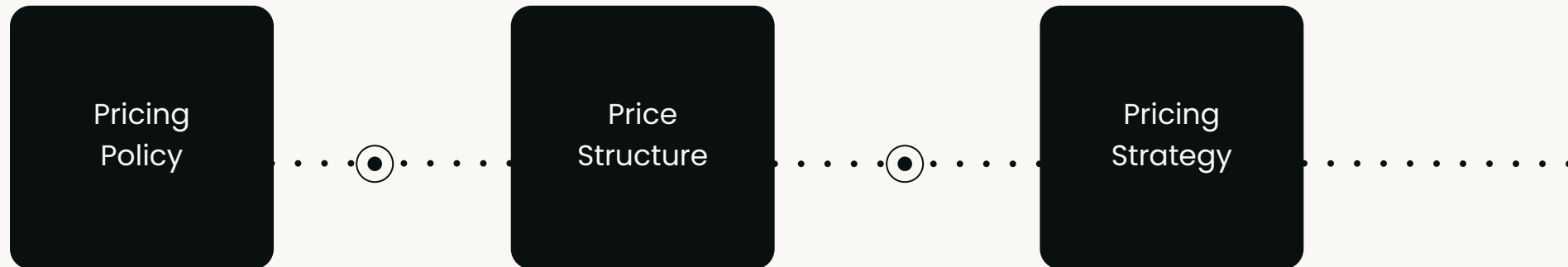


Price Policy Overview



The pricing policy is a price fixing decision making method for our products, a marketing strategy as part of the marketing mix.

Before the product is introduced into market, we must decide how the price will be structured (using various price strategies).

The pricing strategy should lead to buying incentives through a targeted setting of the sales price.

Price Policy Overview

PRICING POLICY

A price fixing decision-making method for products/services. A marketing strategy (as part of the marketing mix).

DISTRIBUTION POLICY

This or sales policy concerns the channels selected to transfer ownership and transport a product from its producer to its consumer.



PRODUCT POLICY

Product policy is concerned with defining the type, volume and timing of products a company offers for sale.

COMMUNICATION POLICY

The purpose of the communication policy is to ensure that the company information disclosed to the investing public.

Role of Pricing Policy

STRONGEST MARKETING WEAPON

Customers and competitors react drastically to price changes.

Prices are easy to communicate.

Awaken the interest of customers to aim for finding the most affordable purchase.



STRONGEST MOTIVATOR FOR PROFIT

The price directly determines the revenues of the company.

The deductible amount has influence (the price is raised, customers buy less).

The indirectly affects costs depending on the sales quantity,

Role of Pricing Policy

The objective of pricing policy is to determine buying incentives through the appropriate price structure or pricing strategy.

01

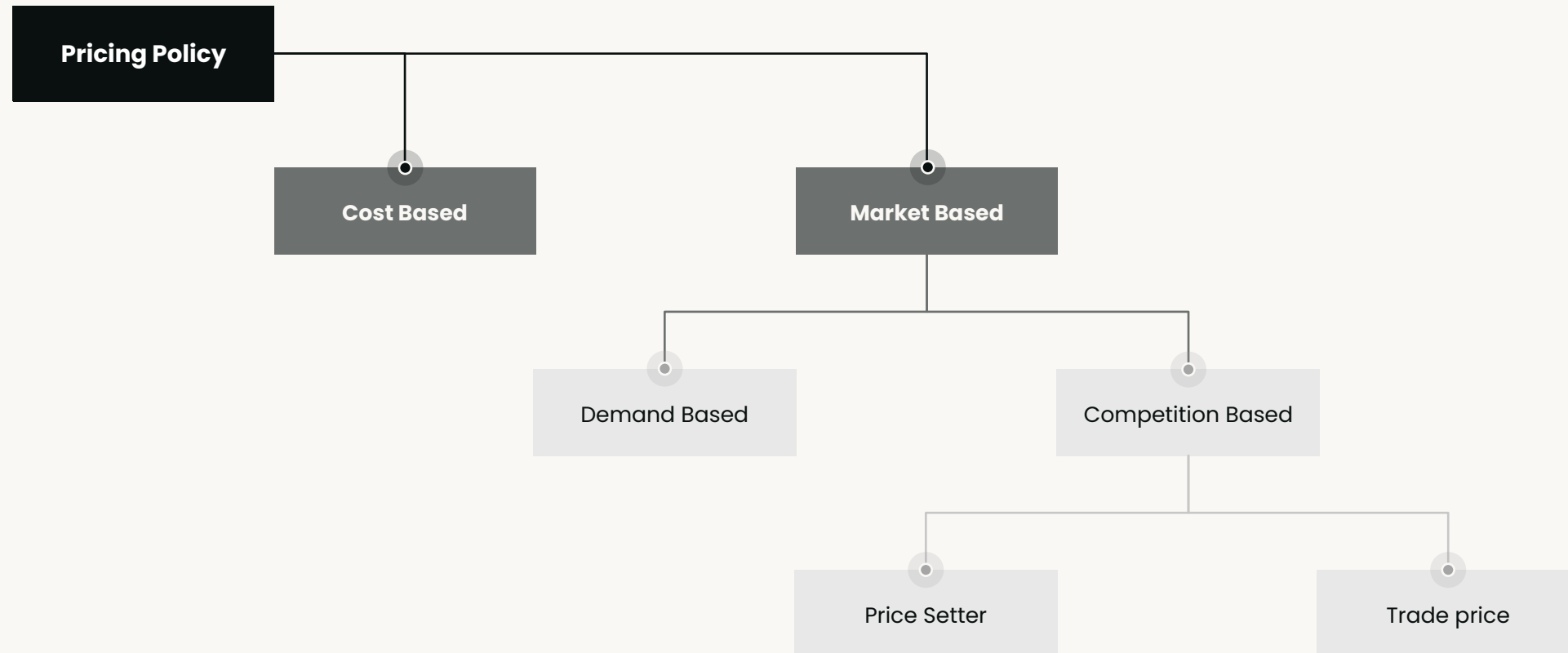
Helps the achievements of corporate goals like securing the market share or maximizing revenue,

02

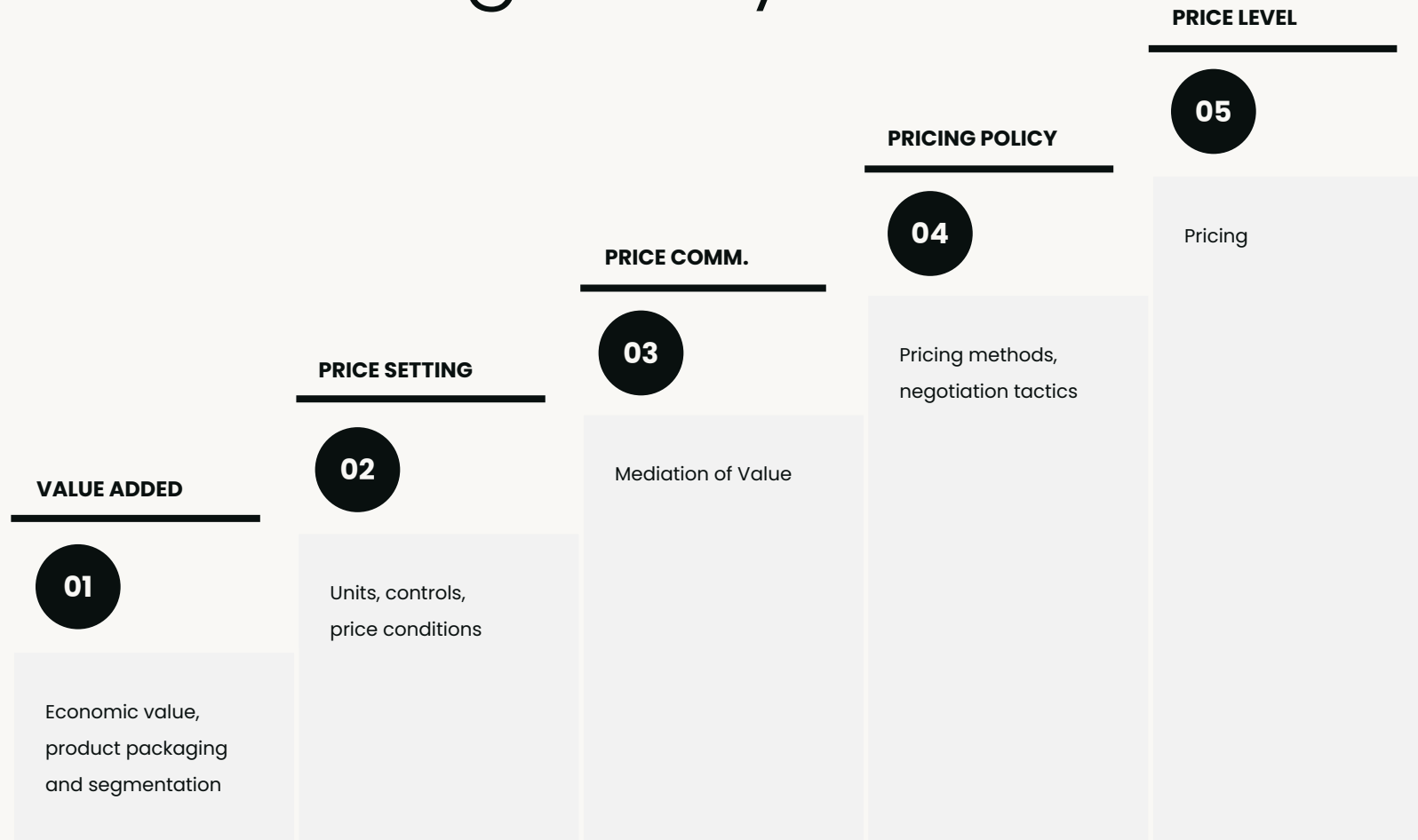
The pricing strategy is set medium to long-term. Price levels and ranges are hereby designated.

