alternatively, you may want to organize this activity so that all students give a whole presentation. At Step 4, have students form new groups, so that each student practices the presentation to the new group. For Step 5, the actual presentation, they would form yet another new group to whom they would make the presentation.

Go to www.MyAcademicConnectionsLab.com for Internet Activity and Academic Words Puzzle.
### GRAMMAR CHART: Adjective Clauses with Relative Subject Pronouns

<table>
<thead>
<tr>
<th>Adjective Clauses with Relative Subject Pronouns</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Adjective clauses give more information about nouns.</strong></td>
</tr>
<tr>
<td>A sentence with an adjective clause can be understood as a combination of two sentences.</td>
</tr>
<tr>
<td>P&amp;G is a company. + It sells the Crest SpinBrush®. = P&amp;G is a company which sells the Crest SpinBrush. (modifies P&amp;G)</td>
</tr>
<tr>
<td>The bag costs $500. + You see it on display. = The bag that you see on display costs $500. (modifies bag)</td>
</tr>
<tr>
<td>Marketers use pricing as a key tool. + They are clever. = Marketers who are clever use pricing as a key tool. (modifies marketers)</td>
</tr>
<tr>
<td><strong>2. Adjective clauses are introduced by a relative pronoun.</strong></td>
</tr>
<tr>
<td>P&amp;G is a company which / that sells the Crest SpinBrush.</td>
</tr>
<tr>
<td>Marketers who / that are clever use pricing as a key tool.</td>
</tr>
<tr>
<td>• <strong>Who</strong> is used for people.</td>
</tr>
<tr>
<td>• <strong>Which</strong> is used for things.</td>
</tr>
<tr>
<td>• <strong>That</strong> is used for both people and things.</td>
</tr>
<tr>
<td><strong>3. The verb in an adjective clause agrees with the noun referred to by the relative pronoun.</strong></td>
</tr>
<tr>
<td>I bought a cheap printer that requires expensive cartridges.</td>
</tr>
<tr>
<td>I buy only disposable razors that don’t require additional razor blades.</td>
</tr>
</tbody>
</table>
4. There are **identifying** and **nonidentifying adjective clauses**.

- **Identifying** adjective clauses help identify a member of a group. Commas are not used to separate the identifying adjective clause from the rest of the sentence. The relative pronoun can often be omitted in identifying adjective clauses.

- **Nonidentifying** adjective clauses give extra information, but do not identify the noun. Commas are used to separate the nonidentifying adjective clause from the rest of the sentence. The relative pronoun *that* is not used in a nonidentifying adjective clauses.

<table>
<thead>
<tr>
<th>The company <em>(which / that) we discussed yesterday</em> sells the Crest SpinBrush.</th>
</tr>
</thead>
<tbody>
<tr>
<td>P&amp;G, <em>which we discussed yesterday</em>, sells the Crest SpinBrush.</td>
</tr>
<tr>
<td>I decided to buy a different bag, <em>which cost $20 less</em>.</td>
</tr>
<tr>
<td>Incorrect: P&amp;G, that we discussed yesterday, sells the Crest SpinBrush.</td>
</tr>
</tbody>
</table>
UNIT 2 ANSWER KEY

1 PREVIEW

Previewing the Academic Content

Exercise 2, page 24

<table>
<thead>
<tr>
<th>Money</th>
<th>People</th>
<th>Intangible Things (Things You Can’t See or Touch)</th>
<th>Tangible Things</th>
</tr>
</thead>
<tbody>
<tr>
<td>profit</td>
<td>consumer</td>
<td>profit</td>
<td>consumer</td>
</tr>
<tr>
<td>loss</td>
<td>marketer</td>
<td>brand</td>
<td>marketer</td>
</tr>
<tr>
<td>pricing</td>
<td></td>
<td>brand name</td>
<td>product</td>
</tr>
<tr>
<td>purchase</td>
<td></td>
<td>influence</td>
<td>purchase</td>
</tr>
<tr>
<td></td>
<td></td>
<td>loss</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>pricing</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>strategy</td>
<td></td>
</tr>
</tbody>
</table>

Previewing the Academic Skills Focus

Exercise 1, pages 25–27

B. discussion  D. explanation  F. discussion
C. argument  E. description  G. argument

2 BUILDING ACADEMIC LISTENING SKILLS

Before You Listen

Exercise 2, page 28

1. a  2. b, c  3. b, c  4. a  5. b, c
## Global Listening

**Exercises 1 and 2, pages 28–29**

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Suggested Order</th>
<th>Actual Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>To show or explain one approach to the topic</td>
<td>Answers will vary.</td>
<td>3</td>
</tr>
<tr>
<td>To give the disadvantages of one approach to the topic</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>To show the disadvantages of the other approach</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>To introduce the lecture</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>To show the importance of the topic</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>To summarize</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>To explain a different approach to the topic</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>To give the advantages of one approach to the topic</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>To show the advantages of the other approach</td>
<td></td>
<td>7</td>
</tr>
</tbody>
</table>

**Exercise 3, page 30**

1. Discussion
2. It gives advantages and disadvantages.

**Exercise 4, page 30**

1. c  
2. b  
3. b  
4. c  
5. c  
6. a

## Focused Listening

**Exercise 1, page 31**

1. However; to show differences between ideas
2. also; to add a similar point, idea, argument, or reason
3. first, Then, Finally; to show stages in a process
4. Furthermore; to add a similar point, idea, argument, or reason
Exercise 3, pages 32–33
2. T-chart: give advantages and disadvantages, or strengths and weaknesses
3. Outline: support an opinion with reasons and evidence or give reasons why something happens
4. Mind map: support an opinion with reasons and evidence, gives reasons why something happens, or gives different features of a product
5. Cycle diagram: give steps in a process that repeats

Exercise 6, page 33
1. b 2. b 3. b 4. b 5. a 6. b

*The answers to the second part of questions 1–4 will vary. Suggested answers:*
1. Good managers see pricing as a key tool. They know that pricing plays a role in how much value customers see in a product and in building relationships with customers.
2. A product that projects higher value is more attractive to customers.
3. In value-based pricing, the marketers consider what the customers want and how much they are happy to pay for it.
4. In cost-based pricing, only one factor is considered—the cost. In value-based pricing, customers’ needs are considered and how much customers are willing to pay for a product. Then all aspects of a product are chosen, including its features and target price.

