Do you know a competitive price from a psychological price? Do you know when price should be used to skim or penetrate a market? If the answer is “yes” then this task should be straightforward!

**Is The Price Right?**

NAME:

Complete the table below by placing the phrases provided into the correct cell. Once complete you should have a useful summary of the four main pricing strategies that you need to know!

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Pricing****Strategy** | **Definition** | **Advantage** | **Disadvantage** | **Example** |
| **Competitive Pricing** |  |  |  |  |
| **Psychological Pricing** |  |  |  |  |
| **Price Skimming** |  |  |  |  |
| **Price Penetration** |  |  |  |  |

**Phrases to use to complete the table:**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Maximises revenue before competing products appear |  | Consumers may stop buying once the price is increased |  | Charging a low initial price to encourage consumers to try a product |  | The product must back up the image created by the price |
|  |  |  |  |  |  |  |
| Can be used short-term, so consumers may wait for price to fall |  | TV Subscription Channels |  | Setting a price based upon what similar products are sold at |  | Breakfast Cereals |
|  |  |  |  |  |  |  |
| Setting a price based designed to influence consumer thinking |  | Charging a high price whilst a new product is unique |  | Useful for launching a new product in a competitive market |  | Costs may not be covered, so product is sold at a loss |
|  |  |  |  |  |  |  |
| Cars |  | Customers will be willing to pay the price that is set |  | MobilePhones |  | The price can be used as part of creating an image for a product |