03

Role of Pricing Policy



Importance of Pricing Policy



Fixed Price Strategy

PROMOTIONAL PRICING STRATEGY

(LOW PRICE STRATEGY)

Price is low in the long-term. Pricing image is developed too.

Problem : customers change quickly as soon as they find cheaper deals (suppliers respond with price elasticity)

Example : supermarket, gas stations etc.

PREMIUM PRICING STRATEGY

(HIGH PRICE STRATEGY)

Price is higher than average set for a price.

The product needs a very good quality or high image to justify price.

Example : automobiles, clothing and cosmetic companies.

Price Progression Strategy

PRICE SKIMMING STRATEGY

Starts with a high introductory price.

Little by little or because of the competition, the price is slowly lowered.

Reason: new products, companies with a monopoly.

Examples: computer hardware, hi-fi systems

PENETRATION PRICING

Low introductory price.

Low price is slowly increased.

Reason: customers should come into contact, product quickly, diffusing the competition.

Example: the software industry

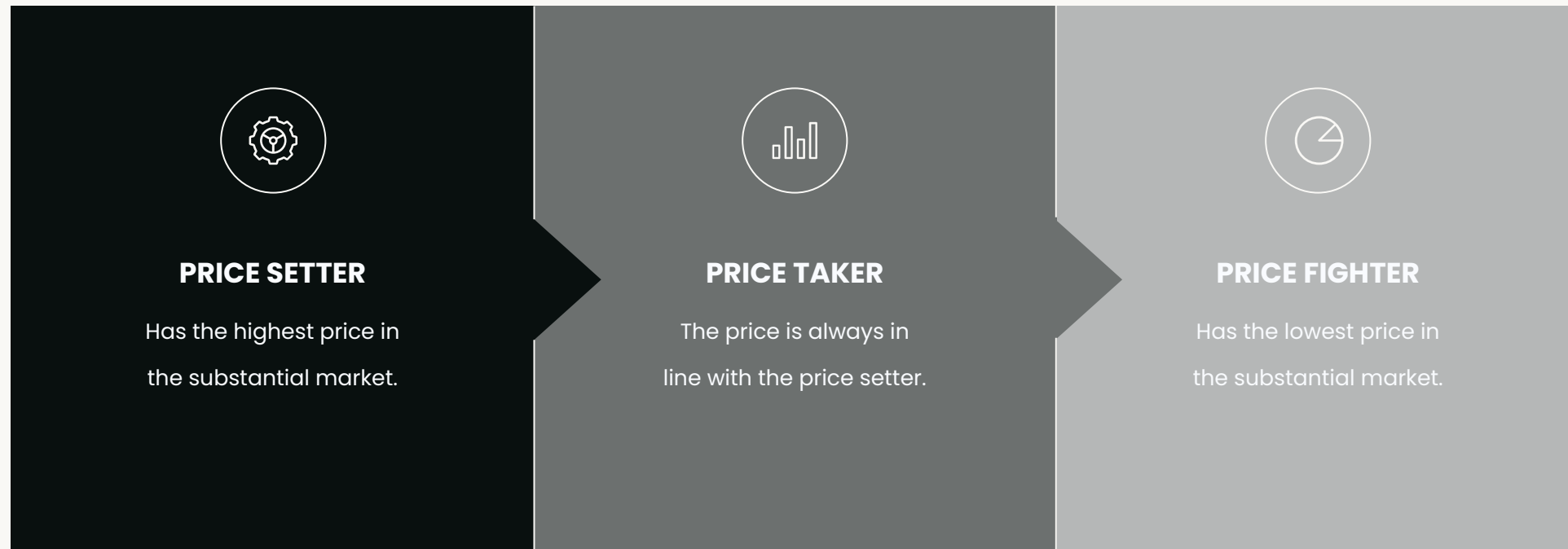
01

02

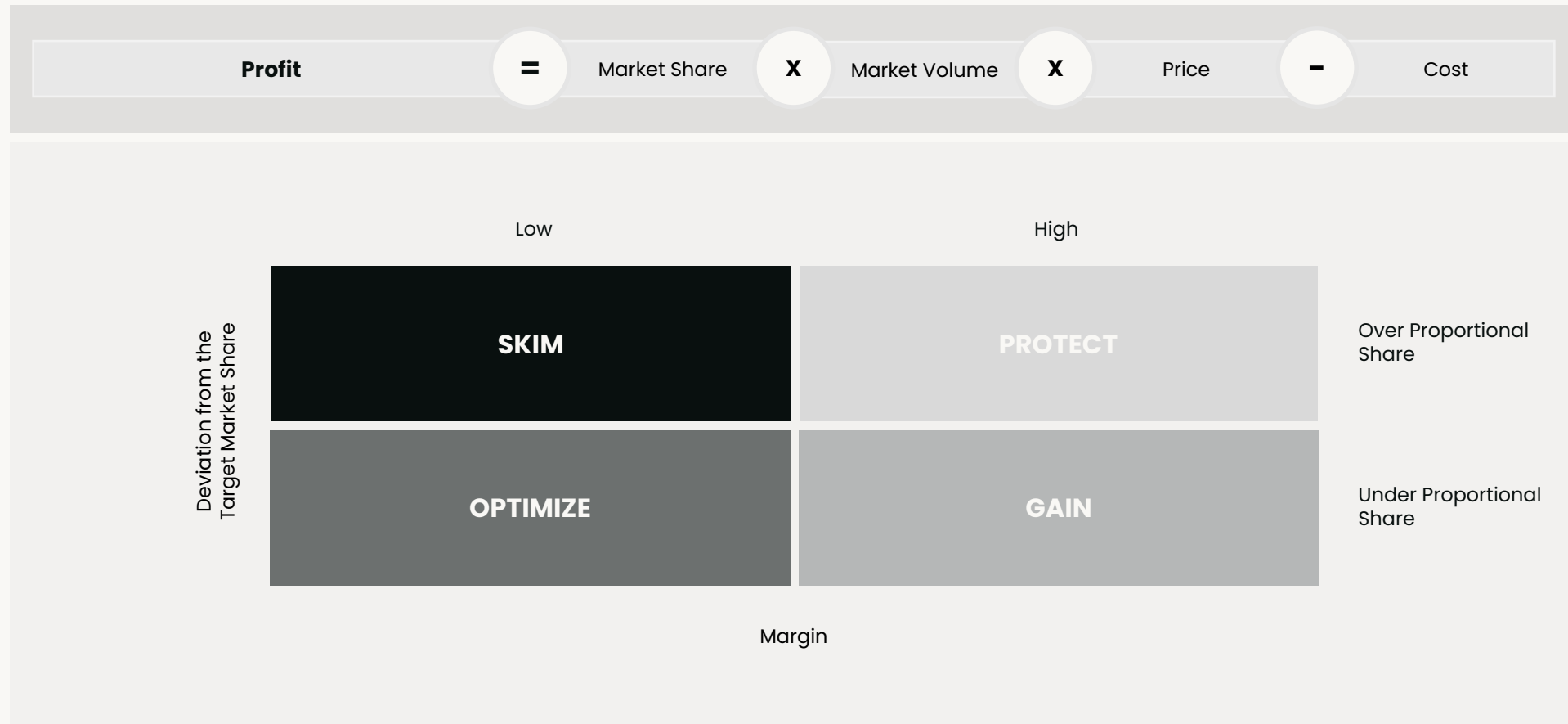
03

04

Competitive Pricing Strategy



A) Addressing the Trade-off between Margin & Volume



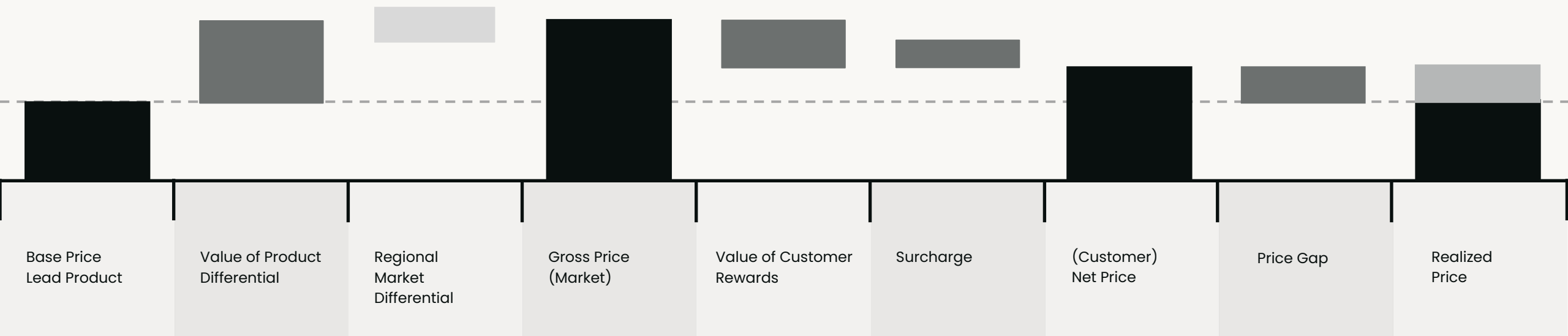
Pricing for Profit

B) Price Structures and Rules

01. Capture the value through value based mark-ups.

02. Manage mark-downs through performance based discounts & rebates.

03. Charge extra through service pricing.



Internal and External Factors

INTERNAL FACTORS

Marketing Objective

Marketing Mix

Cost

Organizational Consideration



EXTERNAL FACTORS

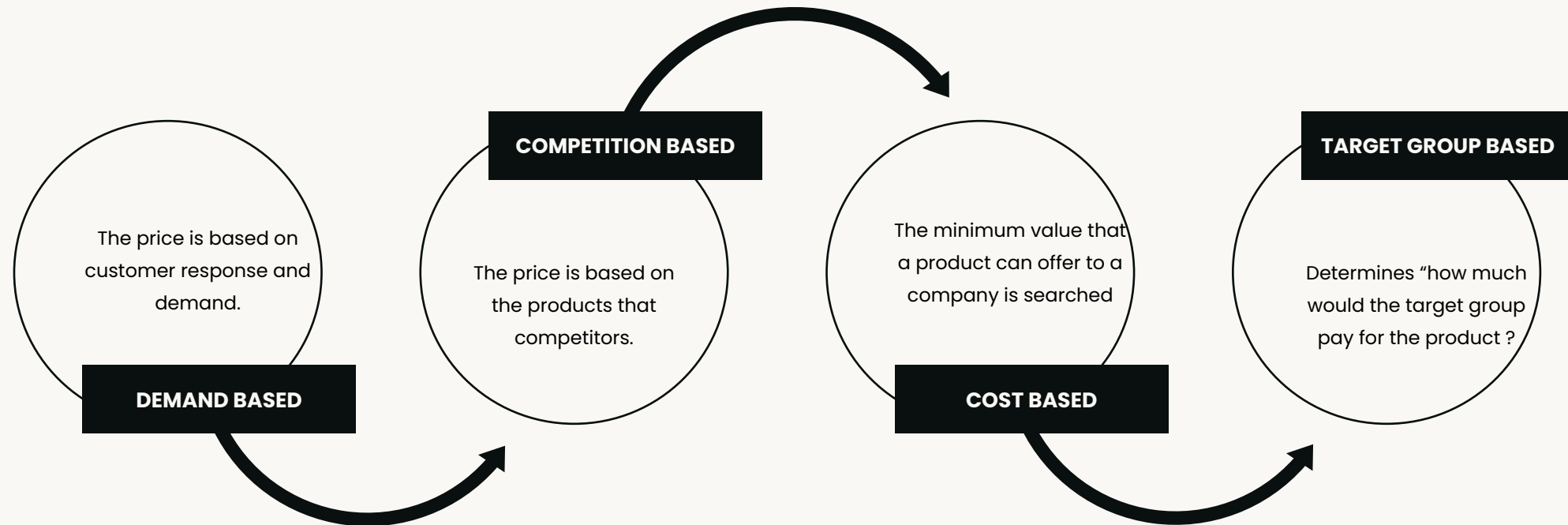
Market & Buyer's

State (define mini. & max. price)

