



Prifysgol Cymru
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Marketing and Sales

BMGM6002

Week 4

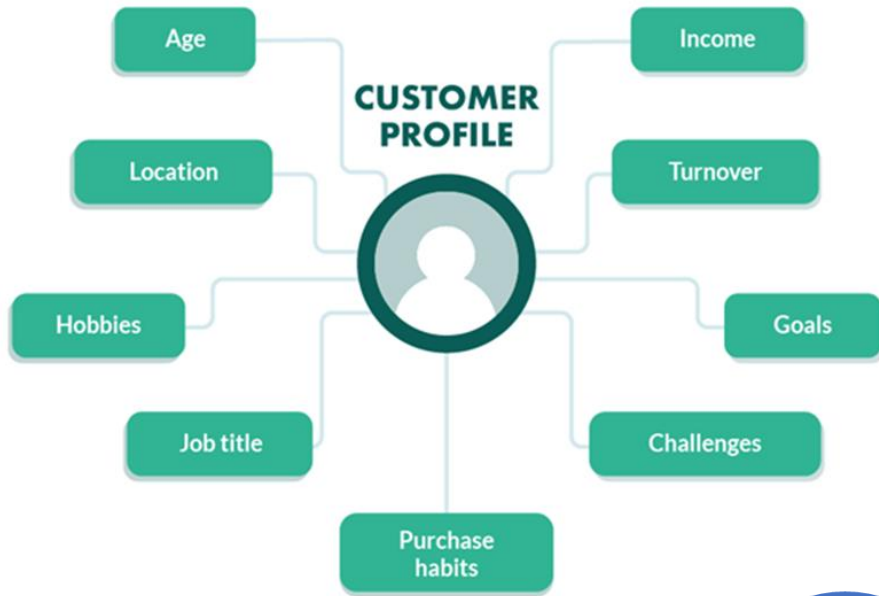
Price

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RECAP FROM LAST WEEK: PRODUCT



Self esteem test



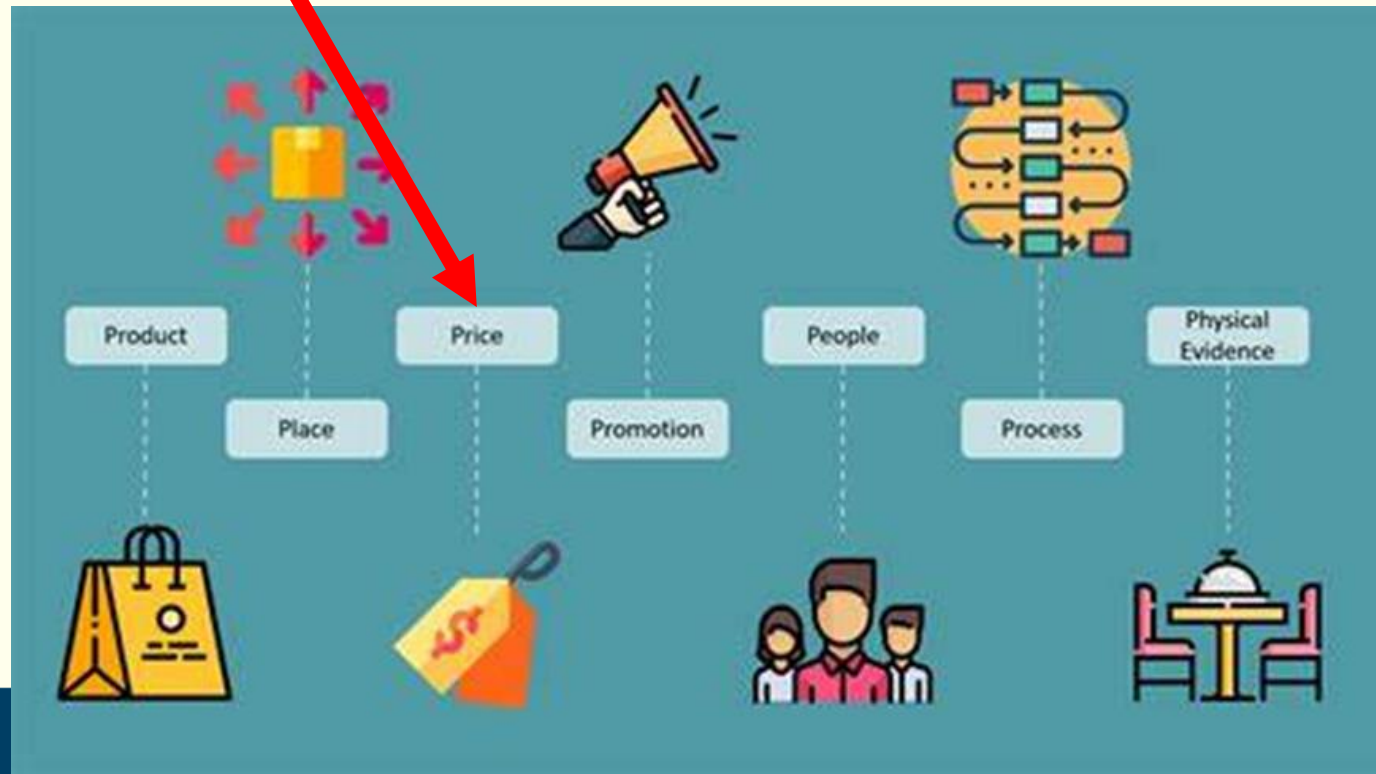
Remember we were talking about Stanley cups as a popular product? Why is it so popular?



