

Pricing Strategies - Part 2:

The foundations of pricing

Focus: Price is one of the most important ways in which customers choose between different products and services and knowing the optimum price that you should charge to maximise sales and profits is key to beating the competition. Pricing strategies can bring both competitive advantages and disadvantages to the business and often dictate the success or failure of a business; thus, it is crucial to choose the right strategy.... **BUT** in order to determine the most effective pricing strategy for your company, business owners need to first identify the company's pricing position, pricing segment, pricing capability and their competitive pricing reaction strategy.

Common problems/mistakes:

- Business owners pull prices out of thin air;
- There is little to no understanding of what to charge;
- There is no strategy in place.

Why is it important:

- Determines how successful your business can become;
- Ensures you are building sustainably and can achieve profitability.

Screen share:

The four pillars of pricing

Template/checklist:

- Four models/Framework

Tips for success:

- Learn as much as you can about the competitive landscape;
- Get clear on your position in the market;
- Ensure all four pillars are aligned.

Task:

Refer back to the framework reviewed and define your pricing position, segment, capability and competitive pricing reaction strategy.