

4.1.0 Lesson Plan Pricing

Lesson Overview- Coach Recommended

Students will learn about different pricing strategies and determine the optimal price to begin testing with customer segments.

Essential Questions?

- Is there a “right” price for my product or service and how is it determined?

Required Outcomes

- Students will create a pricing strategy for their product/service.

Day to Day Plans/Resources

Approx.2 Days

File 4.1.1 Pricing Pres.ppt

File 4.1.2 Pricing Strategies Activity Worksheet.doc

File 4.1.3 Pricing Strategies Assessment.doc

File 4.1.4 Pricing Strategies Assessment Answers.doc

Day 1 – Introduction to Pricing Strategies

Teacher Note: Students have already been gathering information and customer feedback on potential pricing. This lesson should teach students the rationale behind different pricing strategies and what they should consider as they move forward testing. Use relevant examples that may apply to the ideas class is exploring.

Pace	Detailed Description/Activity
10min	<p>Introduce Pricing Pricing Strategy discussion – Price Is Right.</p> <ol style="list-style-type: none"> 1. Where do prices originate? Supply vs. Demand/life cycle/seasonal/convenience. 2. Have each team present the pricing they are currently working with and how they got to that place.
35min	<p>Discussion of 4 Pricing Strategies</p> <ol style="list-style-type: none"> 1. Anchor Pricing plus examples – initial price strategy, limit quantities, multiple unit pricings. Anchor pricing rules. – Show examples – Steve Jobs video on Anchoring 2. Value based pricing with pros and cons. Humane society example 3. Cost plus pricing -Review fixed vs. variable costs, define gross margin. 4. Penetration pricing – examples. <p>Discuss how these can be used together or individually.</p>
5min	<p>Assign Homework and Wrap Up Prepare class to present team pricing strategy on day 2</p>
	<p>Resources: Steve Jobs Price Anchoring http://www.youtube.com/watch?v=f0uBANguiQs Michael Dearing-If it Costs More, It's Worth More. www.entrepenuership.org, Humane society pricing strategy findings http://youtube.com/v/5iUlrJUDkCM</p>

Day 2 – Working Session and Presentation of Revised Pricing for team business

Teacher Note: Students use class time as working session. Coach and teacher should provide feedback on team pricing strategy. Save time to have each team present and get class feedback.

Pace	Detailed Description/Activity
	<p>1. Teams complete Pricing strategy for business</p>
	<p>2. Teams present to class and get feedback Questions to ask What learning from your problem and solution interviews is impacting your plan How do you plan to test this If this strategy doesn't work, what is your next alternative</p>
	<p>Resources Lesson Assessment tests pricing concepts with Case study. File 4.1.3 Pricing Strategies Assessment</p>