



THE TIMES 100

BUSINESS CASE STUDIES

Teacher guide

Price – Parcelforce Worldwide

Where does the lesson fit?

This session would fit in a marketing module following an introduction to the marketing mix, when the four elements are being explored in greater depth.



Suggested resources & activities related to Price and Parcelforce Worldwide

- Full Parcelforce Worldwide case study
- Price PowerPoint
- Price lesson resources
- Parcelforce Worldwide crossword
- Parcelforce Worldwide word search

Suggested timings for the session

| | |
|---------|---|
| 10 mins | Starter e.g. Parcelforce Worldwide crossword |
| 5 mins | Use the Price PowerPoint to discuss the topic |
| 5 mins | Read the case study |
| 15 mins | Questions |
| 20 mins | Task - pricing strategies |
| 5 mins | What have you learned? |

Answers to questions

1. Price is just one element of the marketing mix. What are the other three elements?

The other elements of the marketing mix are:

- “ Product
- “ Place
- “ Promotion



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2. Describe the factors that determine the price a product or service is set at.
The factors are likely to include:
 - The cost to make it
 - The amount of profit desired
 - The price competitors charge
 - The objectives of the business
 - The price customers are willing to pay
 - “ Is there a high demand?
 - “ Is demand sensitive to changes in price?
 - “ Perception of the value of the product
3. Explain what is meant by market penetration pricing.
Market penetration is often used when a product is first introduced in order to gain a foothold in the market. Prices start low and then may be increased later when the product is better known and brand loyalty has been built.
4. Analyse whether products with a lower price are always going to sell better than similar products offered by competitors at a higher price.

On one hand:

- “ With price sensitive products, the lower the price the more sales there are likely to be (price elastic)
- “ For some customers, price will always be the main deciding factors when making a purchase
- “ For products which are identical, customer are more likely to go for the cheaper option

However:

- “ Other things will play an important role in the purchasing decisions of consumers e.g. the design or quality of the product, the brand name
- “ Where the products are not identical, and there is some differentiation between them, price may not play such a deciding role
- “ For luxury items, consumers may actually wish to pay more for a product because of the prestige of having an expensive item

Depends on:

- “ The actual product itself
- “ The amount of information available to consumers about prices of competitors products. The internet now makes pricing much more transparent.

What have you learned?

Expected learning is likely to include:

- Getting the right price is a balance . price too high and customers won't buy, price too low and a business risks not covering its costs
- Pricing strategies . penetration, skimming, competitor, psychological, differential, loss leaders, destroyer, cost plus, strategic
- Difference between price leaders and price takers
- Factors affecting price . cost, competition, market share, profit desired, how much customers are willing to pay, objectives of the business