Strong Retail Chains

Competitions

Price Determination Factors



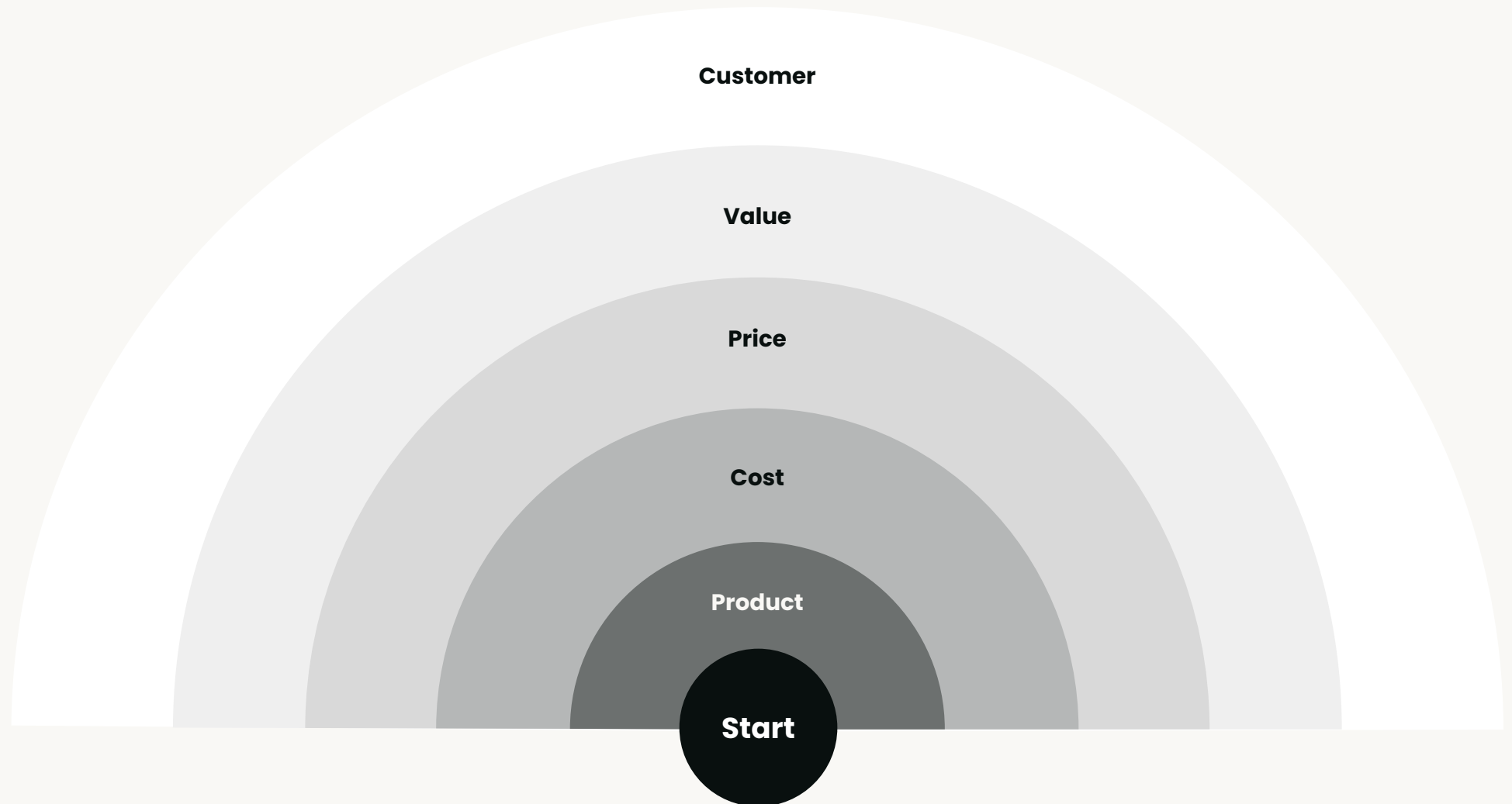
Cost-Based and Value-Based

COST-BASED PRICING

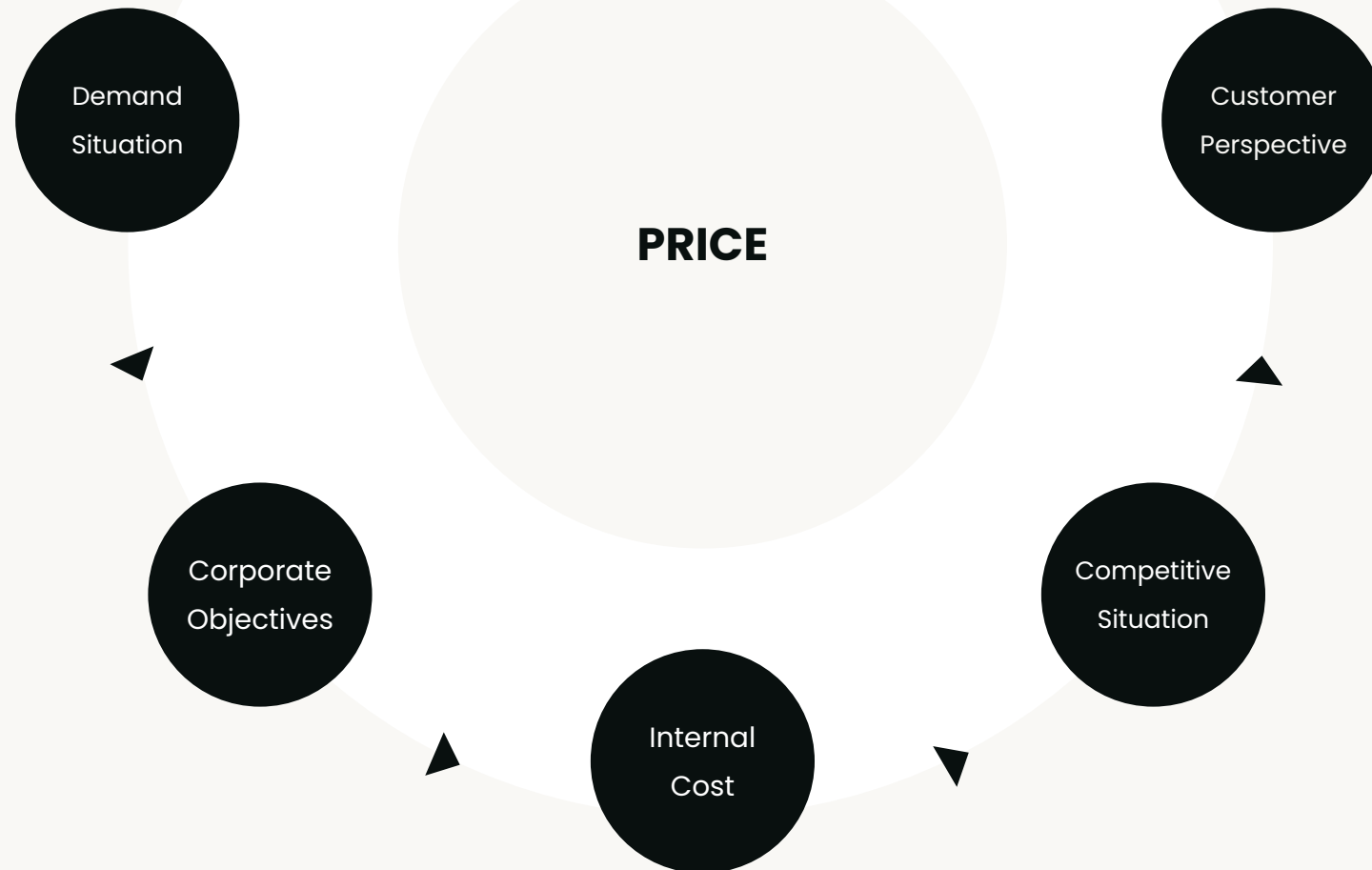
Product, Cost, Price,
Value and Customer

VALUE-BASED PRICING

Customer, Value, Price,
Cost and Product



Factors for Price Determination

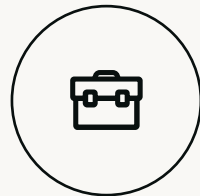


Billing Models

STRATEGIC OPTIONS

Billing Type	Goodwill	Premium Price	Charged Separately
BASIC IDEA	Performance compensation in exchange for return service	Surcharge obtained with services – in combination with return service	Services are billed separately
EXPLANATION	Preliminary activities (e.g. consultations) which lead to purchasing the core product	Products and services are sold together and the buyer is aware that a service surcharge is included	Has to do especially with customer support services where the benefits are noticed by the customers
PROBLEM	It rarely equals performance compensation (purchase)	For a small additional charge in relation to the cost unprofitable	Market penetration difficulty

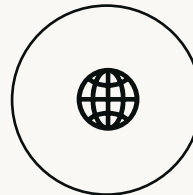
Pricing Policy Objectives



01

BUSINESS-RELATED

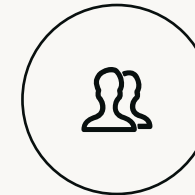
- Increase in sales and turnover
- Increase the market share
- Increase the profit margin
- Improve profitability



02

TRADE-RELATED

- Increase the presence in distribution channels
