



MARKETING, SALES, AND SERVICE

PATHWAY: Marketing and Management

COURSE: Advanced Marketing

UNIT 5: Pricing Strategies



INTRODUCTION

Annotation:

In this unit, students will review pricing strategies, methods, and goals. They will correlate current economic state and its implications for pricing as well as explore some ethical issues associated with pricing, the students will complete pricing problems and develop a plan to take a current product and place it in a new pricing realm.

Grade(s):

X	9 th
X	10 th
X	11 th
X	12 th

Time:

8 – 50 Minute class meetings

Author:

Revised by Meghan Hatcher

Additional Author(s):

Students with Disabilities:

For students with disabilities, the instructor should refer to the student's IEP to be sure that the accommodations specified are being provided. Instructors should also familiarize themselves with the provisions of Behavior Intervention Plans that may be part of a student's IEP. Frequent consultation with a student's special education instructor will be beneficial in providing appropriate differentiation.



FOCUS STANDARDS

GPS Focus Standards: Please list the standard and elements covered.

MKT-AM-5 Utilize pricing strategies to maximize return and meet customers' perceptions of value.

- a. Identify the psychological effects of pricing.
- b. Analyze factors affecting the selling price.
- c. Determine markups, markdowns, and break-even points.
- d. Compare and contrast exchange rates for foreign currency.
- e. Describe the role of ethics in pricing.

GPS Academic Standards:

ELA12W3 The student uses research and technology to support writing.

SCSh3 Students will identify and investigate problems scientifically.

SCSh4 Students will use tools and instruments for observing, measuring, and manipulating scientific equipment and materials.

SCh6 Students will communicate scientific investigations and information clearly.

MM2D1. Using sample data, students will make informal inferences about population means and standard deviations.

National / Local Standards / Industry / ISTE:



UNDERSTANDINGS & GOALS

Enduring Understandings: Enduring understandings are statements summarizing important ideas and have lasting value beyond the classroom. They synthesize what students should understand – not just know.

- Students will make educated consumer decisions based on the knowledge and understanding why product and services are priced a certain way. In our current ever changing economic environment it is important to make informed purchase decisions. This unit will generate knowledge of all the factors that go into pricing and how a change in one of them affects them all.

Essential Questions: Essential questions probe for deeper meaning and understanding while fostering the development of critical thinking and problem-solving skills. Example: Why is life-long learning important in the modern workplace?

- Why is it important to understand price and its functions?
- Why are goals of pricing important?
- Why is it important to understand the different aspects involved in price planning?

Knowledge from this Unit: Factual information.

- Students will define price and describe the functions of pricing.
- Students will identify the importance of price.
- Students will discuss the goals of pricing.
- Students will describe the factors involved in price planning.

Skills from this Unit: Performance.

- Students will be able to evaluate the goals of pricing.
- Students will be able to analyze the impact of increasing or decreasing the price of a product.



ASSESSMENT(S)

Assessment Method Type: Select one or more of the following. Please consider the type(s) of differentiated instruction you will be using in the classroom.

- Pre-test
- Objective assessment - multiple-choice, true- false, etc.
 - Quizzes/Tests
 - Unit test
- Group project
- Individual project
- Self-assessment - May include practice quizzes, games, simulations, checklists, etc.
 - Self-check rubrics
 - Self-check during writing/planning process
 - Journal reflections on concepts, personal experiences and impact on one's life
 - Reflect on evaluations of work from teachers, business partners, and competition judges
 - Academic prompts
 - Practice quizzes/tests
- Subjective assessment/Informal observations
 - Essay tests
 - Observe students working with partners
 - Observe students role playing
- Peer-assessment
 - Peer editing & commentary of products/projects/presentations using rubrics
 - Peer editing and/or critiquing
- Dialogue and Discussion
 - Student/teacher conferences
 - Partner and small group discussions
 - Whole group discussions
 - Interaction with/feedback from community members/speakers and business partners
- Constructed Responses
 - Chart good reading/writing/listening/speaking habits
 - Application of skills to real-life situations/scenarios
- Post-test

Assessment(s) Title:

MKT-AM-5 Evaluation of Goals of Pricing

Assessment(s) Description/Directions:

This is an assessment that is to be conducted after goals of pricing has been covered. This will check the understanding of what companies are trying to accomplish when deciding of price. Students should match the correct term in the blank. This can be given at the midpoint of the unit.

Attachments for Assessment(s): Please list.

Jennifer Rittner, The New York Times Learning Network
Javid Khan, The Bank Street College of Education in New York City
O'Keefe-Pricing Project
The Box Marketing Projects



LEARNING EXPERIENCES

Instructional planning: Include lessons, activities and other learning experiences in this section with a brief description of the activities to ensure student acquisition of the knowledge and skills addressed in the standards. Complete the sequence of instruction for each lesson/task in the unit.

Sequence of Instruction

1. Identify the Standards. Standards should be posted in the classroom for each lesson.

MKT-AM-5 Utilize pricing strategies to maximize return and meet customers' perceptions of value.

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2. Review Essential Questions.

- Why is it important to understand price and its functions?
- Why are goals of pricing important?
- Why is it important to understand the different aspects involved in price planning?

