



Business Virtual Learning

Course: Intro to Business

Lesson: Marketing Mix- Price

May 13, 2020



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Objective/Learning Target: Students will be able to:

- (1) Analyze pricing strategies**
- (2) Design a pricing strategy for a product of their choice**



Lesson Starter

If you were wanting to buy new shoes, what would you purchase and where would buy it?

Lesson Starter Continued

I challenge you to do a quick search online, to find the shoes you would want to buy. Is the place you wanted to buy your new shoes the cheapest option. If not, would you still buy it from your chosen company or would you go with the cheapest option?

What we will explore today is the price factor in a the marketing mix and how it affects purchase decisions.

Why is pricing important in a marketing mix?

Please watch the video to see how businesses determine how to price their products. We will look at more pricing strategies later in the lesson and the importance of choosing the correct strategy for your product/service.





Pricing Strategies

Directions: The next few slides will be defining different pricing strategies used by various businesses on their products and services. Under each strategy, I want you to find a real product or service as an example of a company that uses that pricing strategy.

a. Competition-based pricing: Setting the price based on prices of similar competitor products. EXAMPLE: _____

b. Cost-plus pricing: A profit is added to the cost of producing the product; this is the price at which the product is available in the market. EXAMPLE: _____



Pricing Strategies Continued

c. Price skimming: Selling a product at a high price, sacrificing volume of sales in favor of high profit, therefore 'skimming' the market. EXAMPLE: _____

d. Loss leader: A product sold at a low price (at cost or below cost) to stimulate other profitable sales. EXAMPLE: _____

e. Market-oriented pricing: Setting a price based upon analysis and research compiled from the targeted market. EXAMPLE: _____

f. Penetration pricing: Setting the price low in order to attract customers and gain market share. The price will be raised later once this market share is gained.

EXAMPLE: _____



Pricing Strategies Continued

g. Price discrimination: Setting a different price for the same product in different segments to the market. EXAMPLE: _____

h. Premium pricing: Premium pricing is the practice of keeping the price of a product or service artificially high in order to encourage favorable perceptions among buyers, based solely on the price. EXAMPLE: _____

i. Psychological pricing: Pricing designed to have a positive psychological impact. For example, selling a product at \$3.95 or \$3.99, rather than \$4.00. EXAMPLE: _____

j. Value-based pricing: Pricing a product based on the perceived value and not on any other factor. EXAMPLE: _____



Activity: Price your Product

Directions: Considering what you learned in the lesson, design your pricing strategies for the product you developed in the previous lesson. Please consider competition prices, perception of value you want to communicate to the customer, cost of production, and profit margins. Once you have determined the strategy you want to use for your product please list the strategy, estimated price point, and write a paragraph on why you believe this strategy would be effective for your product.



Activity Extension

The next time you make a purchase consider:

What role did pricing play in your purchase decision?

What value of the product was communicated by its price?

What pricing strategy do you think the company is utilizing?