- Improve the market coverage
- Increase the distribution level
- Ensure a uniform price level



03

CONSUMER-RELATED

- Improve the perceived value for money
- Improve perceived affordability
- Set price expectation
- Influence the price perception in a certain direction

Pricing Tools



PRICE

Important for sales. Setting the price for products and services is a key strategy.



DISCOUNT

Discounts for certain customer services. Important : discount system, amount and scaling.



TERMS OF DELIVERY

Include obligations of the suppliers (place & time of the acceptance of goods calculation of packaging costs etc.)



TERMS OF PAYMENT

Regulate payment methods and payment deadlines (advance payments, cash, etc.)

Implementation Tips

PROFIT GAINED DESPITE HIGHER PRICES



Deal line up with customer requirements.

Customer need assessment has to be account.



Identity and communicate distinguishing features.

No product exchangeability.



Don't underestimate the marketing costs especially for complex products.

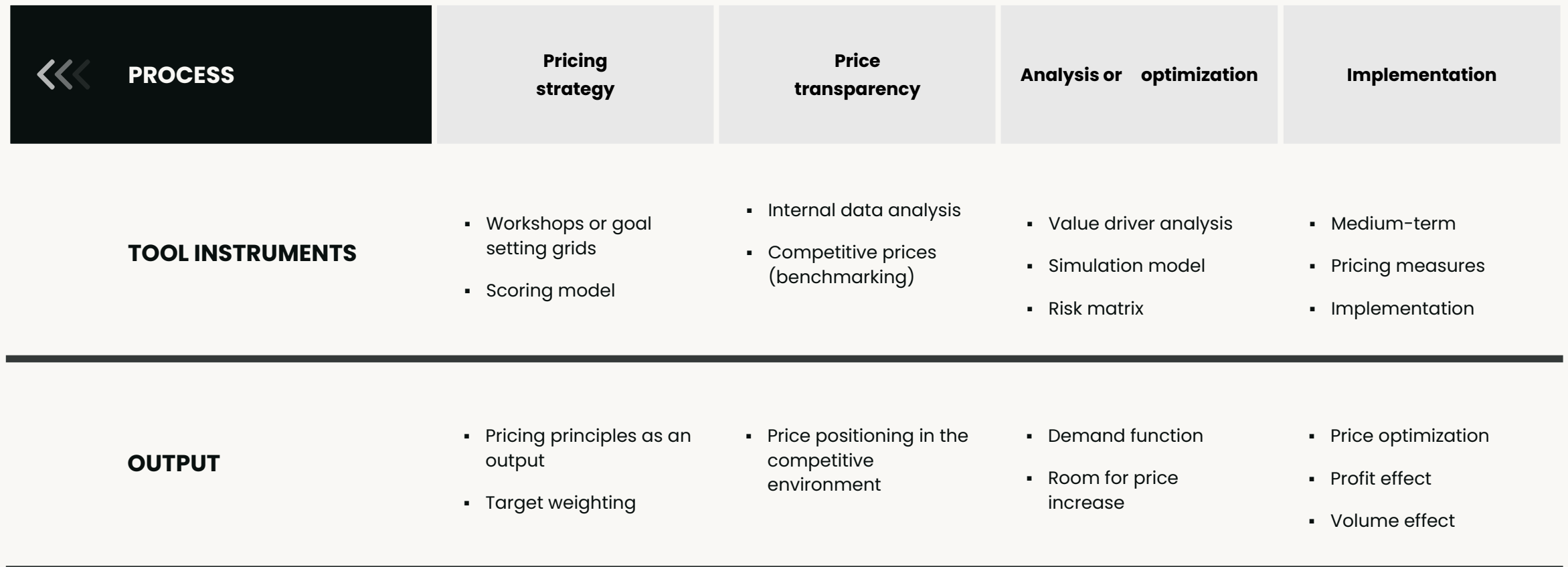
Calculate and consider all costs exactly.



Price thresholds must be taken into accounts.

Don't view the price as rational.

Ideal Process Model



Implementation – Pricing Tips

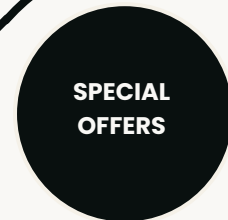
(Non-binding sales price) Is recommended by the dealer/ manufacturer as the retail price.



