

Business Virtual Learning

High School ~ Youth Entrepreneurs



May 4, 2020

May the 4th be with you...



Lesson: May 4, 2020

OBJECTIVES- PRICING

Upon completion of this lesson, students will develop the skills through which they may:

- Understand how pricing strategies are used by various industries, including the entertainment industries to increase their sales.
- Identify factors that affect event pricing.
- Determine an acceptable ticket price through application of pricing strategies for the event.

ABOUT- THE REACH AND TEACH CONCERT EVENT

- It's no secret music has been known to reduce stress and improve mental health. Thousands of studies have been conducted to determine the effects of music. The majority of which have shown the positive effects music can have on our lives. Listening to music is a favorite pastime that many teenagers enjoy on a daily basis. However, attending a concert is not nearly as common. Listening to live music is a completely different experience. This experience has the ability to awaken your spirit and change your life, especially when the music is something you love.
- This unit will examine how basic marketing principles are used in the entertainment industry. Students will use the knowledge gained from this unit to determine which basic marketing principles can be used to successfully promote a concert.



OVERVIEW OF PRICING

- Although ticket pricing may seem different than setting the price of a new car, it's actually very similar. Many of the same pricing strategies are used. Supply and demand also plays a very important role when it comes to tangible items, such as a new car and intangible items, such as VIP tickets to the newest, up and coming music artist. Pricing usually happens behind the scenes and may seem insignificant. However, this could not be further from the truth. In fact, some marketing professionals consider pricing to be the most important aspect of the marketing mix. This is because the price you place on your product is the value of which you think it is worth. There is a fine line when it comes to pricing. If your product is priced too high, you could potentially lose consumers and your profits will decrease. However, if your product is priced too low, you may sell more products, but you could be missing out on potential profit and selling yourself short.



WHAT YOU NEED TO KNOW...

There are a number of pricing strategies, each of which can be successful depending on the situation. Before creating a pricing strategy, it is imperative to consider factors that affect the decision making process.

Consumers - Know your market. Researching the spending habits of your target market can be extremely beneficial. For example, college students (ages 18 -21) are notorious for spending more money on food and entertainment than any other expense.

Competitors – Know your competitors. Do they offer the same or similar product at a lower price? Price matching with competitors is a common practice in order to maintain consumer loyalty. Not only should you research your target market, you should also research your competitors.

Economy – Know your product's worth. Understanding the concept of supply and demand will go a long way when it comes to pricing strategies. Demand is essentially how much your product is desired by consumers. Supply is simply how much product can be provided to consumers. For example, a limited number of VIP tickets that are desired by a large amount of consumers will sell at a higher price than a large amount of general admission tickets.

These factors are constantly changing and it is important to reevaluate your pricing strategies on a regular basis in order to maximize profits.



BELL RINGER

HOW COULD EMOTIONS PLAY A ROLE IN
HOW MUCH SOMEONE WILL PAY TO
ATTEND THE CONCERT FUNDRAISER?



ACTIVITY -

(FOR EACH ACTIVITY, WRITE YOUR RESPONSE IN A JOURNAL OR DOC).

Understand how pricing strategies are used by various industries, including the entertainment industries to increase their sales.

- In your journal define the following pricing terms.

Penetration Pricing

Product Line Pricing

Psychological Pricing

Cost Based Pricing

Skimming Pricing

Bundle Pricing

Optional Pricing

Value Based Pricing

Competition Pricing

Premium Pricing

Cost Plus Pricing

Economy Pricing