**PRICING ACTIVITY TEMPLATE**

For each of the pricing strategies listed, work out what price you would launch your product/service at in the market, and rank which order you want to place the strategies in.

| **Pricing Strategy** | **Definition** | **Launch Price** | **Ranking** |
| --- | --- | --- | --- |
| Penetration Pricing | Here the organisation sets a low price to increase sales and market share. Once market share has been captured the firm may well then increase their price. |  |  |
| Skimming Pricing | The organisation sets an initial high price and then slowly lowers the price to make the product available to a wider market. The objective is to skim profits of the market layer by layer. |  |  |
| Competition Pricing | Setting a price in comparison with competitors. In reality a firm has three options and these are to price lower, price the same or price higher than competitors. |  |  |
| Product Line Pricing | Pricing different products within the same product range at different price points. |  |  |
| Bundle Pricing | The organisation bundles a group of products at a reduced price. Common methods are buy one and get one free promotions or BOGOFs as they are now known. Within the UK some firms are now moving into the realms of buy one get two free can we call this BOGTF I wonder? |  |  |
| Premium Pricing | The price is set high to indicate that the product is "exclusive" |  |  |
| Psychological Pricing | The seller here will consider the psychology of price and the positioning of price within the market place. |  |  |
| Optional Pricing | The organisation sells optional extras along with the product to maximise its turnover. |  |  |
| Cost Plus Pricing | The price of the product is production costs plus a set amount ("mark up") based on how much profit (return) that the company wants to make. Although this method ensures the price covers production costs it does not take consumer demand or competitive pricing into account which could place the company at a competitive disadvantage. |  |  |
| Cost Based Pricing | This is similar to cost plus pricing in that it takes costs into account but it will consider other factors such as market conditions when setting prices. |  |  |
| Value Based Pricing | This pricing strategy considers the value of the product to consumers rather than the how much it cost to produce it. Value is based on the benefits it provides to the consumer e.g. convenience, well being, reputation or joy. |  |  |