

Pricing Strategies

A DIGITAL DISCOVERY LESSON

**Students Learn
Different
Pricing Methods**

**Editable
Interactive Slides
Prompts Critical
Thinking**

**A Google Slides file
that easily converts
to PowerPoint**

**NO PREP!
SAVES YOU TIME!**



BUSINESS EDUCATION WITH *Denise Leigh*

NO PREP Intro Digital Activity

What's included?

- ✓ **13-slides** Google Slides lesson
- ✓ Interactive Student Response Slides
- ✓ Real-World Pricing Strategy Examples
- ✓ Scenario-Based Pricing Applications
- ✓ Cost-Based & Competitive Pricing Analysis
- ✓ ...and more!



Great for In Person, Sub Day, or Virtual

Students learn about Pricing...then answer Prompts

What Is Pricing?

- Pricing = the amount customers pay for a product
- Businesses set prices to cover costs and make a profit
- Price affects how customers see a product (cheap vs. high quality)



Business Education with Denise Leigh ©

Per-Unit Cost (Cost Per Item)

- Per-unit cost = how much it costs to make ONE product
- Includes materials, labor, and production costs
- Example:
 - If it costs \$5 to make one item, the per-unit cost is \$5.
- Businesses must charge more than this to make money



Per-Unit Cost Pricing

A student sells custom friendship bracelets. It costs \$2 in beads and string to make one bracelet, so the **per-unit cost** is \$2. If they sell it for \$6, the extra \$4 is profit.



Why can't businesses sell at the same amount as the per-unit cost?

How could lowering the per-unit cost change the selling price and profit?

Business Education with Denise Leigh ©

NO PREP!
PLUG & PLAY!

Cost-Based Pricing & Competitive Pricing

Cost-Based Pricing

- Price is set by adding a markup to the cost
- Formula: **Cost + Profit = Price**
- Example:
 - Cost = \$10
 - Profit = \$5, Price = \$15
- Simple and common method



Competitive Pricing

- Price is based on what other businesses charge
- Companies look at competitors first
- Example:
 - If most businesses charge \$25, you price near \$25
- Used in markets with many similar products



Cost-Based Pricing

A student starts a small business selling custom T-shirts for a school club. It costs \$9 to make each shirt (shirt + printing). They add a \$5 profit, so the selling price is **\$14 per shirt**.



Why might cost-based pricing not always be the best way to set a price for every product?

How would the selling price change if the cost to make each shirt increased to \$10?

Competitive Pricing



A teen wants to sell homemade iced coffee at school. Other students are selling similar drinks for **\$3–\$4**, so they price theirs at **\$3.50** to stay competitive and attract customers.

Why do businesses look at competitors before setting their price?

What could happen if this student prices their iced coffee at \$6 instead of \$3.50?

Teaching Duration: 45 minutes + Discussions

Value-Based Pricing & Perceived Value

Value-Based Pricing & Perceived Value

- Value-based pricing = price based on what customers THINK it's worth
- Not just cost, but feelings, brand, and quality
- Examples:
 - Designer shoes cost more even if they don't cost much to make
- Higher "perceived value" = higher price



Business Education with Denise Leigh ©

**NO PREP
FOR YOU!**

Value-Based Pricing & Perceived Value

A teen sells custom phone wallpapers made by a digital artist. It only costs them a few cents to make each one, but they charge \$5–\$10 because students think the designs look cool, unique, and match their style. People pay more because of how much they *like the design*, not the cost to make.



Why would someone pay \$8 for a wallpaper that costs almost nothing to make?

What could lower the perceived value of a product like this?

Business Education with Denise Leigh ©

Real-World Product Examples

Penetration Pricing

Penetration Pricing

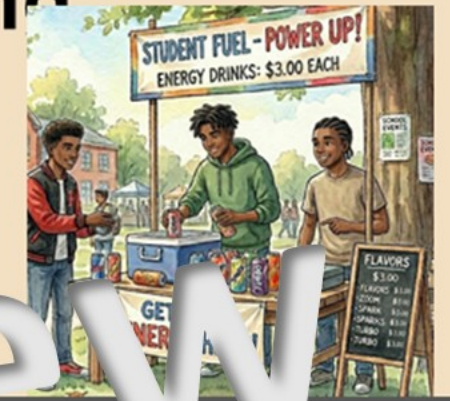
- Start with a low price to attract customers quickly
- Goal = get attention and build customer base
- Example:
 - New streaming service offers \$1/mo with 100 titles
- This may increase over time as customers are loyal



Business Education with Denise Leigh ©

Penetration Pricing

A new student-run energy drink brand launches at school. Most drinks cost \$5, but they sell theirs for \$3.00 for the first month to get people to try it and build popularity fast.



Why would a business start with a very low price instead of a normal price?

