



Price penetration is another strategy for new products, but used in crowded markets where other popular products exist. A low price is charged at first to encourage customers to break habit and try it...this price is increased later.

Psychological pricing is when businesses use prices like £9.99 instead of £10.00 to make products appear less expensive.

Price skimming is used for new product launches. A high price is charged at first, because there's demand for it. This price is lowered later. This strategy is often used for new technology.

Competitive pricing is when businesses look at what competitors charge and then price similarly, or lower, to gain advantage.



Businesses often use **pricing strategies** when setting the prices of their products.



Prices need to take into account...

- Income of target customers
- Prices competitors charge
- Cost of production

Businesses consider a range of factors when choosing what **price** to charge for their products.

Poor customer service can mean customers do not want to return, so there are less repeat sales. It may also lead to a poor reputation, which means the business could struggle to attract new customers.

Customer service is related to how the business treats its customers. Good customer service can mean customers keep returning to the business, leading to repeat sales.

It is easier (and cheaper) for a business to **retain** (keep) existing customers rather than attract new customers.

Good Customer service can be achieved by offering:

- Professional, friendly staff
- Good product knowledge
- Good customer engagement
- After sales service (repairs etc.)

For example, a buy one get one free offer isn't suited to a business selling mobile phones; most people have just one phone!

Businesses use **advertising methods** to attract new customers and keep existing customers returning.

For example, **leaflets** are cheap... but how many people actually look at them?

Newspapers can reach a large number of people, but if your target customer is 15...are they likely to be reading the paper?



Sales promotion techniques

are also used by businesses to attract and retain (keep) customers.

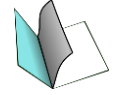
Promotion Techniques include:

- Discounts
- Free gifts
- Competitions
- Loyalty schemes
- Buy one get one free offers

Businesses need to select the most appropriate techniques based on the products they sell, their target market and the advertising methods they choose.

Advertising methods include:

- Leaflets
- Newspapers
- Social Media
- Magazines
- Websites
- Radio



You need to consider **advantages** and **disadvantages** for each method based on costs and potential to reach the target customer.

Radio can reach VERY large numbers of people, but it's probably the most expensive advertising method on the list above.



Social Media is likely to be a big hit with younger audiences, but may not reach older people or those who do not actively use social media platforms.



Magazines make it easy to reach your target customer, based on your market segmentation, because they're usually aimed at specific groups of people. Your reach may be limited with less people reading physical magazines now though.