

Price businesses decide

Business



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BUSTER**

At Khera Doaba stores it has a good reputation in the way of good quality merchandise. For example they can charge a higher price for a can of happy shop soup than another store around the area. A can of happy shopper in another store would cost around about 60p whereby the same can of shop at Khera Doaba stores would cost around about 90p. This is showing that the Khera Doaba store has good quality products so that they can charge higher prices. They know this because people come in and say that the product they had was very nice.

This would help achieve the aims and objectives of the business by having good quality products the business will be making profits and increasing there income, which will achieve there aim of expanding the business.

Price Businesses decide on the price of their products by considering three factors: 1. cost - cover cost and making profits 2. competition - lower price to competitors 3. Customer's value - price customers are willing to pay. There are many ways that you can price a certain product, you can have: Competition based pricing, Marginal pricing, Cost based pricing, Cost plus pricing, Destroyer pricing and Discounter pricing.

When ever any customer comes into Khera Doaba store they can be sure that they are going to get value formoneyfor their products. The store prices their goods based on the three Cs: cost, competition and customer value. Cost: to make a profit, the store charges a price that covers it costs. Example, to buy a case of carling from the cash and carry it would be $\text{£}11.99 + \text{VAT}$; to sell the case of beer in the store they would have to make a price based on making and selling the product. In the store the price of the

case of beer is $\frac{1}{2} \times 15.00$, so from this they make around about 2 profit, from every case.

Competition: the store charges a price that is comprehensive with that of its competitors for most products. Example, selling a packet of walkers crisp, in a store around the corner the packet of crisp is 30p but in Khera Doaba stores the same packet of crisp is 40p. So from this there is a 10p different which could be vital with customers. A customer might not come in and buy the pack of crisp from Khera store but buy it from the store around the corner. From this the store has to look and might just have to change the price.

Customer: they determined this on the value of the product to the target market. If consumers in the target market believe that they can gain significant benefits from the product, then they will be willing to pay a high price. However if the product provides few benefits then they will only be prepared to pay a low price. Example, the price someone is willing to pay for a packet of cigarettes will depend on its, size or brand.

Promotion

This is a series of marketing activities designed to make consumers aware of products and to persuade them to buy those products. Promotion is a method of increasing sales of merchandise through advertising. My businesses promote themselves in 3 different ways, advertising, sales promotion, and merchandising. Advertising - my business advertises itself through the news paper, leaflets and posters on doors. They have big pictures on doors (picture on right). They also have leaflets that they have <https://assignbuster.com/pricebusinesses-decide/>

given out around the areas. These leaflets are for PayPal, inviting people to come and use PayPal. Refer to appendix 9 for posters.

To get the leaflets the business paid nothing because the business made it themselves. From the advertising the company is making a lot of money because as customer are walking past the store they are looking at the poster and coming in to either pay there bills or to by products. They also have persuasive advertising that attempt consumers to purchase a particular product. They do this by saying to customer to buy a certain product for example, a can of coke, say to a customer buy a can of coke and you will get a second one free. They also advertise phone cars buy having poster on the main window of the store. For the poster please refer to appendix 12.

Sales promotion - Khera Doaba stores promotion techniques are non-personal promotional efforts that are designed to have an immediate impact on sales. Here are the stores sales promotion techniques: - coupons and money refunds demonstrations frequent user incentives price off offers point of sale material Free samples (refer to appendix) These sales promotions are all direct to the customers. They want tot sell a lot of stocks, they want to do this by having discounts on prices. If this was to happen then customer would spend more on other goods once in the store. For example, the business provides free samples of sweets so that the customer can test them and buy them.

Merchandising - the business uses many merchandising tactics. This is used by the business at the point of sale, the location at which the products are purchased, so that they can achieve a much higher sales figure. The

business offers retailers special display stands or point of sale adverts to encourage them to place the business product in a more favourable position within the store. This can help the business because to understand their customers. For example, if a customer comes into the store and asks for a can of coke the employee would try his hardest to sell the coke and might even take some money. This will help bring in more customers.

Point of sales (POS) - companies such as Walls (ice cream company), send out promotional material to get the best from the business POS (see appendix 7). This in effect is POS itself. By observing appendix 7 one is able to see all varieties of Walls product range/s. Both sources in appendix 7 contain statistics which is incentive to shop owners to have their products in their stores. POS is an ideal way to attract sales and improve on profits on that particular product range/s. The picture on the right shows how they also have point of sale. The stand has products and there that are only 99p. This would improve prices because on the stand there are products that children would want to buy.

They also offer point of sales leaflets that try to make smokers stop smoking. This will have a positive and a negative effect on the business because if the customer takes this leaflet then they might read it and might stop smoking. This will have a negative effect on the business because the business will not be making money. On the other hand it will have a positive effect to customer because they will stop smoking. refer to appendix 10 for the leaflet

This will help the aims and objectives because the business will be selling products by promoting them and making larger incomes. Also this will meet

the needs of customer. For example, if a customer around the area receives a leaflet in the post saying they have got PayPoint and that customer has been going to another store that is a long way a way. Then this would meet the needs o the customer because he will only have to travel around the corner to pay his/her bills. Refer to appendix 8 for point of sales leaflets that the business provides.