



Excerpted from
FastTrac® GrowthVenture™

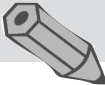


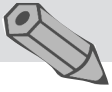
TAKE CHARGE OF YOUR BUSINESS®

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Competitors' Pricing Strategies

Consider the most common pricing strategies in the *Pricing Strategies* checklist below. Notice how they support the three pricing positions—lower, higher, and parity pricing. This exercise will help you consider broad strategies. Immediately after you make your strategy selections, you will be prompted to select some specific pricing policies to further focus your pricing planning.

 Competitors' Pricing Strategies		
Check the strategy that represents a pricing strategy used by your closest competitors.		
Lower Pricing Position Strategies	Higher Pricing Position Strategies	Parity Pricing Position Strategies
<input type="checkbox"/> Penetration pricing Price products/services at a loss to gain market share. Offer lower prices to get larger volume sales. Use to enter a new market or to position a commodity product. <i>Examples: car and computer accessories, food, supplies, household items</i>	<input type="checkbox"/> Image, value, or quality pricing Price to match customers' enhanced perception. Customers see brands as status symbols, in high demand with limited quantities. <i>Examples: signed, limited editions, luxury perfume, cars</i>	<input type="checkbox"/> Going rate pricing Create pricing wars between competitors who offer the same or similar products/services. No one charges more to prevent loss of market share. Few competitors control pricing. <i>Examples: gasoline, airfare, hotels/motels, electrical goods</i>
<input type="checkbox"/> Predator pricing Deliberate price-cutting prevents others from entering the market and forces competitors to compete on price and low profit margins. Offer free gifts and bundling of products/services that competitors can't meet effectively. <i>Examples: computer and software packages, cell phones and special provider service plans</i>	<input type="checkbox"/> Opportunistic pricing Set premium prices for products/services in high demand with short supplies. <i>Examples: fresh fish, pharmaceuticals</i>	<input type="checkbox"/> Keystone or target pricing Set prices to reach or maintain specific profit levels. Mark-up is standard over cost. <i>Examples: clothing and department store items</i>
<input type="checkbox"/> Expansionistic pricing Set low prices to establish mass markets—an exaggerated form of penetration pricing. May offer temporary price reductions to increase sales or a lower-cost version to gain acceptance and then switch to higher-cost version after purchase. Prices hurt other competitors. <i>Examples: magazine and newspaper subscriptions, CD music and DVD clubs, software</i>	<input type="checkbox"/> Market or price skimming Set premium pricing on high-demand product in the early stage of its life cycle. Gain maximum profit from the market for high-tech or new inventions. <i>Examples: plasma or high-definition TVs, video games, PDAs</i>	<input type="checkbox"/> Contribution or marginal pricing Set prices to cover variable costs and a portion of fixed costs. Follow industry standards for costs and profits. <i>Examples: seminars, airfare, catering</i>



Competitors' Pricing Strategies continued

Which pricing strategies will most likely help me achieve my goals and why?