

3.1.2 The Marketing Mix – Pricing (161-164)

Learning Outcome: At the end of this lesson you should understand the

- Pricing strategies that are available for growth
- Be able to describe the factors affecting pricing decisions

Starter: Review Unit 2 to date

Price Skimming

What is it?

How does it work?

Penetration Pricing

What is it?

How does it work?

Competitive Pricing

What is it?

How does it work?

Loss Leader

What is it?

How does it work?

Cost Plus Pricing

What is it?

How does it work?

Factors Affecting the Price

- Cost
- Demand
- Degree of competition
- Company's objective and approach to pricing
- Product life cycle position

Mark Up

- If the product costs £2 to make and you want a 25% mark up what would you sell it for ?
£

Gross Profit

- Profit margin is expressed as a % of the selling price
- $50p/£2.50 = \%$

Topic Test

- What is meant by 'price skimming' ?
- When would you advise a business to use this approach to pricing?
- What is meant by 'penetration pricing'?
- When would you advise a business to use this approach to pricing?
- What is a 'loss leader'?
- Why sell a product at a loss?
- Explain a factor that might influence a price of the product?
- What are the other elements of the marketing mix other than the price?