Learning objectives

- Understand the aspects related to price setting
 - Re-examine product positioning/ positioning strategies
- Be familiar with pricing strategies and how to apply them

The Marketing MIX



ASPECTS TO SETTING PRICE

Discussion

- What things do you think a company has to take into consideration when setting their prices?



- Value
- Competitor set (positioning)
- Customer's mindsets
- Internal variables (costs etc.)
- Environment (incl. legal, governmental etc.)
- Distribution



Value propositions

A value proposition is “the full mix of benefits on which a product is differentiated and positioned. It is the answer to the customer’s question ‘why should I buy your product?’” - Kotler et al. (2018, p.232).



Positioning: what is it?

Positioning is “the way a product is defined by consumers [based] on important attributes – the place it occupies in consumers’ minds relative to competing products”

- Kotler et al. (2018, p.228)

This is made up of:

- Feelings
- Impressions
- Perceptions

All in relation to other competing products/services/Events.



PRODUCT POSITIONING

- * Definition
- * Types
- * Examples
- * Strategies



From A Business Professor



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Remember Positioning Maps?

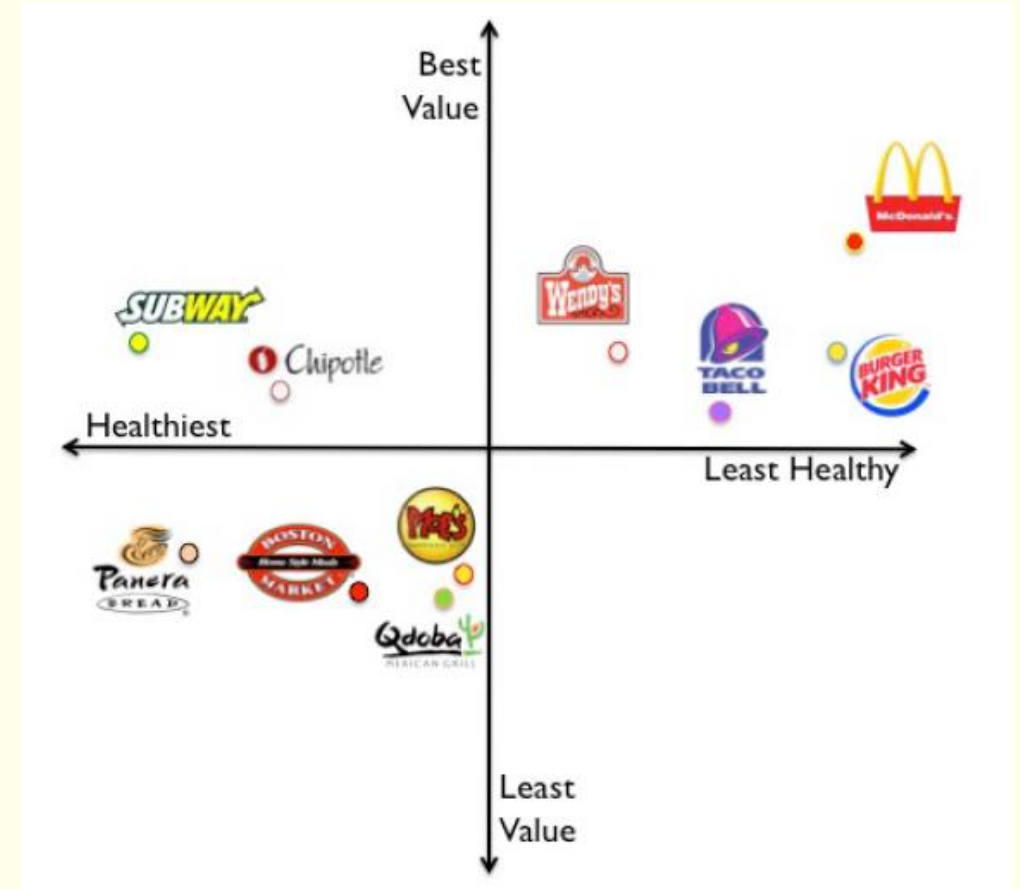
A way of trying to get inside the mind of the customer...

