Pricing

KeyBank
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PRICING ASSUMPTIONS

■ **COSTS:**

[ ] X [ ] = [ ] LABOR COST PER UNIT

[ ] ANNUAL FIXED OPERATING EXPENSE

LABOR HOURS PER UNIT   LABOR RATE PER HOUR

[ ] + [ ] MATERIAL COST PER UNIT   ÷ [ ] PROJECTED # OF UNITS SOLD

BREAK-EVEN PRICE

(retailers: put your average product cost here)

[A] TOTAL PRODUCT COST PER UNIT   **+**   [B] TOTAL OPERATING COST PER UNIT   **=** $ [A + B]

■ **OBJECTIVES:**

- To break-even
- To reach a desired profit or return on investment level of [ ] %
- To recover cash from product development
- To be a leader in product / service innovation

▲ PRICE ADJUSTMENT: UP OR DOWN [ ] ▼

■ **MARKETING MIX ISSUES:**

- Product / Service Characteristics:
  higher price / low volumes / higher production costs
  lower price / higher volumes / lower production costs
- Promotion:
  higher price / higher advertising / more personal selling
  lower price / lower advertising / less personal selling
- Distribution   :
  price at which distributors, retailers, and other middlemen expect: $ [ ]

▲ PRICE ADJUSTMENT: UP OR DOWN [ ] ▼

■ **COMPETITIVE OBJECTIVE:**

- To beat the competition's price of $ [ ]   discount pricing
- To match the competition's price of $ [ ]   status quo pricing
- To exceed the competition's price by $ [ ]   premium pricing

▲ PRICE ADJUSTMENT: UP OR DOWN [ ] ▼

■ **BUYER PERCEPTIONS:**

- Product quality perceptions
- Perceptions relative to competing products / services
- Value perceptions (price / quality)
- Low price perceptions
- Prestige perceptions

PRICE ADJUSTMENT: UP OR DOWN [ ]

■ **FINAL PRICE:**   (check by doing a break-even)

ANNUAL OPERATING EXPENSES

$ [ ]

BREAK-EVEN UNITS = ─────────────────── = [ ]   BREAK-EVEN UNITS PER YEAR   **FINAL PRICE** $ [ ]

$ [ ] - $ [ ]

UNIT PRICE   PRODUCT COST PER UNIT

Does this number of units sound reasonable?