Listening Script for TPO Test 8 Speaking Task 6

script written by 新托福真题绿化大师（QQ 1223317581@qq.com ）

Narrator

Now listen to part of a lecture in a business class.

Professor

Today we'll talk about how companies determine the initial price for their products, by that I mean whey they first introduce a product in the market. There are different approaches and today we will discuss two of them. They are quite different, each with their own advantages.

One approach, or strategy, sets the initial price of the product high, followed by a lower price at a later stage. Why? Well, when introducing a new product, companies want to build a high-quality image for it. Products that cost more are believed to be of higher quality. So, during the early stages of the product life cycle, companies can make very high profits from consumers willing to pay more for a high-quality product, and although consumers know that prices will eventually go down, they are also willing to pay more to get the product sooner. This approach works very well with, oh, innovative high-tech products for example. Now just think about when video recorders, or video cameras, or even cell phones first came out. They were very expensive, but then they became much more accessible.

Another very common strategy sets an initial price low. Now this happens when the market is already saturated with the product and the strategy is to undercut its competitors. Say there is a newly starting computer maker trying to gain market share, so what do they do? Well, they offer a computer at an affordable price, lower than existing brands. By doing this, the company appeals to new consumers who weren't probably even interested in getting a computer, and, well of course, to existing consumers who might now be tempted to switch brands. Now how does this company make profits with its low price computer? Well, one thing that's often done is to encourage their customers to buy accessories also manufactured by them, like printers or software for example.

新托福真题绿化大师（QQ 1223317581