These 'maps' of the consumers mind are not limited to 2 fixed variables, this map can use any qualities consumers find important when examining a market.

E.g., for a phone it could be speed 'X' and storage 'Y' for cereal it could be taste 'X' and calories 'Y', etc..

Positioning maps

- Show the relationship between competitors' offerings and the criteria that consumers use when making purchase decisions
- Enable an organisation to know where consumers place them in relation to competitors.



INDIVIDUAL ACTIVITY

Perceptual

Activity



Using Visual Paradigm [the QR code takes you there], make your own mind map of UK restaurant brands (You choose the variables 'X'/'Y' based on what you/your customers value most about different types of brands) 25 mins





WHAT THINGS DO YOU THINK MAY AFFECT PRICE?

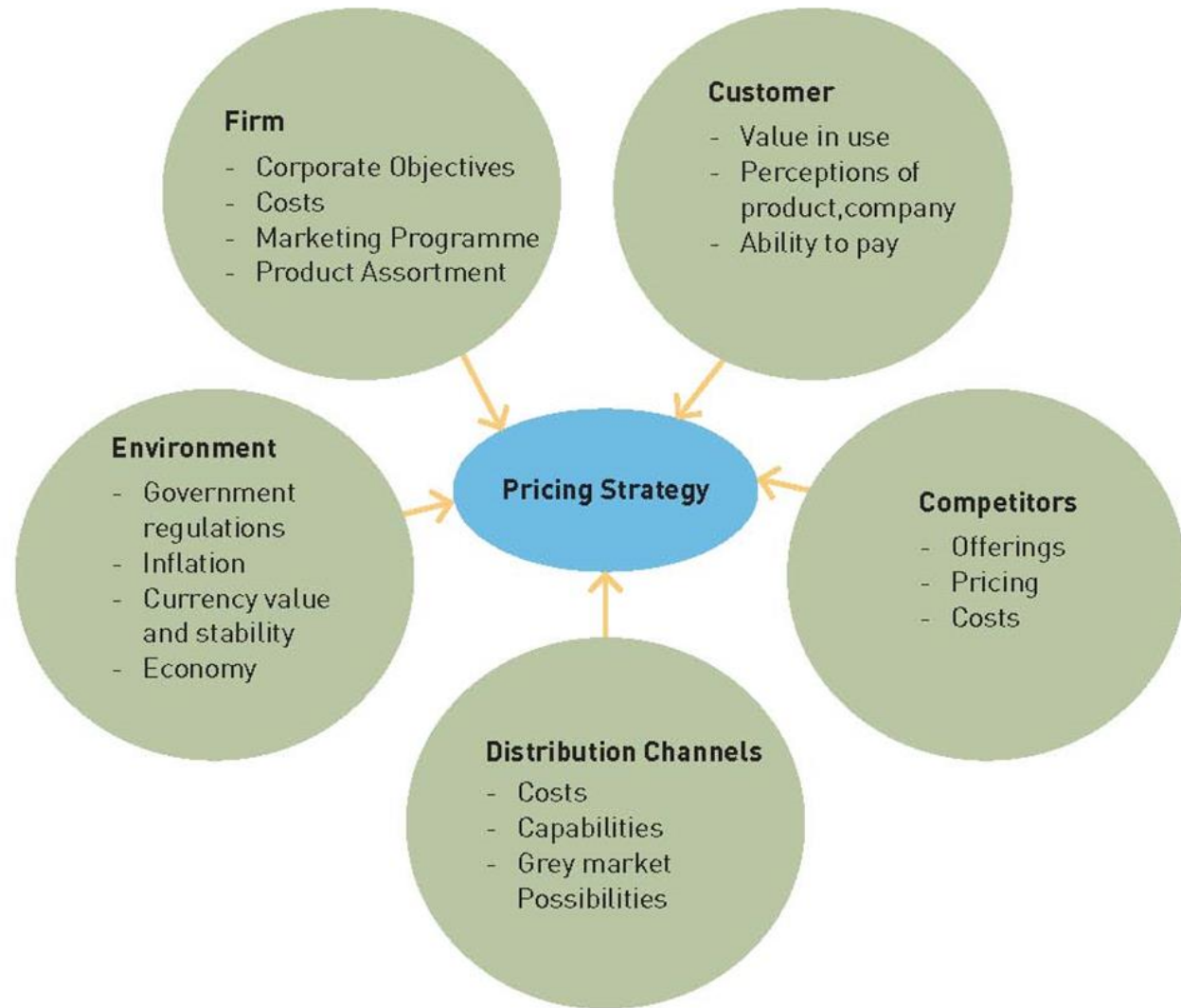
- Many things can affect price! (pricing strategy)
 - Do you want to maximise sales revenues rather than volume (Ivy)
 - Or go high volume/lower pricing (McDonald's)
 - market share: a low price can buy market share
 - Pricing as a survival technique: but set prices too low and the firm will not survive
 - Image: price can affect image and vice versa – luxury brands will destroy stock rather than sell it cheaply.



