

# Strategic pricing 2\

Northern  
Ireland  
Embrace  
a Giant  
Spirit



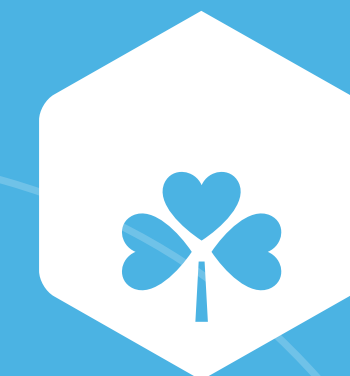
Tony Haren

Admor Business Solutions

27 May 2021

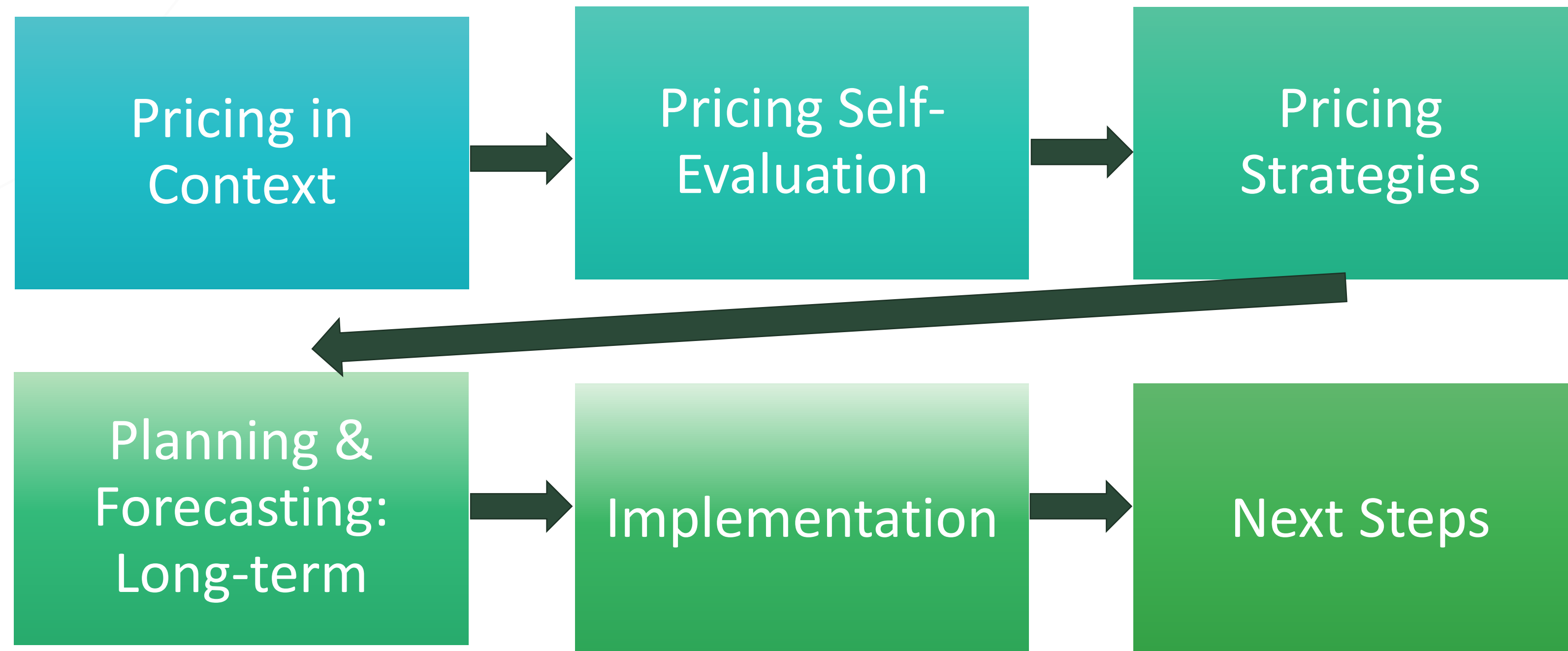
TED

Tourism  
Enterprise Development  
Programme



tourism  
northernireland

# Strategic pricing



# Marketing Mix – 5 P's

Product



Place

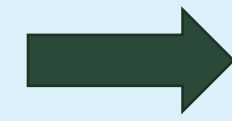
People

Price

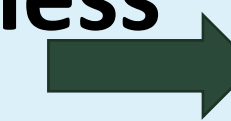
Promotion

# 5 Pillars of Good Business Finance

Improved Finances  
Profit



Stronger Business



More

Good  
Bookkeeping

Reliable  
Accountant

Robust  
Business  
Model

Adequate  
Funding

Regular  
Oversight &  
Planning

Pillar 1

Pillar 2

Pillar 3

Pillar 4

Pillar 5

***STRONG FOUNDATIONS – great products; strong finances; clear direction***



# Internal factors In Pricing

## Costs

- Direct & indirect costs
- Discounting
- Route to market fees
- Pricing for Profit

