**Lesson 8: The Marketing Mix**

**Marketing Mix Definition:**

**1. Price –** Match the pricing strategy to the correct description

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| **Pricing Strategy** | **Definition** | **Example** |
| Competitive pricing | Where a new product is likely to generate a high volume of initial sales (because it *is* a new product) a high price may be charged in order to maximise profits.  The price will be reduced when the initial high demand has subsided. |  |
| Cost-plus pricing | Involves setting a price so low that competitors cannot match it.  In this way, they will lose customers and be driven out of the market.  The price can then be raised without threat of competition. |  |
| Penetration pricing | This is the simplest pricing strategy and is aimed at ensuring the business covers its costs and makes an acceptable profit. The total costs of producing one unit of the product are calculated to which is added the required profit margin. This gives the selling price. |  |
| Price skimming | The product’s price is set significantly lower than any competitors’ prices when the product first enters the market  This pricing strategy may be used where the objective is to enter or capture a larger share of the market, but may yield a low profit or even a loss in the short run.  The price is usually raised later |  |
| Destroyer pricing | Sometimes it is possible to discriminate between types of customer for the same product, perhaps based on usage or quality. |  |
| Price discrimination | Often big promotions are offered when a product is launched. |  |
| Promotional pricing | Where the amount of competition in the market is strong so customers have a wide choice of suppliers to buy from businesses must set their prices close to the prices of competitors, having regard to the quality of the product and any unique selling points. |  |
| Price bundles | Sometimes companies offer discounts if you buy multiple products at once, or two/three different products together as a package. |  |

**2. Product**

**3. Place**

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**4. Promotion**

Has four main objectives:

1.

2.

3.

4.