

PRICING OBJECTIVES

Pricing objectives or goals give direction to the whole pricing process.

Determining what your objectives are is the first step in pricing.

When deciding on Pricing Objectives you must consider:

- 1) The overall Financial, Marketing, and Strategic objectives of the company;
- 2) The objectives of your Product or Brand;
- 3) Consumer Price Elasticity and Price Points
- 4) The Resources you have available.

Some of the more common Pricing Objectives are:

- Maximize long-run profit maximize short-run profit
- Increase sales volume (quantity)
- Increase market share
- Obtain a target rate of return on investment (ROI)
- Stabilize market or stabilize market price: an objective to stabilize price means that the marketing manager attempts to keep prices stable in the marketplace and to compete on non price considerations. Stabilization of margin is basically a cost-plus approach in which the manager attempts to maintain the same margin regardless of changes in cost.

Company growth

Maintain price leadership

Discourage new entrants into the industry

Match competitors prices

Encourage the exit of marginal firms from the industry