

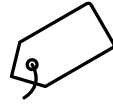
NAME: _____



EST. 1899
United for Literacy
Littératie Ensemble

Pricing Models

Part One



Choose one video and fill this in with your group.

Video Title: _____



1. Name of the strategy: _____

2. Describe it to us with at least 3 characteristics:

Characteristic 1

Characteristic 2

Characteristic 3

3. Why do companies choose to employ the strategy?

4. One real life example of it in action:

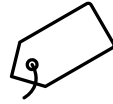


5. When you're finished, prepare a short (1-3 min.) presentation to share what you learned.

Pricing Models

Part Two

Choose a company advertisement: _____



1. Name of the strategy: _____

2. Describe it to us with at least 3 characteristics:

Characteristic 1

Characteristic 2

Characteristic 3

3. Explain your reasoning.



4. When you're finished, prepare a short (1-3 min.) presentation to share what you learned.

Assignment 2 Examples

Choose one example to examine

1 A year ago, Sony released its PlayStation 5 console. At the time it had few competitors, so the next-gen console charged a high price. As more competitors began to launch rival consoles, Sony began to lower the price of the unit in order to stay competitive, similar to what it had done with earlier editions of the PlayStation product line.

2 Netflix is the reigning leader in streaming video. In order to bring in customers, they offer a free month of subscription. After the first month, the price goes up to \$9.99. One year later, the price is raised to \$10.99.

Adapted from <https://gocardless.com>

3 A local grocery store offers its store-brand lasagna at a price less than the cost to make. The lasagna is placed at the back of the store so that customers need to walk all the way through the store to buy it. The store hopes that customers will buy more expensive products on their way to buy the cheap lasagna.

4 Big Burger restaurant offers a set meal offering with a medium fries and burger for \$2.99. As you are checking out, the server asks if you want to get a meal with a the same burger and medium fries and a large drink added for just 50 cents more.



Assignment 2 Examples

Choose one example to examine

5 Brookes Internet Service offers monthly internet service at a price of \$51.99 a month and cable for \$38.99 a month. If you get both internet and cable, you can save money and pay only \$69.98 a month.

6 Walmart currently offers shirts at a price of \$11.99 each. You have the option to buy two shirts and get a third shirt free. The cost of each shirt is reduced, compared to buying a single shirt.



7 Costco offers the same items as a lot of other stores. At Costco, you can buy many items such as peanut butter, socks, or various types of candy. Costco offers one key difference: the items you purchase are usually much bigger or contain more of a certain item.

8 A flyer for a local electronics store arrives in the mail. The front page is filled with a variety of items. There are TV's, computers, and cell phone pictures plastered all over it. Each item has a price that has been crossed out with a new, lower price listed directly below. A TV, for example, has the price \$1299 crossed out with the new price \$999 written below in larger, bold letters.

Pricing Models

Exit Card: Reflections



Question #1: Why do companies choose to follow these pricing strategies?

Question #2: As a consumer, how do knowing these pricing strategies help you to make wise purchasing decisions?

Question #3: Now that you know about these pricing strategies, how does it change your overall perspective regarding where and how you shop?





Assignment 2 Examples Teacher Copy

Choose one example to examine

1 A year ago, Sony released its PlayStation 5 console. At the time it had few competitors, so the next-gen console charged a high price. As more competitors began to launch rival consoles, Sony began to lower the price of the unit in order to stay competitive, similar to what it had done with earlier editions of the PlayStation product line.

(Skimming)

2 Netflix is the reigning leader in streaming video. In order to bring in customers, they offer a free month of subscription. After the first month, the price goes up to \$9.99. One year later, the price is raised to \$10.99.

(Penetration Pricing)

Adapted from <https://gocardless.com>

3 A local grocery store offers its store-brand lasagna at a price less than the cost to make. The lasagna is placed at the back of the store so that customers need to walk all the way through the store to buy it. The store hopes that customers will buy more expensive products on their way to buy the cheap lasagna.

(Loss leader)

4 Big Burger restaurant offers a set meal offering with a medium fries and burger for \$2.99. As you are checking out, the server asks if you want to get a meal with a large drink and burger for just 50 cents more.

(Supersizing)



Assignment 2 Examples Teacher Copy

Choose one example to examine

5 Brookes Internet Service offers monthly internet service at a price of \$51.99 a month and cable for \$38.99 a month. If you get both internet and cable, you can save money and pay only \$69.98 a month.

(Bundle Pricing)

6 Walmart currently offers shirts at a price of \$11.99 each. You have the option to buy two shirts and get a third shirt free. The cost of each shirt is reduced, compared to buying a single shirt.

(Discount Pricing)



7 Costco offers the same items as a lot of other stores. At Costco, you can buy many items such as peanut butter, socks, or various types of candy. Costco offers one key difference: the items you purchase are usually much bigger or contain more of a certain item.

(Volume Discount)

8 A flyer for a local electronics store arrives in the mail. The front page is filled with a variety of items. There are TV's, computers, and cell phone pictures plastered all over it. Each item has a price that has been crossed out with a new, lower price listed directly below. A TV, for example, has the price \$1299 crossed out with the new price \$999 written below in larger, bold letters.

(Anchor Pricing)

Pricing Models

Exit Card: Reflections



Teacher Copy



Question #1: Why do companies choose to follow these pricing strategies?

These strategies make consumers believe they are getting a better deal than they truly are. These strategies bring people into the store and get them to buy more than they otherwise would have done. Companies do this by having consumers believe they are getting a deal on their purchase, even though they actually spent more.

Question #2: As a consumer, how do knowing these pricing strategies help you to make wise purchasing decisions?

If you know the strategies the companies are using to influence your purchasing decisions, you are better able to decide whether you want to purchase a given item or enter a certain store.

Question #3: Now that you know about these pricing strategies, how does it change your overall perspective regarding where and how you shop?

For example, if I know Costco is offering chicken as a loss leader, I can choose to go in and buy only the chicken, while ignoring the other items in the store. Also, I am better able to resist strategies such as discount pricing. I would buy the one shirt that I need, instead of buying two just to get the "free" shirt I may not need. This way, I end up spending less money. Knowing these pricing strategies help me to make better informed decisions.

