

CFAS3.4

Pricing to promote products and services



Overview

This unit is about designing and implementing price promotions, incentives or discounts in line with organisational pricing policies. Price promotions or incentives can be aimed at extending distribution and motivating the buyer. As a sales person you are expected to monitor and evaluate the effectiveness of price promotions to customers for developing long-term value in the business.

Sales Team Leaders

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Performance criteria

You must be able to:

- P1 monitor customer and competitor reactions to pricing strategies in order to identify opportunities for effective price-based promotions
- P2 identify situations where a price-based promotion is justified to meet sales targets
- P3 assess the affordability of a proposed price-based promotion and its likely effects on the achievement of sales volume and profitability targets
- P4 assess the likely impact of the proposed price promotion on the demand for products or services
- P5 establish how to exploit sales opportunities resulting from a price-based promotion for higher volume and value sales
- P6 identify risks in a price-based promotion and identify a range of contingencies to manage any consequences
- P7 prepare and present a reasoned business case to justify a proposed price-based promotion and agree its details with those with appropriate authority
- P8 implement price-based promotions within the scope of your authority
- P9 monitor and evaluate customer and competitor reactions to a price-based promotion and the impact on market conditions
- P10 evaluate the outcomes of price-based promotions and use this to inform future approaches to price-based promotions

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Knowledge and understanding

You need to know and understand:

- K1 the different types of price-based promotions that can be offered to your customers
- K2 the impact of price-based promotions on the achievement of sales volume and profitability targets in the short, medium and long term
- K3 the different strategies used by competitors to respond to price changes and price-based promotions
- K4 how price-based promotions can be designed within a pricing strategy and how they can support the achievement of marketing objectives
- K5 how the marketing function can be involved in developing price-based promotions for your organisation
- K6 how to identify risks in relation to price-based promotions
- K7 how to evaluate and measure the impact of price-based promotions on future sales activities
- K8 how to negotiate effectively and use sales opportunities presented by price-based promotions
- K9 how to assess the affordability of price-based promotions

Industry/sector specific knowledge and understanding

- K10 legal and ethical issues relating to pricing
- K11 competitor activity and strategies relating to price-based promotions

Context specific knowledge and understanding

- K12 sales volume and profitability targets and marketing objectives
- K13 organisational pricing strategy
- K14 the basis on which price-based promotions are designed
- K15 your level of autonomy for offering price-based promotions
- K16 who to go to in your organisation to gain support or guidance on how to implement price-based promotions that exceed your level of authority
- K17 organisational policy on planned price-based promotions and the freedom to use variation of price as a tool to close a sale
- K18 the period of time over which a price-based promotion extends
- K19 methods and mechanisms used for measuring the success or failure of price-based promotions
- K20 how to monitor the effectiveness of a price-based promotion in order to inform the design of future promotions

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Additional Information

Behaviours

1. you are customer focused at all times
2. you recognise any changes in customer behaviour and circumstances and adjust sales plans and activities accordingly
3. you act within the limits of your authority
4. you refer to managers with appropriate authority for a decision about a price- based promotion that is outside of your own authority
5. you always communicate effectively and professionally
6. you balance the risks and benefits of different decisions
7. you take and implement difficult or unpopular decisions when necessary
8. you say no to excessive demands from customers

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Developed by CFA Business Skills @ Work

Version number 1

Date approved April 2010

Indicative review date April 2012

Validity Current

Status Original

Originating organisation Chartered Institute of Marketing

Original URN S3.4

Relevant occupations
1132 Marketing and sales managers
3542 Sales representatives
7113 Telephone salespersons
7129 Sales related occupations nec

Suite Sales 2010

Key words Sales, sales functions, sales strategy, selling