Example : 7.99 Dollar
Instead of 8.00 Dollar
basic price structure followed



(Opposite of price setting) Using better quality to be set apart from competitors.

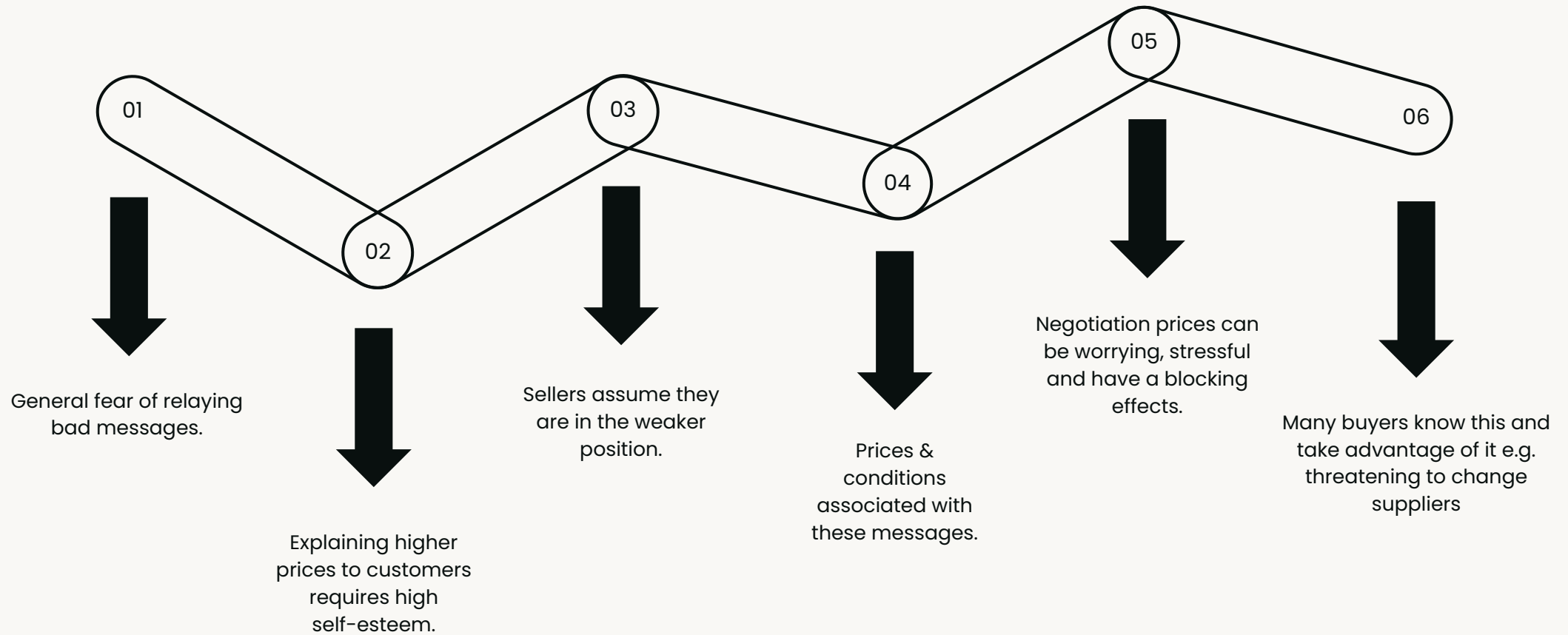


Reasonable discounts that raise no suspicion from the customer.



Always undercutting the competition with a clear concept as price setter.

Common Implementation Errors



Common Implementation Errors

"Our competition is raising their prices but are still cheaper!"

01

"If we reduce the prices, we'll get less money!"

02

"It's hard enough to keep our current prices!"

03

"It's hard enough to keep our current prices!"

04

Risks from Insecure Employees

01.

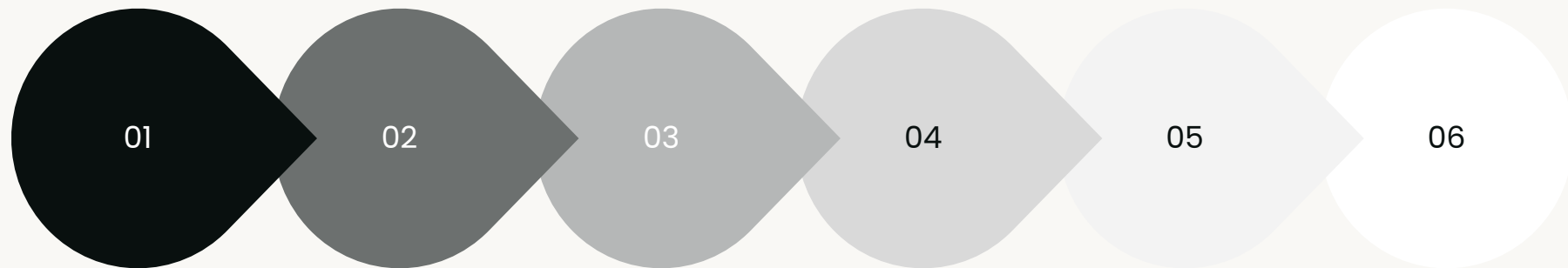
Yielding too quickly to customer price demands.

03.

No knowledge of selling tactics in price negotiation.

05.

Underestimating the negotiating skills of buyer's or customers



01

02

03

04

05

06

02.

Fear of price negotiations

04.

No segment specific work

06.

Lack of assertiveness

Checklist for Improving Negotiating Skills

REFUTE ARGUMENTS

- Determine the significance of. The argument in question.
- Check whether the argument is appropriate or relevant.
- Reason against any false argument by its own justification, and then with the conclusion.
- Figure out what is important for the other party or what he wants to hear

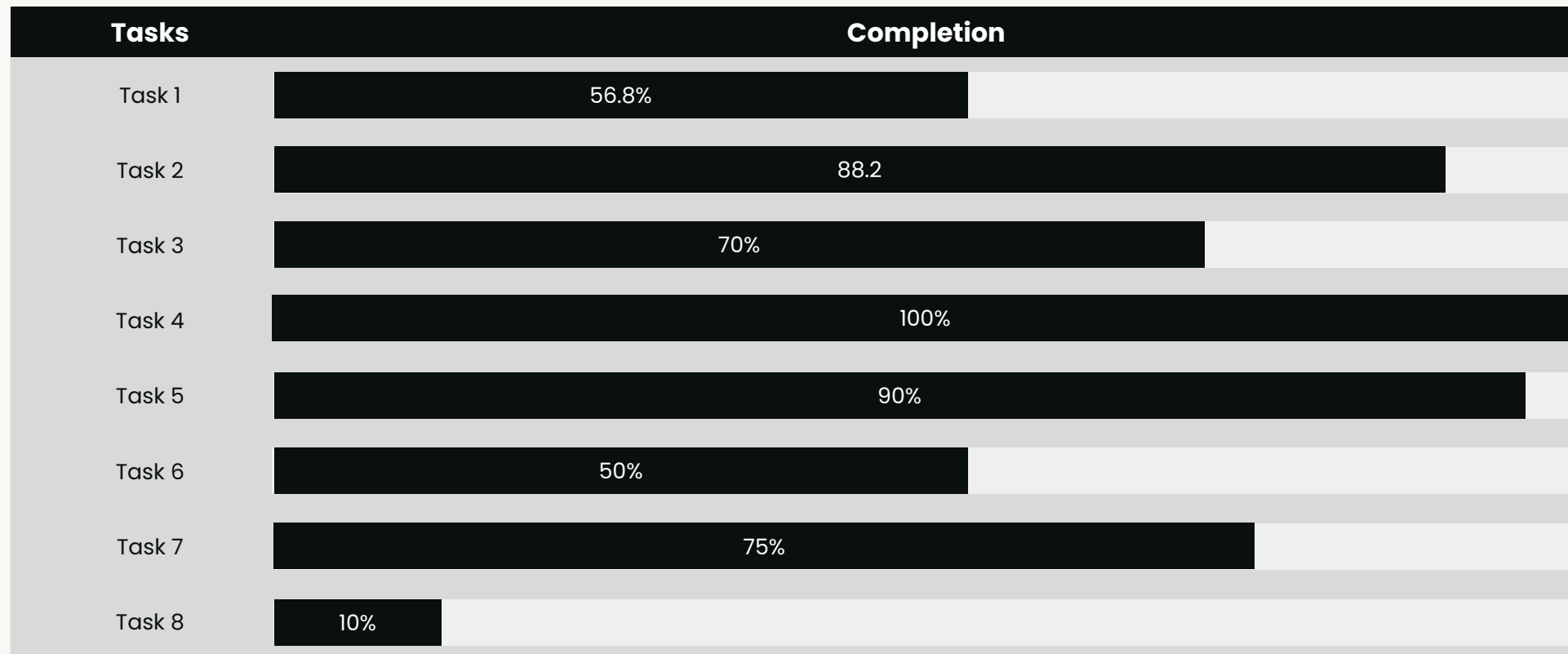
DIRECT THE CONVERSATION WITH QUESTIONING TECHNIQUES

- Ask "WH" questions: "when, why, how?"
- Develop solution together.
- Ask questions that arouse sympathy and interest.
- Ask neutral and factual questions.
- After dealing with all questions, turn the conversation to the advantages of your skills.

