

Marketing Mix

Dan Skinner

Business Management - Denny High School

Price

What factors should a business consider when setting a price

- Cost of making the product (raw materials, labour costs, etc)
- Demand and changes in demand (like seasons)
- Disposable income (Eg economic depression)
- Competitors prices

Short Term vs long term

Businesses Have different pricing techniques depending on what they're trying to achieve

Short term strategies are strategies that are designed to attract customers in quickly but will not last forever - examples include flash sales, BOGOF

Whereas long term strategies are what the company uses daily and are used to give off the 'image' of the brand - e.g are they exclusive and high end or 'good value for money'

Long term low price

A low price is set on the product to try and undercut the competition

High Price long term

A High price is set to try and increase the brand image and because the business is confident consumers will pay it.

Cost Plus - Long term

A percentage the cost is added to give a profit

Discrimination -short term

Businesses Sometimes charge different prices (for the same product) for the different location, different times and different people.

Loss leader - short term

Loss leader is when a business put the price so low it makes a loss. This is to entice customers in the store to purchase more Expensive add-ons in the future

Penetration pricing - Short Term

Setting a low price for a new product to encourage people to purchase

Price Skimming -Short term

Charging product at a high price but then will decrease price as time goes on

Task 1

Strategy	Example	Justification
Low Price	Value beans	Marketed as a basic product, cheaper than the brand name
High Price	Tandem T: Slim X2	It is a touchscreen pump so it looks more modern and they know people will pay for it to have Control-IQ
Cost Plus	Kingshill water	They get the water for £1.20 and sell it for £3 so they make enough

		money to keep going
Discrimination	Batteries	In Tesco you can get Duracell for £2.50 but in the co-op you can get them for £1 this is because Tesco knows they can charge you £2.50 but co-op wouldn't get away with that
Loss Leader	Waitrose Bread	Waitrose sell their bread for 30p but put it at the back so that on the way to the bread you'll buy more Expensive things which makes back the money they lose on the bread
Penetration	PC Parts	A Ryzen 5 would have cost £100 at launch and now it costs £300 because more people have adopted the cpu
Price Skimming	Medtronic Pumps	As Medtronic releases new pumps their old ones cost

		less this is because even if you don't buy the new pump because their old ones cost less you might buy an old one so they still get money
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<https://youtu.be/qK6h17aFZD0>