3. Identify and review the unit vocabulary.

Day 1: Introduction

-We are all consumers. The price of goods we consume plays a major role in what we buy. Failure to set the right price to reach your target market can result in loss of business. What are examples of products that have failed due to not pricing their products in sync with their target market? (You may want to spend some time researching). We have discussed the importance of most of the functions of marketing thus far and price ranks high on the importance spectrum. This is one step in the business process that can make or break you.

-View the following article.

http://www.nytimes.com/learning/teachers/featured_articles/20080508thursday.html

This makes great reference to how changes in price of one part of the production process and can change the overall price of a good. All the steps are integrated into setting a price. This relates to the rise in gas prices affect of other industries in recent months.

-These students should have covered the basics of pricing already so MKT-AM-5 Definition of Pricing file will be a good review for the introductory day.

Day 2:

- Have students begin to brainstorm on how the price of DVD players has changed over the recent years. When were they most expensive/least expensive?
- Product/Service prices change as they move through the product life cycle.
- View the Power Point Presentation, MKT-AM-5 PLC and Pricing
- Hands on fun. Pair up the students. Give a poster board to each group. Have the students research a product of their choice. The product should be a consumer product that has been available for at least 3 years. The students should do Internet research on their chosen product. Students can use any of the search engines, I suggest Dogpile.com, Yahoo.com, and Yahoo!igans.com. They need to find out what happened to the price and the product in each stage of the product's life cycle and speculate why the marketers made those changes. Suggestions on products: Coke, Sprite, Baking Soda, Thunderbird. They need to give a 3-5 minute presentation on their findings. They need to draw the lifecycle on the poster and indicate what happened in each stage of the lifecycle for their product. Have the students correlate the product's lifecycle to the major events in history at the time. Do they see a product lifecycle correlation? After the presentations, place the posters in the classroom or in the hallway. The hallway would be a great way to advertise your program.
- Students will present their poster the following day.

Day 3:

- Presentations
- Use the file MKT-AM-5 PLC and Pricing Poster Grade Sheet for grading.

Day 4:

- Mark-up and Mark-down pricing
- Ask if the class is familiar with Macy's one day sale. Some items in the store are given a percentage markdown. For example:
A sweater has a retail cost (meaning what it sells for in the store) of \$83. This week, it is on sale for 40% off.
Step 1: 40% of $83 = .40 \times 83 = 33.20$
Since this is a MARK DOWN problem you subtract 33.20 from 83 giving you a sale price of \$50.80.
- Continue to do examples on the board of mark up (from cost to retail price) and mark down pricing (from retail price to sale price)
- Next, view the Power Point Presentation MKT-AM-5 Pricing Objectives.

Day 5:

- Have students begin working on MKT-AM-5 Pricing Worksheet (Answer file also included)
- You should take time to work through all of the problems with the class to ensure understanding.
- Next, have students complete the MKT-AM-5 Goals of Pricing Evaluation. (This can be an announced or unannounced assessment tool.

Day 6:

- Begin work on the MKT-AM-5 Pricing Project.

Day 7:

- Project Work Time

Day 8:

- Projects Due
- * You may choose to have your students present or have a day where they can read other classmates projects.

4. Assessment Activity.

Attachments for Learning Experiences: Please list.

MKT-AM-5 Definition of Pricing
MKT-AM-5 PLC and Pricing Poster Grade Sheet
MKT-AM-5 Definition of Pricing
MKT-AM-5 Pricing Objectives
MKT-AM-5 Pricing Worksheet
MKT-AM-5 Goals of Pricing Evaluation
MKT-AM-5 Pricing Project

Notes & Reflections: May include notes to the teacher, pre-requisite knowledge & skills, suggestions, etc.



CULMINATING PERFORMANCE TASK (Optional)

Culminating Unit Performance Task Title:

MKT-AM-5 Pricing Project

Culminating Unit Performance Task Description/Directions/Differentiated Instruction:

After covering the goals of pricing, the importance of reaching your target market, and the other objectives of this unit, students will be asked to complete 1 of the 2 options listed on this project. This will require research and creativity. They will essentially be setting a new price for a product that already exists and covering the entire basis for why this decision is justifiable. The information can be fabricated however; the reasoning and goals must be relatable to the new price. Students can work in pairs or individually. The project will be turned in a report format.

Attachments for Culminating Performance Task: Please list.



UNIT RESOURCES

Web Resources:

Attachment(s): Supplemental files not listed in assessment, learning experiences, and performance task.

Materials & Equipment:

What 21st Century Technology was used in this unit:

<input type="checkbox"/>	Slide Show Software	<input type="checkbox"/>	Graphing Software	<input type="checkbox"/>	Audio File(s)
<input type="checkbox"/>	Interactive Whiteboard	<input type="checkbox"/>	Calculator	<input type="checkbox"/>	Graphic Organizer
<input type="checkbox"/>	Student Response System	<input type="checkbox"/>	Desktop Publishing	<input type="checkbox"/>	Image File(s)
<input type="checkbox"/>	Web Design Software	<input type="checkbox"/>	Blog	<input type="checkbox"/>	Video
<input type="checkbox"/>	Animation Software	<input type="checkbox"/>	Wiki	<input type="checkbox"/>	Electronic Game or Puzzle Maker
<input type="checkbox"/>	Email	<input type="checkbox"/>	Website		