

Pricing Project

This project consists of two parts (1) a creative use of students' marketing knowledge to make and implement a pricing decision, and (2) an analysis of their decision explaining why they believe it is appropriate. They may choose either of the following options:

1. Set a price for a new product.

Identify a new product you think could be successful on the market and set an introductory price for it. Use the following questions to structure your written analysis.

- a. What is the product?
- b. Who is the target market?
- c. What are its benefits to the target market?
- d. At what price will it be introduced?
- e. What pricing strategy are you using?
- f. What objectives will be accomplished by using this strategy?
- g. Why is the product worth this price?
- h. Do you intend to raise or lower the price after the introductory period?
Why?
- i. What is the cost of goods per unit?
- j. What is the profit margin at the new product's price?

2. Develop a long-term pricing strategy for an existing product. Choose an existing product and decide how you will change the price of the product during its life cycle. Use the following questions to structure your written analysis.

- a. What is the product?
- b. Who is the target market?
- c. How is the product differentiated/positioned?
- d. At what stage in the life cycle is the product?
- e. What is its current price?
- f. What price do its competitors charge?
- g. What prices will you charge in the remaining stages of the product life cycle?
- h. What objectives will be accomplished this way? How?
- i. What is the cost of goods per unit?
- j. What is the profit margin at the new price?