



The price

The price > **Definition**

Which one will be your choice?



Bottle of Coca Cola 2L at \$1,75



Can of 330 ml at \$1,25

The price > **Strategies**

Price strategy

Price skimming

Set a high price for segments that are more apt to cost a lot.

Fewer but more profitable sales.

Penetration

Initially low price – rapid acquisition of a large market share.

Potential economies of scale.

Ligned up with the competition

Consumers are guided by the competition's price to figure out the value of the product.

The price differences are minimal.

The price > **Strategies**

Price strategy

Reduced price

Price reduction based on marginal profitability, the volume or on other promotional offer tactics. It is a strategy that aims at maximizing sales contrary to penetration which is a strategy aiming at maximizing market shares.

The price > **Tactics**

What are the price tactics?

According to the value

Set the price according to the value of the product as it is perceived by the buyers rather than by the cost of the salesman.

Strategy of low daily prices.

Price aimed at based on the perceived value of the product.

The perceived value determines conception and cost of the product.

According to honorary fees

Set an hourly rate. This is a model used by professional services such as lawyers and consultancy offices.

Dynamic pricing

A fluctuating price following demand. E.g. Uber

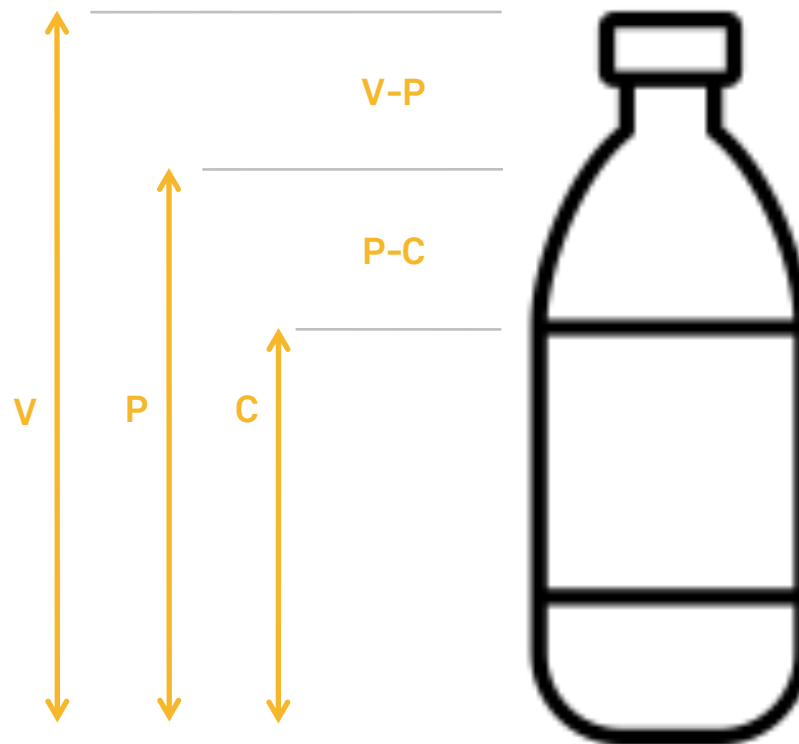
The price > **Models**

- Physical goods
- Digital products
- Service sold per unit
- Service sold fixed price
- License
- Auctions
- Advertisements
- Rental
- Brokerage
- Platform/marketplace
- Freemium
- Affiliate marketing
- Subscription
- Usage fees

Different tactics > **Price based on value**

Maximization of profits

V= Max. of the *Willingness to pay*
P= Market price
C= Cost of production
V-P= Proposition of value
P-C= Profit margin
V-C= Creation of value





Thank you

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