- Grey market – unauthorised channels of distribution (not authorised by the original manufacturer or trade mark proprietor).

Price

PRICING STRATEGY



Price

The affect of the Internet - New **buying processes** require **new pricing approaches**

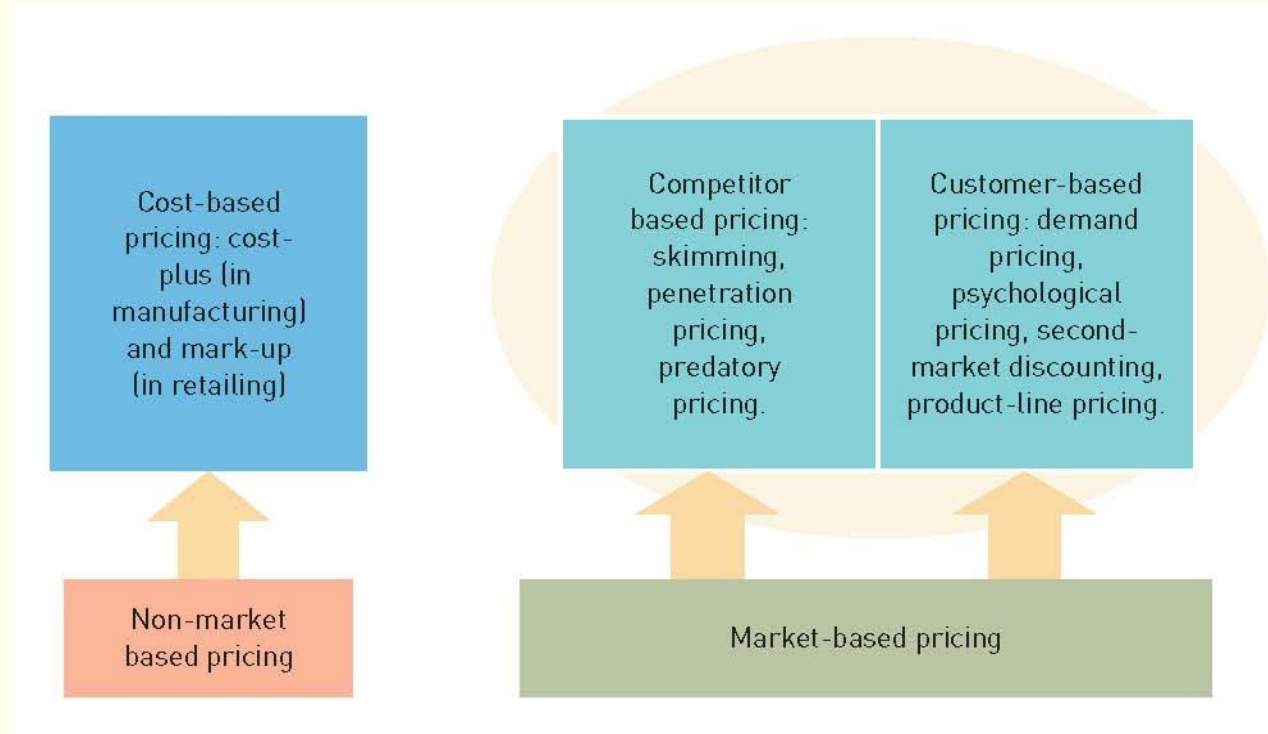
- Subscription
- Pay Per View
- Basic price
- Bundling
- Ad-supported content
- Pre-order
- Discounts
- Add-ons and extra products and services
- Guarantees and warranties
- Refund and return policies
- Order cancellation terms
- Revoke action buttons