Exercise 7, page 34
1. Value-based pricing; the price was chosen at the time of designing, not after.
2. Without the price target at the beginning of the design process, the cost may have been much higher, and there would be nothing special about it.

3 BUILDING ACADEMIC READING SKILLS

Before You Read

Exercise 1, pages 34–35
1. supplies 3. unique 5. bundle 7. accessory
2. calculate 4. tempts, retail 6. volume
Global Reading

Exercise 1, page 36
1. explanation; it answers the “why” question
2. explanation; it answers the “how” question
3. argument / discussion: the question asks for an opinion
4. description: it answers the “what” question
5. discussion: it compares two sides

Exercise 2, page 36
1. Question 2: How are various pricing strategies used to set prices?
2. Answers will vary. Possible answer: How can companies avoid some pricing problems?

Exercise 3, page 36
1. nine 2. four

Focused Reading

Exercise 1, pages 38–39
2. optional-product pricing 4. bait and switch 6. captive product pricing 8. product bundling pricing
3. price fixing 5. market-penetration pricing 7. market-skimming pricing

Exercise 2, page 39
bait and switch, predatory pricing, price fixing

Exercise 3, page 40
1. d 3. b 5. a 7. b
2. a 4. c 6. d 8. b
Exercise 4, page 40
1. a. it must interest consumers enough to pay higher price
   b. there should be something unique / unusual about it
   c. cost of production for small volume should not be too high
2. to quickly attract many buyers
3. production costs fall
4. a. razor blades
   b. video games
   c. printer cartridges
5. It can lead to a reputation for misleading customers if the advertised product has too few features to be useful.
6. a. consumer backlash
   b. law
7. a. consumers paid millions of dollars more than necessary
   b. four executives went to jail
8. They might find it difficult to compare products from different companies and to know how much they'll be paying.

Exercise 5, pages 41–42
1. optional-product pricing; 8 (end of paragraph)
2. price confusion; 13 (end of paragraph)
3. captive product pricing; 6 (end of paragraph)
4. product bundle pricing; 7 (after example 7)
5. market-penetration pricing; 4 (end of paragraph)
6. predatory pricing; 12 (end of paragraph)
7. product bundle pricing; 7 (before example 5, after the second sentence)
8. market-skimming pricing; 2 (after the first sentence)
4 BUILDING ACADEMIC SPEAKING SKILLS

Before You Speak

Exercise 1, page 43
1. a digital camera
2. the sales clerk wanted to sell a different camera
3. no; she bought a more expensive one
4. bait and switch

Exercise 3, page 43

<table>
<thead>
<tr>
<th>Function</th>
<th>Logical Connective / Signal</th>
</tr>
</thead>
<tbody>
<tr>
<td>State the main point of the talk</td>
<td>In this talk, I'm going to . . .</td>
</tr>
<tr>
<td>Show time order</td>
<td>after that, first, first of all, then</td>
</tr>
<tr>
<td>Introduce a different / opposite idea</td>
<td>but</td>
</tr>
<tr>
<td>Consequence</td>
<td>so</td>
</tr>
<tr>
<td>Reason</td>
<td>Why did they do this?</td>
</tr>
</tbody>
</table>
### Exercise 4, page 44

*Answers will vary. Possible answers:*

<table>
<thead>
<tr>
<th>More Common in Written English</th>
<th>Common in Both Written and Spoken English</th>
<th>More Common in Spoken English</th>
</tr>
</thead>
<tbody>
<tr>
<td>additionally</td>
<td>after that</td>
<td>but</td>
</tr>
<tr>
<td>furthermore</td>
<td>also</td>
<td>In this talk, I'm going to . . .</td>
</tr>
<tr>
<td>however</td>
<td>although</td>
<td>.</td>
</tr>
<tr>
<td>thus</td>
<td>because</td>
<td>Let's move on to . . .</td>
</tr>
<tr>
<td></td>
<td>finally</td>
<td>Let's wrap up</td>
</tr>
<tr>
<td></td>
<td>first</td>
<td>Our focus today is . . .</td>
</tr>
<tr>
<td></td>
<td>first of all</td>
<td>so</td>
</tr>
<tr>
<td></td>
<td>then</td>
<td>the main point / thing / focus</td>
</tr>
<tr>
<td></td>
<td>the most important</td>
<td>in addition</td>
</tr>
<tr>
<td></td>
<td>in addition</td>
<td>in contrast</td>
</tr>
<tr>
<td></td>
<td>in contrast</td>
<td>in summary</td>
</tr>
<tr>
<td></td>
<td>in summary</td>
<td>next</td>
</tr>
<tr>
<td></td>
<td>next</td>
<td>to conclude</td>
</tr>
<tr>
<td></td>
<td>to conclude</td>
<td></td>
</tr>
</tbody>
</table>

### Focused Speaking

**Exercise 3, page 45**

1. psychological pricing
2. prices ending in .95, .99; loss leaders; projecting different images