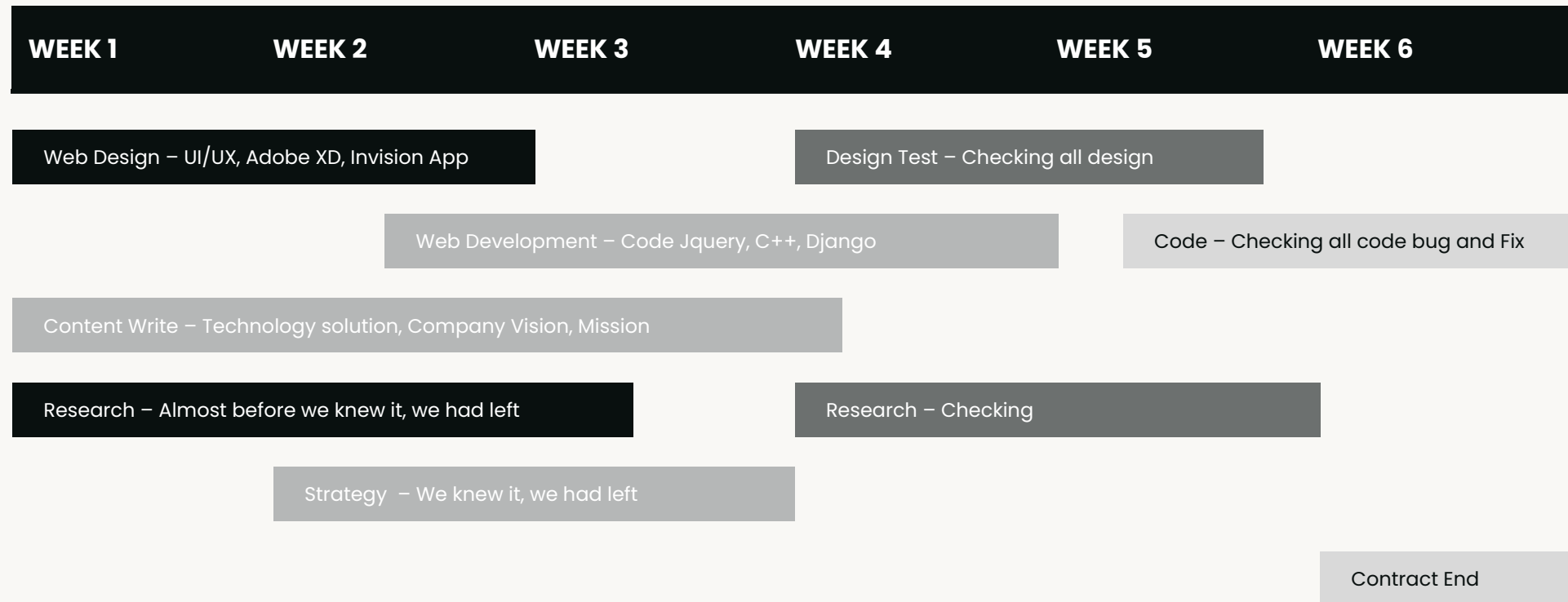
AVOID ERRORS

- Negotiate.
- Be persistent.
- Always ask if something is unclear.
- Define upper and lower targets.
- Negotiate with maximum and minimum values