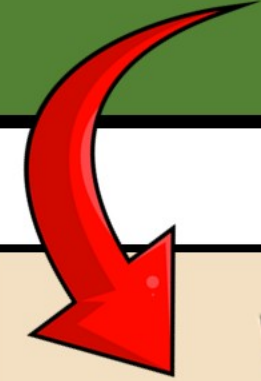
What might happen after the business becomes popular?

Business Education with Denise Leigh ©

Interactive Slides

Critical Thinking Questions

Identify the Pricing Strategy



What pricing strategy is used in each scenario below?

1. A new music app charges only \$0.99 per month when it first launches to attract users quickly.

1. A student selling homemade candles calculates that each candle costs \$4 to make.

A shoe company charges a premium price because customers think the brand is stylish and exclusive.

1. A teen selling smoothies checks nearby smoothie shop prices before deciding to charge \$5.

1. A student adds a \$3 profit to the cost of making each custom T-shirt to set the selling price.

Business Education with Denise Leigh ©

More Critical Thinking Questions

13 Slides included

Pricing Strategies: How Businesses Set Prices

How do companies decide what to charge?

Why do prices differ for similar products?



What Is Pricing?

- Pricing = the amount customers pay for a product
- Businesses set prices to cover costs and make profit
- Price also affects how customers see the product (cheap vs high quality)



Per-Unit Cost (Cost Per Item)

- Per-unit cost = how much it costs to make ONE product
- Includes materials, labor, and production costs
- Example:
 - If it costs \$5 to make one item → that is the per-unit cost
- Businesses must charge more than this to make money



Per-Unit Cost Pricing

A student sells custom friendship bracelets. It costs \$2 in beads and string to make one bracelet, so the per-unit cost is \$2. If they charge \$6, the extra \$4 is profit.

Cost-Based Pricing

- Price is set by adding a markup to the cost
- Formula: $\text{Cost} + \text{Profit} = \text{Price}$
- Example:
 - Cost = \$10
 - Add \$5 profit → Price = \$15
- Simple and common method



Cost-Based Pricing

A student starts a small business and makes T-shirts for a school. Each shirt costs \$5 to make. They add a \$5 profit, so the selling price is \$10 per shirt.



Value-based pricing is used to set a price for a product based on the perceived value to the customer. The selling price could be higher than the cost to make each shirt increase.



Competitive Pricing

- Price is set on what other businesses are charging
- Companies look at competitors' prices
- Example:
 - If a product costs \$25, a company might charge \$25 or slightly more/less
- Used in many businesses with many similar products



Competitive Pricing



A teen wants to sell homemade iced coffee at school. Other students are selling similar drinks for \$3–\$4, so they price theirs at \$3.50 to stay competitive and attract buyers.

Why do businesses look at competitors before setting their price?

What could happen if this student prices their iced coffee at \$6 instead of \$3.50?

Value-Based Pricing & Perceived Value

A teen sells custom phone cases made by a digital artist. It only costs them a few cents to make each one, but they charge \$5–\$10 because students think the designs look cool, unique, and match their style. People pay more because of how much they like the design, not the cost to make it.



Why would someone pay \$8 for a wallpaper that costs almost nothing to make?

What could lower the perceived value of a product like this?

Value-Based Pricing & Perceived Value

- Value-based pricing = price based on what customers THINK it's worth
- Not just cost—focuses on feelings, brand, and quality
- Example:
 - Designer shoes cost more even if they don't cost much to make
- Higher "perceived value" = higher price



What pricing strategy is used in each scenario below?

1. A new music app charges only \$0.99 per month when it first launches to attract users quickly.
1. A student selling homemade candles calculates that each candle costs \$4 to make.
1. A shoe company charges high prices because customers think the brand is stylish and exclusive.
1. A teen selling smoothies checks nearby smoothie shop prices before deciding to charge \$5.
1. A student adds a \$3 profit to the cost of making each custom T-shirt to set the selling price.

Penetration Pricing

A new student-run energy drink brand launches at school. Most drinks cost \$5, but they sell theirs for \$3.00 for the first month to get people to try it and build popularity fast.



Why would a business start with a very low price instead of a normal price?

What might happen after the business becomes popular?

Google Slides that **easily converts** to PowerPoint

Hi! My name is Denise Leigh. I have been teaching Business Education for over 25 years! I love collaborating with business educators all over the world. I am a 2022 Pennsylvania Teacher of the Year Finalist and relentless lifetime learner and lover of everything education. Engaging students and connecting them to their world is my jam! Thank you for exploring my resources and sharing my passion for BUSINESS EDUCATION!

Denise Leigh is an expert on student-led instruction. She was featured on CBS Pittsburgh for her City Collaborative™ Project-Based Business Education (PBL) Classroom.

