

## Worksheet 41: Price Strategy(Emkhe, Fulton, Lusk, 2005)

*For each of the following pricing strategies, describe the advantages and disadvantages of using that method for your product. Which is the best one for you to use?*

<b>Strategy Type</b>	<b>Definition</b>	<b>Product Advantages</b>	<b>Product Disadvantages</b>
<b>Cost-Plus</b>	Adds standard profit % over cost of production		
<b>Value-Based</b>	Includes buyer perception of value (quality, prestige, environment, society)		
<b>Competitive</b>	Sets prices based on prices of competing firms for competing products		
<b>Going-Rate</b>	A price charged that is the common marketplace rate		
<b>Skimming</b>	Introduces a product at a high price for affluent consumers, price is later decreased when market is saturated		
<b>Discount</b>	Reduction in the advertised price, such as a coupon		
<b>Loss-Leader</b>	Attracting customers to a store by selling at a price lower than the cost of production, in hopes of making additional sales		