## Supply

- Regulations
- Location
- Seasonality
- Collaborations

# External factors In pricing

## Demand

Products/Services  
Target Market  
Value for Money  
Customer Experience

## Competition

Direct  
Indirect  
Differentiation (Strengths & Weaknesses)  
Customer View

# Pricing

## Self-evaluation

1. Use Internal & External Factors in Pricing
2. Complete it yourself – review with
3. ~~others~~ Take action where needed
4. Repeat at least annually

# 7 Pricing Strategies

1. Cost-plus pricing
2. Competitive pricing
3. Value-based pricing
4. Price skimming
5. Penetration pricing
6. Economy pricing
7. Dynamic pricing



# 1. Cost plus Pricing

*You calculate the cost of creating your product /service and add a certain percentage to it*

# 2. Competitive Pricing

***You set your prices based on what the competition is charging.***

# 3. Value Based Pricing

***You set your prices according to what consumers think your product is worth***

# 4. Price Skimming

*You set your prices as high as the market will possibly tolerate and then lower them over time*



# 5. Penetration Pricing

*You offer prices that are much lower than the competition.*

# 6. Economy Pricing

**You price a product cheaper than the competition and make the money back with increased volume**




# 7. Dynamic Pricing

*You constantly change your prices to match the current demand for the item.*



# 7. Dynamic Pricing

## AVERAGE COST OF A WEEK'S STAYCATION IN 10 POPULAR DESTINATIONS BETWEEN JULY 17TH AND 24TH FOR A COUPLE AND A FAMILY OF FOUR

 <b>DESTINATION</b>	 <b>COUPLE</b>			 <b>FAMILY OF FOUR</b>		
	2020	2021	Increase	2020	2021	Increase
Cotswolds	£1,363	£1,564	£201	£1,696	£1,910	£214
Cornwall	£1,209	£1,377	£168	£1,690	£1,896	£206
Lake District	£1,178	£1,356	£178	£1,645	£1,875	£230
Snowdonia	£1,161	£1,317	£156	£1,588	£1,765	£176
Yorkshire Dales	£1,098	£1,250	£153	£1,396	£1,555	£160
Dorset	£1,074	£1,232	£157	£1,602	£1,835	£233
Edinburgh	£1,026	£1,161	£134	£1,550	£1,748	£198
Devon	£1,009	£1,145	£136	£1,418	£1,592	£174
Highlands	£1,026	£1,144	£118	£1,814	£2,040	£226
Peak District	£956	£1,093	£137	£1,297	£1,459	£162

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# Pricing & Planning

**Implementation of most things over the longer term..... needs a plan**

***“If you fail to plan, you are planning to fail.”***

**Benjamin Franklin**

# Strategic Pricing In your business



## Forecasting



# Strategic Pricing In your business



## Planning





# Strategic Pricing

**Develop your own pricing policy**



# Strategic Pricing In your business



## Pricing Policy Template



# Recap (1)

Pricing is not stand-alone

Understand the bigger picture – profit & marketing

Pricing for Profit

Know your income, costs and time

Self-evaluate

Step back and review your pricing

# Recap (2)

Consider the short-term	Consider the longer term	Develop a Pricing Policy
Dynamic pricing Supply v demand Short-term gain	Customer feedback Customer retention Customer referrals Sustainable Planning	Flexible approach Not just “competitor” Review pricing regularly Plans/forecasts



# Strategic Pricing

## Final thoughts.....

**Pricing isn't easy**

**Pricing needs longer-term (strategic) thinking**

**Pricing does not have a magic formula**

**Who is your target, what are you offering and why?**



# Next Steps

- 1. Consider different pricing strategies**
- 2. Develop a (written) pricing policy**
- 3. Using your pricing to plan/forecast ahead**
- 4. Track, review, adjust.....**

# Thank you



# Q & A

