

CFAM3.3.2 Design and implement price promotions



Overview

This unit is about designing and implementing price promotions, incentives and/or discounts, in line with overall pricing policy. Such price promotions/incentives can be aimed at gaining distribution as well as motivating the purchase by the end-user. It includes monitoring and evaluating the effectiveness of price promotions in promoting long term value to the business.

For the purposes of this unit, 'organisation' can mean a self-contained entity such as a private sector company, a charity or a local authority, or a significant operating unit, with a relative degree of autonomy, within a larger organisation.

This unit is recommended for first line and middle marketing managers. Such marketers might be employed directly by the organisation, or work for an agency/consultancy.

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Performance criteria

- You must be able to:*
- P1 monitor buyer and competitor reaction to the pricing of the organisation's products/services, and assess those circumstances where a price promotion is justified
 - P2 identify the situation(s) where a price promotion is justified towards supporting marketing objectives, including where appropriate, in supporting marketing communications campaigns
 - P3 determine that the proposed price promotion is affordable
 - P4 assess the likely impact of the proposed price promotion upon demand for products/services, and establish whether this demand can be met
 - P5 identify and assess any risks associated with implementing the price promotion and identify contingency plans
 - P6 prepare a reasoned case justifying the proposed price promotion
 - P7 agree the duration for the promotion and any support materials required
 - P8 implement agreed price promotions
 - P9 monitor buyer and competitor reaction to the price promotion and the impact upon demand for the organisation's products/services, identifying promptly any significant variations from expected outcomes
 - P10 respond promptly to significant variations with an agreed course of action
 - P11 evaluate the outcomes of price promotions, and use this to inform future pricing strategy

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Knowledge and understanding

You need to know and understand:

General knowledge and understanding

- K1 internal and external factors to take into account when considering price promotions for products/services, including marketing objectives and strategy, costs, nature of the market and demand, competition and other environmental factors (for example, economy, legal considerations, ethics)
- K2 the types of cost, and how these can impact upon the pricing decision
- K3 the principal approaches to pricing products/services
- K4 the principal types of price promotions, their place within pricing strategies, and their relative strengths and weaknesses and the circumstances where these might be applied
- K5 how to undertake a break-even analysis
- K6 possible responses to competition price adjustments and the relative merits of these responses

You need to know and understand:

Industry/sector specific knowledge and understanding

- K7 those parties likely to be affected by price changes within an industry/sector, including for example, buyers, competitors, distributors and suppliers, and their possible reactions to such changes

You need to know and understand:

Context specific knowledge and understanding

- K8 the relationship between price and demand for the organisation's products/services
- K9 returns upon investment required by the organisation for its products/services
- K10 competitor pricing policies and strategies
- K11 the implications upon the organisation's budgets of price promotions
- K12 the organisation's procedures and lines of authority for agreeing price promotions

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Additional Information

Behaviours

1. You show a clear understanding of different customer segments and their needs
2. You anticipate likely future scenarios based upon a realistic analysis of trends and developments
3. You display a good understanding of how different factors in the work context relate to each other
4. You identify the implications or consequences of the price promotion
5. You recognise changes in circumstances promptly and adjust plans and activities accordingly
6. You act within the limits of your authority

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