GLOBAL YEAR-OVER-YEAR BUSINESS TRAVEL & EVENTS PRICE CHANGES (\$USD)			
	(actual) 2022	(forecasted) 2023	(forecasted) 2024
Air – Average Ticket Price	+72.2% \$749	+2.3% \$766	+1.8% \$780
Hotel – Average Daily Rate	+29.8% \$161	+4.3% \$168	+3.6% \$174
Car – Daily Rental Rate	+9.8% \$45	+6.7% \$48	+2.1% \$49
Meetings & Events – Average Cost-Per-Attendee Per Day	+58.1% \$160	+5.6% \$169	+3.0% \$174

Source: CWT/GBTA 2024 Annual Global Business Travel Forecast (all pricing detailed within the report and this release is \$ USD)

Are the prices of restaurants, events and tourism increasing or decreasing?



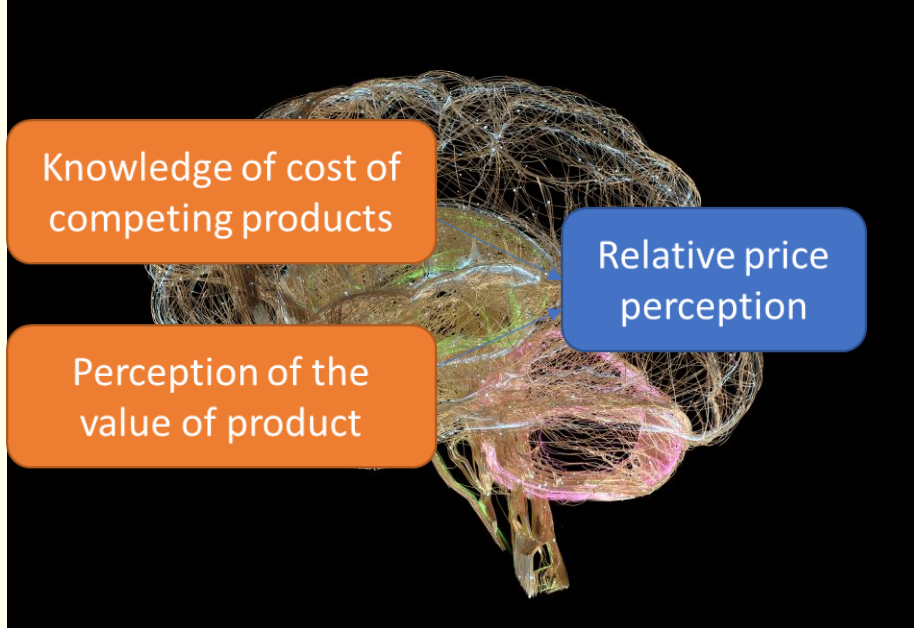


Market based and non-market based pricing

There are two main categories of pricing, each with their own approaches (Blythe, 2014).

The Psychology of Price:

consumer's price sensitivity (Blythe, 2014)



3 key factors affect consumer's price sensitivity (Blythe, 2014)

- **Economics:** Percentage of total expense, Type of consumer, Level of involvement
- **Search and Usage:** Cost of information search, Ease of comparing competitive alternatives, Switching costs
- **Competition:** Differentiation, Perception of Price

Psychological pricing: is £9.99 cheaper than £10?

