



## Purposes of Packaging

- **Protection** → reduce risk of damage → ensure the product is of a high quality
- **Storage** → before sale → in retailers/on shelves/in wholesalers
- **Keep product fresh/clean** → prevent contamination → ensures consumers aren't harmed
- **Information** → name and address of manufacturer → use of product → ingredients → safety → use by dates → legal
- **Identifies product from advertising/previous purchase** → for its image/quality → enables higher prices → differentiates products from rivals → customers can tell one product from another → so product recognised → so brand loyalty → customers continue to buy → product stands out in display → impulse buying is encouraged

## Price



### Price

**Definition:** The amount of money a business wants to receive in order to sell a good or service or the amount of money the consumer is willing to pay to buy that product.

**PRICE OFFER**  
**MANUFACTURING COMPETITION**  
**COST**  
**MARKET CONDITION**  
**PROFITABILITY**  
**PRICE / QUALITY RELATIONSHIP**  
**NEED - DEMAND**  
**MARKET PLACE**  
**SHARE RETAIL**

Pricing Strategies	Definition	Advantage	Disadvantage
<b>Penetration Pricing</b>	Setting a low price for a new product to encourage sales. The price may be increased later with increased customer loyalty and market share.	The goods have a low price to attract customers who may then stay with the business.	When prices rise people may not be willing to purchase – questions over quality.
<b>Price Skimming</b>	Selling a product at a high price in order to earn high initial profits.	Attracts early adopters e.g. new football boots, the latest iPhone.	Some customers unable to / unwilling to pay the high prices.
<b>Cost Plus Pricing</b>	Involves the producer adding a sum of money (the profit per good) to the cost of producing goods to determine the selling price of the good or service.	Adding profit to cost ensures that a profit is made on each good.	May not work in competitive market / depends on margins.
<b>Psychological Pricing</b>	The prices appear to be lower than whole pounds e.g. 99p hoping the customer believes the product is cheaper than it is.	Can nudge customers to make a purchase.	Some may not be convinced to buy so revenue may not rise / customers may not be attracted to the business.
<b>Competitive Pricing / Market Orientated</b>	Involves the producer offering goods for sale at a price at or below that set by competitors.	Ensures that the firm is price competitive.	Customers may be used to buying from competitors so revenue might not change / customers may not switch from rivals.
<b>Price Discrimination</b>	Charging different prices to different market segments – e.g. discounted pricing to students.	Customers attracted to lower pricing.	Some customers excluded and may choose rival retailers (shops)
<b>Loss Leader</b>	Products put on sale, usually in supermarkets, at prices which make no profits and may even make losses in order to attract customers into the shop to buy other goods.	Boost sales of other, more profitable products.	Customers may get used to and expect low prices so can only really be used in the short term.