



● **price (prices)** N-VAR

**list price (list prices)** N-COUNT

The **price** of something is the amount of money that you have to pay in order to buy it. The **list price** of something is its official price, before any discounts are included.

... a sharp increase in the price of petrol.  
They expected house prices to rise.  
They haven't come down in price.  
I ended up saving 30% on the holiday list price.

**Common Collocations**

a market price      a purchase price      cut price  
a price tag            a price rise

● **cost (costs, costing, cost)**

□ N-COUNT

The **cost** of something is the amount of money that is needed in order to buy, do, or make it.

The cost of a loaf of bread has increased five-fold.  
Badges are also available at a cost of £2.50.

▢ VERB

If something **costs** a particular amount of money, you can buy, do, or make it for that amount.

This course is limited to 12 people and costs £50.  
It's going to cost me over \$100,000 to buy new trucks.

**Common Collocations**

low-cost    cost-cutting    cost-effective    cost savings

● **pricing strategy (pricing strategies)** N-COUNT

A company's **pricing strategy** is the system of prices it sets for the goods it produces or the service it provides.

This leads us to the conclusion that The Economist has different pricing strategies in different markets.

● **market price (market prices)** N-COUNT

**market value (market values)** N-COUNT

If you talk about the **market price** or **market value** of something, you mean that its price or value depends on how many of the items are available and how many people want to buy them.

... the market price of cocoa.  
He must sell the house for the current market value.

● **price-sensitive** ADJ

If the market for a product or service is **price-sensitive**, it is affected by changes in price.

... Matrix Essentials hair salon products, aimed at younger price-sensitive consumers.  
The visitor attraction market is already crowded and is price sensitive.

● **competition-based pricing** N-UNCOUNT

**cost-based pricing** N-UNCOUNT

**market-orientated pricing** N-UNCOUNT

**penetration pricing** N-UNCOUNT

**Competition-based pricing** is the policy of setting a price for goods or services based on the price charged by other companies for similar goods or services. **Cost-based pricing** is the policy of setting a price for goods or services based on how much it costs to produce, distribute and market them. **Market-orientated pricing** is the policy of setting a price for goods or services based on an analysis of the market and consumer requirements. **Penetration pricing** is the policy of setting a relatively low price for goods or services in order to encourage sales.

*Competition-based pricing is easily implemented on the internet.*

*A cost-based pricing strategy had caused this company to lose orders it should have won.*

*We will also maintain a market-orientated pricing strategy and a firm grip on our cost base.*

*A policy broadly akin to penetration pricing was adopted to achieve maximum penetration in this sector.*

● **discount (discounts, discounting, discounted)**

□ N-COUNT

A **discount** is a reduction in the usual price of something.

They are often available at a discount.  
All full-time staff get a 20 per cent discount on goods up to £1,000 each year.

▢ VERB

If a shop or company **discounts** an amount or percentage from something that they are selling, they take that amount or percentage off the usual price.

This has forced airlines to discount fares heavily in order to spur demand.

Tour prices are being discounted as much as 33%.

● **discounting** N-UNCOUNT

**Discounting** is the practice of offering a reduction in the usual price of something.

... heavy discounting of football shirts.

... a vicious period of discounting led by Esso's 2p per litre voucher promotion.

➔ rival: Topic 3.3; marketing mix: Topic 3.5



**PRACTISE YOUR VOCABULARY**

1 Use the terms in the box to complete the paragraph.

cost pricing strategies market price price-sensitive (2) discounting list price

Price is part of the marketing mix, and all businesses must decide how to price their products or services. This can be quite difficult, as consumers are heavily influenced by the \_\_\_\_\_ of something. A product may have a published \_\_\_\_\_ but this price may rarely be charged because of \_\_\_\_\_ by sellers. When a price has been 'decided' by the market, it is known as the \_\_\_\_\_. The market for a particular product can be easily affected by changes in price, in which case it is \_\_\_\_\_, and consumers, too, if they are very aware of prices are also \_\_\_\_\_. If the company is able to set its own price there are several \_\_\_\_\_ or policies that it can choose.

2 Match a pricing strategy on the left with a reason <sup>even</sup> the right.

a Company A is using penetration pricing	i because they think a careful analysis of the market will help them set the best price.
b Company B is using competition-based pricing	ii to get its products into a new market.
c Company C uses cost-based pricing	iii because adding a percentage profit margin to the production costs is a quick and easy way of setting a price.
d Company D uses market-orientated pricing	iv so consumers won't think their products are more expensive than those of their competitors.

3 Read the information about the four companies and select the pricing strategy they are most likely to use when setting the price of their product.

cost-based pricing penetration pricing competition-based pricing market-orientated pricing

- a Qualfast are a new company and are very concerned to establish a large customer base. They hope to get their products into the market rapidly so that consumers will become familiar with their name.
- b Hall & Co. spend a lot of money each year analysing the market and carrying out market research to make sure they know what their customers want.
- c Anderton Ltd. are one of many companies offering a similar service. They are concerned not to set their prices any higher than those of their main rivals.
- d Carlo Inc. is a small company with small profit margins. They are very aware of how much they spend on production, distribution and marketing.