Loss leaders: a bargain draws customers in

Promotional pricing and discounts: sales promotion

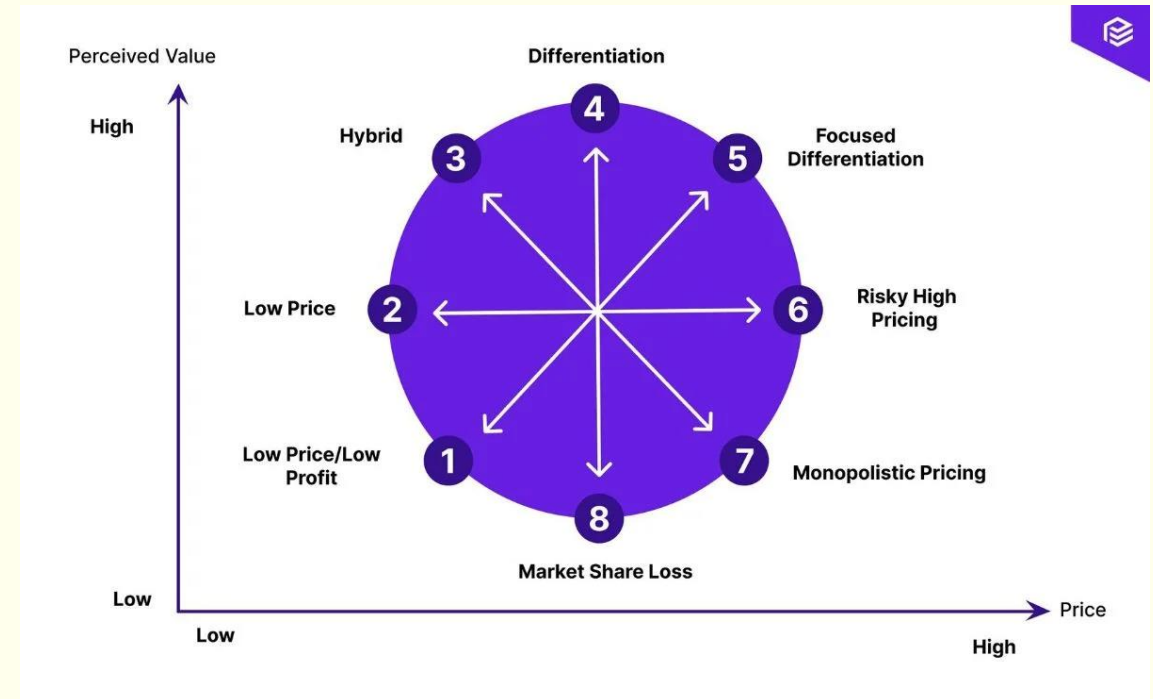
ACTIVITY: Bowman's Clock

Remember Bowman's clock?

Refresh your memory by looking it up online.

Prepare a slide/s about it that explains what it is, and how and why it is used. Apply it to the following restaurants- where are they on the clock?