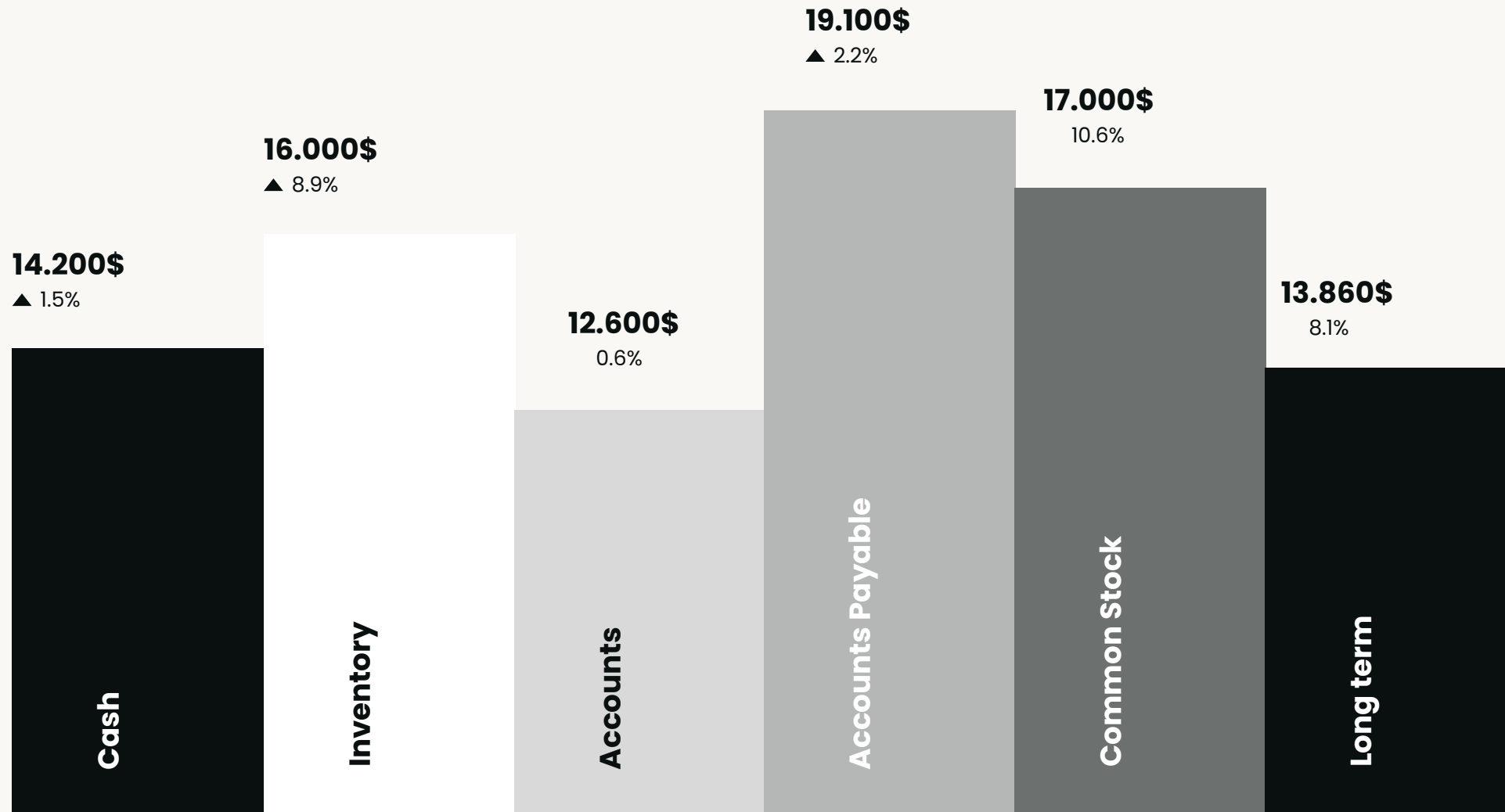
Additional Charts



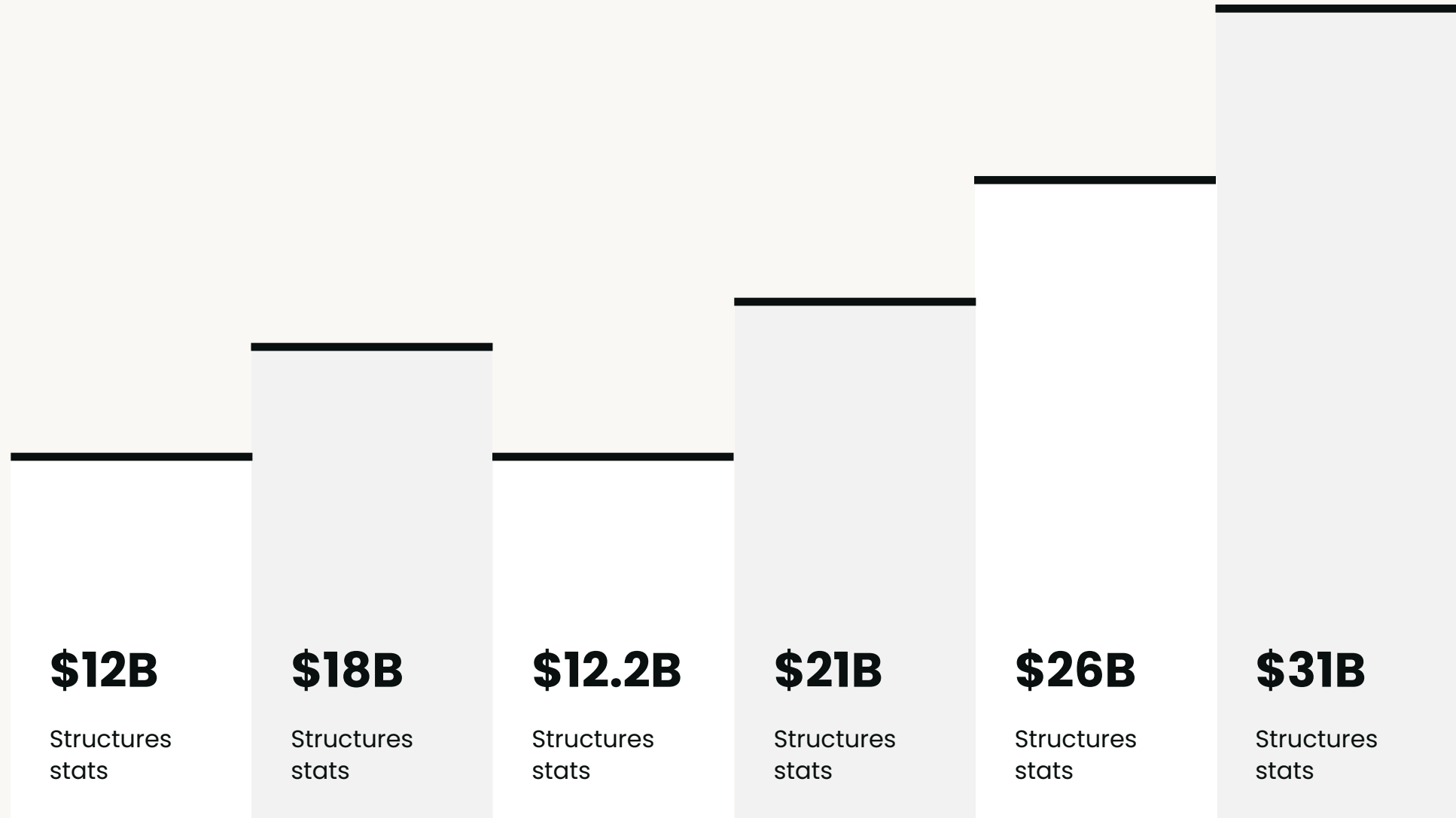
Additional Charts



Additional Charts



Additional Charts

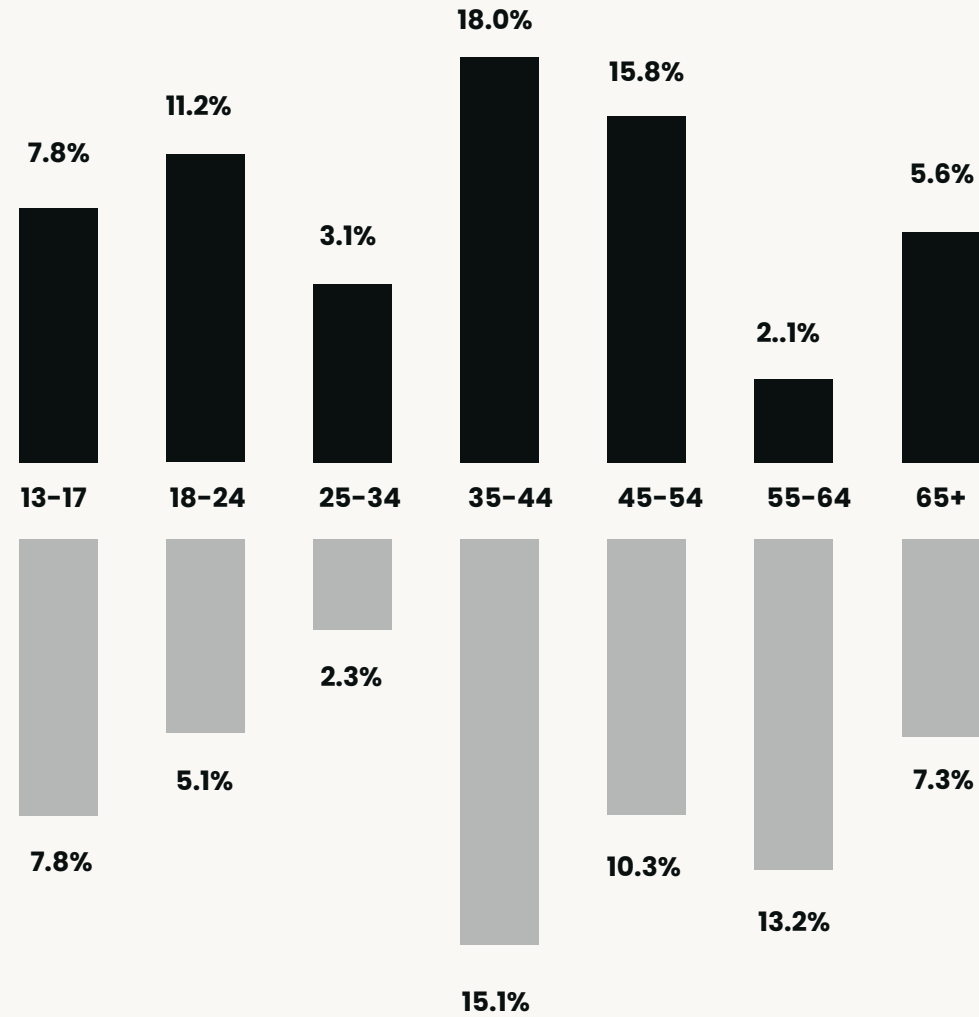


Additional Charts



The pricing policy is a price fixing decision making method for our products, a marketing strategy as part of the marketing mix.

Before the product is introduced into market, we must decide how the price will be structured (using various price strategies).

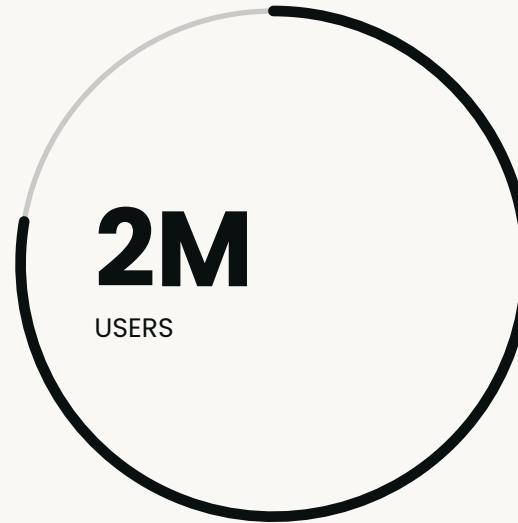


Additional Charts



Product Users

Before the product is introduced into market, we must decide how the price will be structured (using various price strategies).



Product Users

Before the product is introduced into market, we must decide how the price will be structured (using various price strategies).



Product Users

Before the product is introduced into market, we must decide how the price will be structured (using various price strategies).

