

The Marketing Mix The Launch of a new product

Worksheet 2 – Price

Your company wishes to launch a new product. Prior to the launch you need to study the theory for the marketing mix in order for your product to be successful in a competitive market.

Work through the following exercise making use of the Interactive Business CD-ROM 'The Marketing Mix'.

Key Stage 4
CCEA

Duration: 2 hours

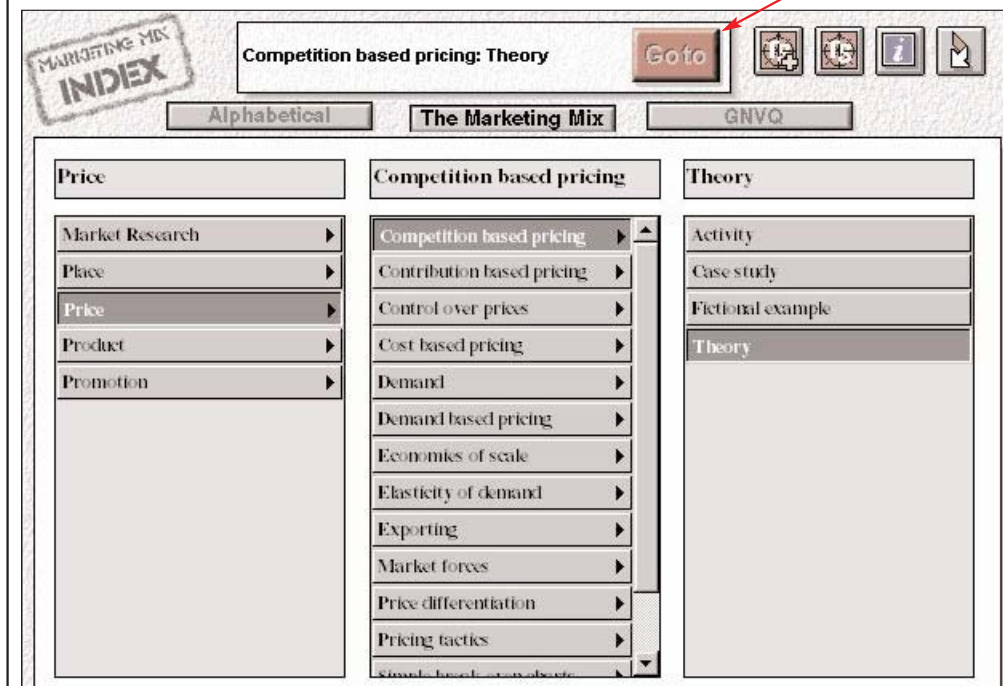
Key Skills:

Communication Key Terms

Keep a list of all definitions for words written in red from CD-ROM

- Open the CD-ROM 'The Marketing Mix'.
- Select Theory Index
- Select: 'The Marketing Mix' (Centre Tab)
- Move on to Price and the sub-sections within this topic as seen below.

Click on the topic then the Go To Button.



1) Competition Based Pricing - Read through Theory, Case Study and Fictional Example.
Don't forget Key Terms.

Questions

- Why would it be important to research prices charged by your competitors before setting prices for your product?
- Why would a hotel in a holiday resort with a large number of hotels, all with vacancies, be prepared to be very competitive with their prices?

Activity

Select the Activity Tab and work through the exercise following instructions given, you may if you wish choose a different product. Don't forget to move through each of the slides to obtain additional instructions.

2) Contribution Based Pricing - Read through Theory, Fictional Example and Activity.

Question

- a) It is possible to divide all the income of a business into three sections, list giving examples of expenses within each category.

3) Control Over Prices - Read through Theory and Activity.

Questions

- a) Why is competition recognised as being beneficial to the consumer?
- b) What is the role of the Monopolies and Mergers Commission?

4) Cost Based Pricing - Read through Theory, Case Study. Don't forget Key Terms.

Questions

- a) In the Case Study what options were available to the beef farmer to increase his profit?
- b) Using data given in the Activity calculate the unit cost for each can of dog and cat food.

5) Exporting - Read through Theory, Case Study, Fictional Example and Activity.

Questions

- a) List four different market conditions a business might face if they sell their product overseas.
- b) State five reasons why the export market is attractive to UK producers.
- c) The difficulties facing producers who wish to sell overseas fall into various categories. List four.

6) Price Differentiation - Read through Theory, Case Study Fictional Example and Activity.

Questions

- a) Why do some businesses charge a variety of prices for products or services?
- b) Using the Case Study and the Fictional Example state how British Rail and Airlines use Price Differentiation.

7) Pricing Tactics - Read through Theory, Case Study, Fictional Example and Activity.

Questions

- a) One of the more common pricing tactics used by retailers is the loss leader. List two reasons why retail outlets use this tactic.
- b) Apart from price, state three ways a small business can compete with large supermarkets.

8) Supply - Read through Theory, Case Study, Fictional Example and Activity.

Questions

- a) Explain equilibrium point.
- b) Supply may be affected by factors other than price, list four other factors.

Checklist of Key Terms

Market Share	<input type="checkbox"/>	Brands	<input type="checkbox"/>	Marginal Cost	<input type="checkbox"/>
Target Return Pricing	<input type="checkbox"/>	Niche Market	<input type="checkbox"/>	Market	<input type="checkbox"/>
Contribution Pricing	<input type="checkbox"/>	Demand	<input type="checkbox"/>	Export Market	<input type="checkbox"/>
Elasticity of Demand	<input type="checkbox"/>	Total Revenue	<input type="checkbox"/>	Demand	<input type="checkbox"/>
Point of Sale	<input type="checkbox"/>	Supply	<input type="checkbox"/>	Loss Leader	<input type="checkbox"/>
Price Differentiation	<input type="checkbox"/>	Equilibrium	<input type="checkbox"/>	Breakeven Point	<input type="checkbox"/>