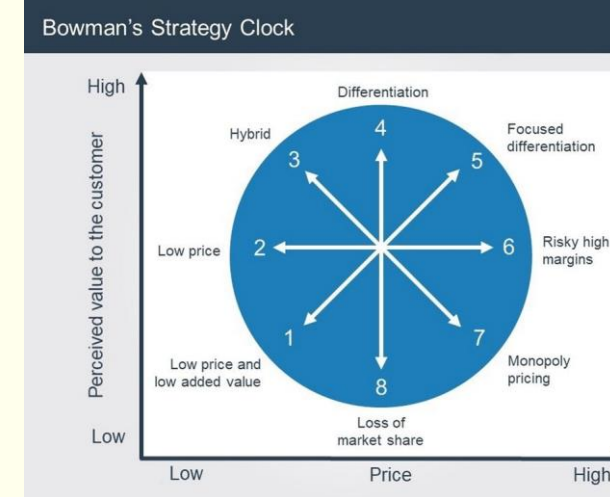
Mcdonalds, The Ivy, Nandos,



Bowman's Clock

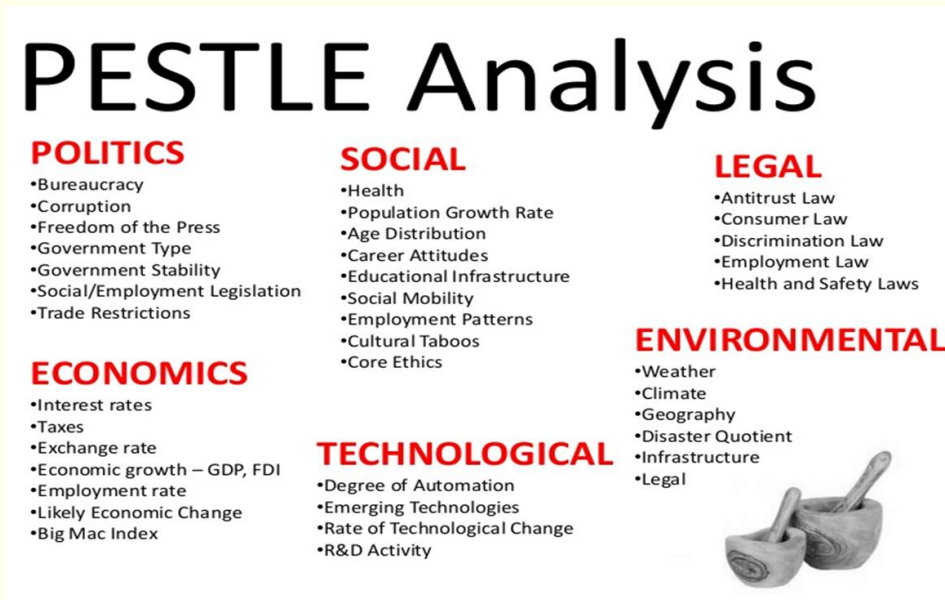
Helps you understand how companies compete in the marketplace.

- By looking at the different combinations of price and perceived value, you can begin to choose a position of competitive advantage that makes sense for you and your organisation's competencies.
- It offers 8 different strategies an organisation can adopt.
- E.G.'s
 - Hybrid = Themed chain with table service possibly or a better quality fast food chain
 - Differentiation= USP such as an Italian or Spanish etc. chain
 - Focused differentiation = Michelin star with celebrity Chef, for example.



PRICE... LIKE OTHER ELEMENTS OF THE MARKETING MIX IS INFLUENCED BY OUR EXTERNAL OPERATING ENVIRONMENT/CLIMATE.

We can check our external operating environment/climate using a PESTLE analysis



Gives the organisation something to focus their analysis

Provides a checklist

Identifies the long term **DRIVERS OF CHANGE**

Can be the starting point for further competitor and impact analysis

Political factor

Increase in minimum wage The National Living Wage (NLW) will rise to £10.42 from 1 April 2023, an increase of 92 pence or 9.7 per cent. (YouGov, 2023).

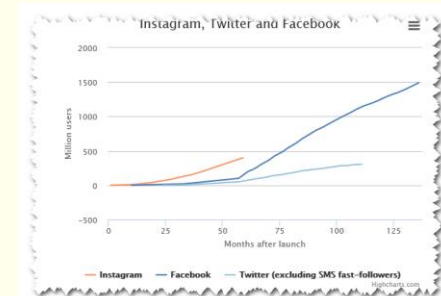
At April 1, 2024 it is £11.44 (21 and over) which is a 9.8% increase (+£1.02). (YouGov, 2024)

Impact on Company

Could be a cost increase within a company 'staffing cost.'