Additional Charts

1. Pie Chart title

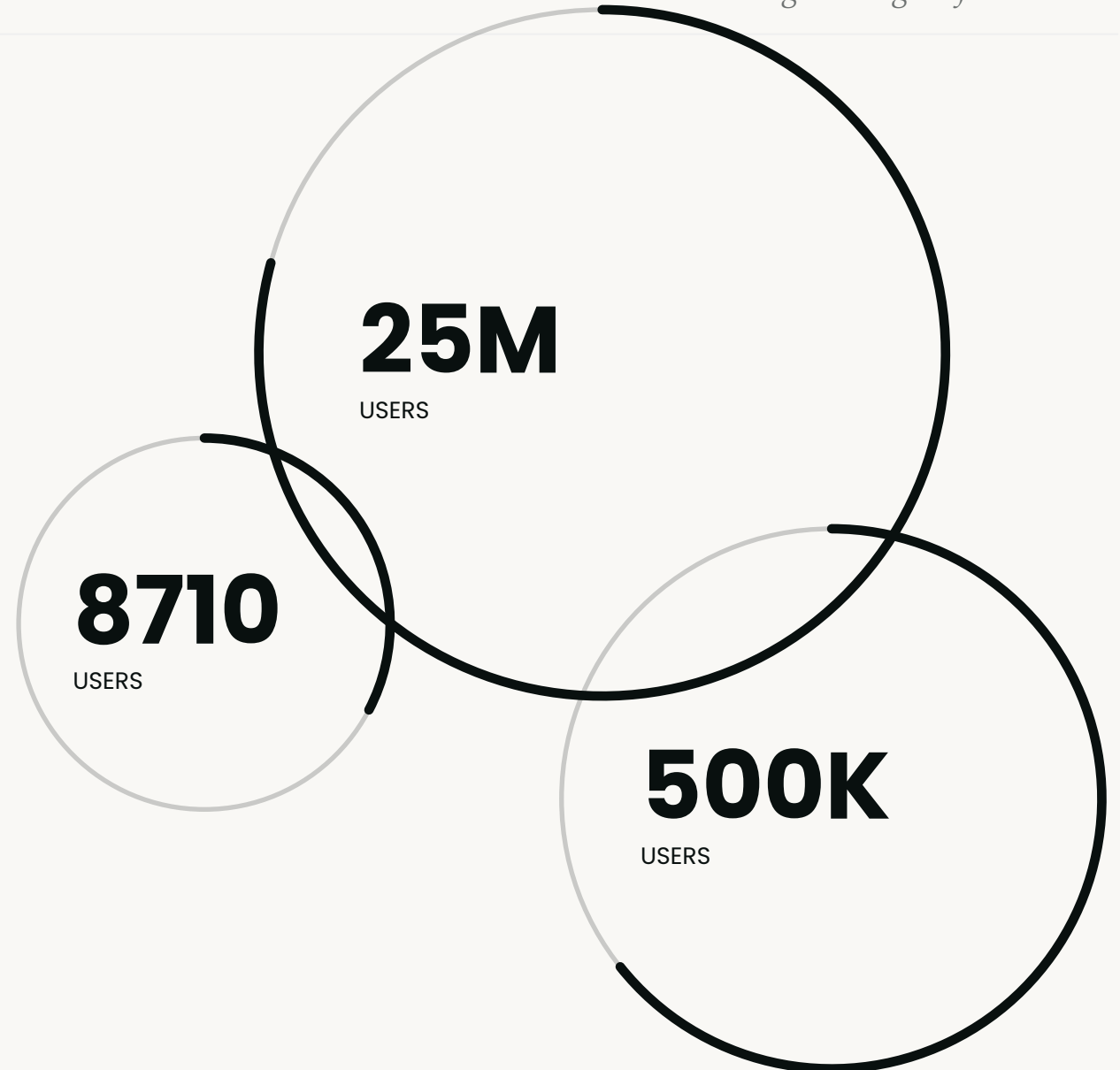
Insert additional descriptions here

2. Pie Chart title

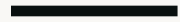
Insert additional descriptions here

3. Pie Chart title

Insert additional descriptions here

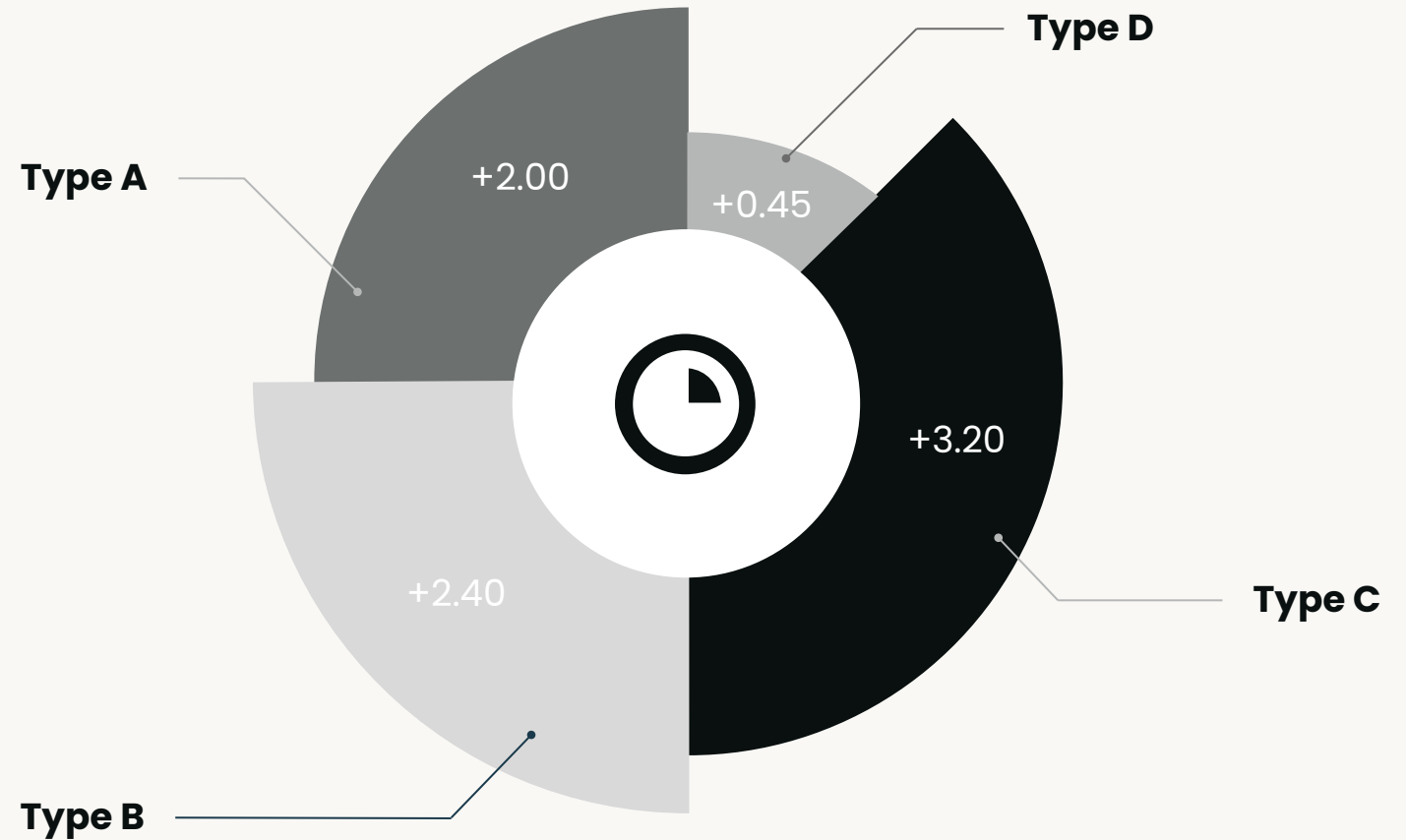


Additional Charts



The pricing policy is a price fixing decision making method for our products, a marketing strategy as part of the marketing mix.

Before the product is introduced into market, we must decide how the price will be structured (using various price strategies).

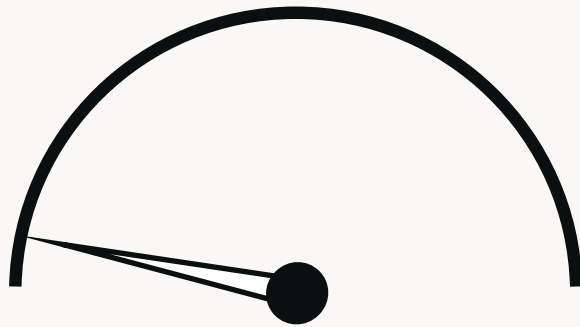


Additional Charts



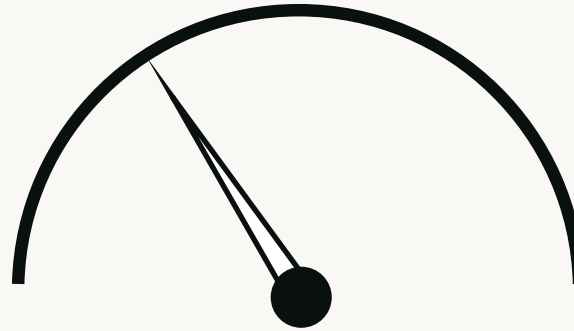
Additional Charts

CATEGORY A



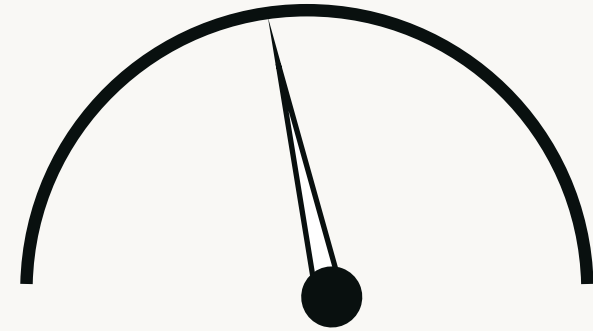
Before the product is introduced into market,
we must decide how the price will be
structured (using various price strategies).

CATEGORY B



Before the product is introduced into market,
we must decide how the price will be
structured (using various price strategies).

CATEGORY C



Before the product is introduced into market,
we must decide how the price will be
structured (using various price strategies).

Additional Charts



The pricing policy is a price fixing decision making method for our products, a marketing strategy as part of the marketing mix.

Before the product is introduced into market, we must decide how the price will be structured (using various price strategies).

