

## **Pricing Objectives**

*Pricing decisions will form a key part of the firm's overall marketing strategy. In this activity, your task is to identify why the firm has adopted their particular pricing approach.*

### **Different Objectives and Marketing Environments**

1. When 'Great Cuts' (haircuts) originally opened, they charged just \$12 per haircut. However, since they have become widespread and more popular, they have progressively increased their price to over \$20 per haircut.
  2. Flip-flop restaurant has enjoyed a steady flow of customers, including many repeat ones over several years. However, Flip-flops has decided to close in three months' time in order to redevelop the site for home units. Therefore, they have decided to increase the average price of main meals from \$15 to \$25 until the restaurant closes.
  3. Mercedes prefers to maintain high prices, even though they could afford to discount or reduce prices at times.
  4. McDonald's stores decide to offer a 40c ice-cream cone.
  5. Some supermarket chains use limited price discounting, instead preferring to use everyday low pricing.
  6. Many loyalty schemes are expensive to run, and it is mainly those customers who heavily use the schemes receive any significant benefit.
  7. Many department stores will have large sales in January. This is designed to clear stock and ensure good sales levels in a traditionally quiet sales month.
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### **Student Discussion Questions**

1. Highlight why these firms have adopted these pricing tactics.
2. In what circumstances would a firm price a product at a break-even or even a loss point?
3. What role does price play in a firm's overall image/positioning?