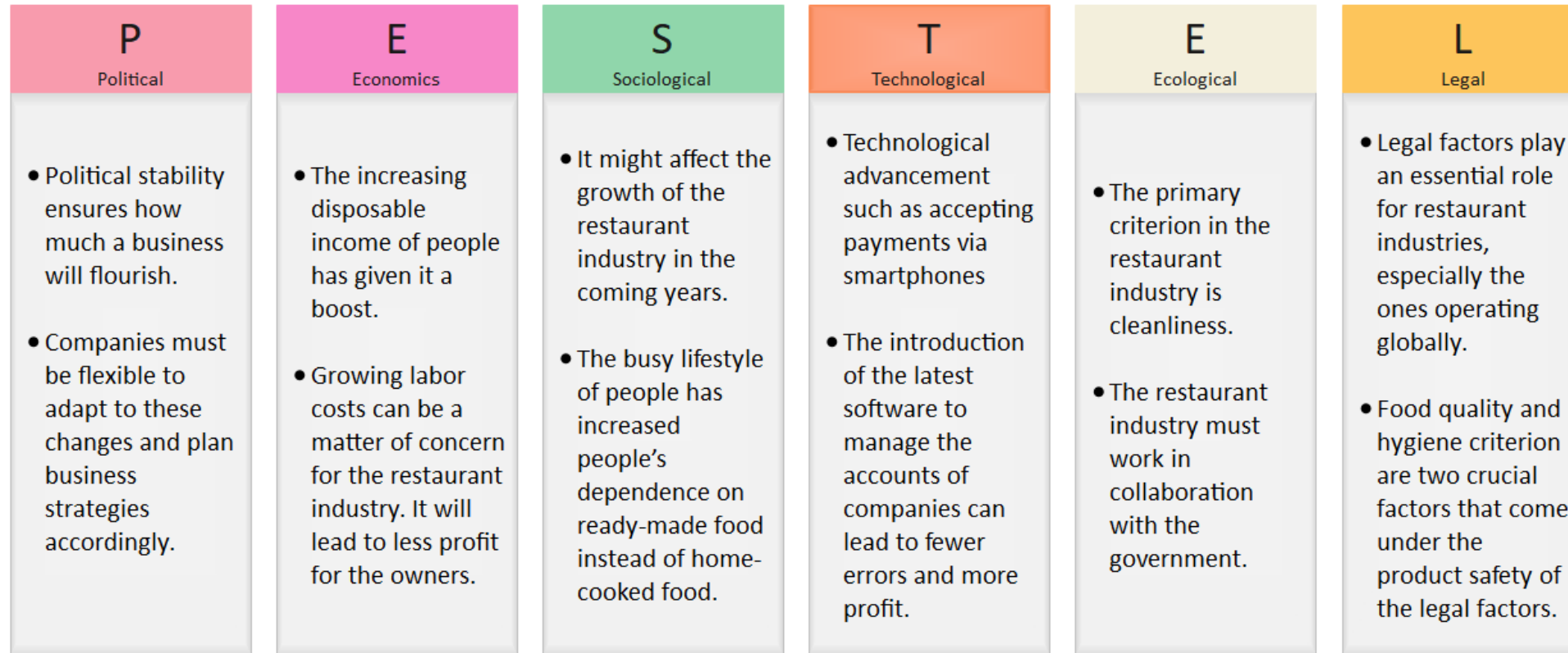
OR

Could mean that a company is in a better position than competitors as it already pays above living wage and competitors don't.





PESTEL Analysis of Restaurant Industry



[Detailed PESTEL Analysis of Restaurant Industry | EdrawMax Online](#)



Scan this QR code and read about Tacco Bell's PESTLE analysis – make some notes and feed back



Pricing for your business





INDIVIDUAL ACTIVITY

- Develop a pricing strategy for your restaurant concept.
 - Think about/discuss the elements that affect pricing
 - Use Bowman's clock and positioning maps to help.
 - NB you will need to make and justify your choices regarding who your competitor set are.

ASSIGNMENT

Marketing Plan (4000 words)

- Develop a marketing plan for a new restaurant concept. Use examples to support your case as well as industry research and evidence.
- **You will be required to include specific essentials of the marketing process as follows:**
- **Introduction** - What is marketing. The purpose of your marketing plan/what it is about. Who it is being prepared for. Briefly introduce the key areas/Frameworks/Theorists you will use to underpin your plan, e.g. 7 Ps, Ansoff's matrix etc.
- **Product** - Explain what the product is and, using trend data, identify why you think it will work and who it will appeal to. To aid in this, develop customer profiles.
- **Physical evidence** - Also outline where it will be located (and why) the type and style of restaurant it will be and the type of service you will offer (and why) – include mood boards to illustrate this.
- **People and processes** - Explain the type of service you will offer (and why) and the processes you will engage (again, justifying why)

ASSIGNMENT Cont'd

Marketing Plan (4000 words)

- **Price** - Develop a pricing strategy based on research into comparators – show that you understand where your restaurant will sit in the market by using tools such as positioning maps
- **Promotions and distribution** - Develop a promotion and distribution strategy for your restaurant concept. What will you do, where, how and why is that the best way to attract your audiences. You may use a Gantt chart to set out your promotions and distribution plan but be sure to also include a chapter which justifies the tactics and tools used in your promotion and distribution. NB make sure you include how you will measure its success.
- **Conclusion** - Summarise your marketing plan challenges and outline any recommendations you have.
- **References** - You will be expected to use credible reference sources (minimum of 40) for information used within your marketing plan. Your references are not part of the word count.
- **Appendices** - Supporting materials are not part of the word count.

ASSIGNMENT Cont'd

- Submission date: 6th March 2025
- 4000 words
- 40 references

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See You
Next time!