

# 23 Price

## A Pricing

Our goods are low-priced. Permanently low pricing means we charge low prices all the time.

You mean cheap: your goods are poor quality. Our goods are high-priced, but we give customer service. And a lot of our goods are mid-priced: not cheap and not expensive.

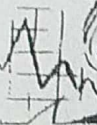
Your goods are expensive. Customers don't need service.

You must be selling some goods at cost (what you pay for them) or at a loss (even less).

Yes. We have loss leaders – cheap items to attract customers in. But it's all below the 'official' list price or recommended retail price. We have a policy of discounting, selling at a discount to the list price.

If he goes on undercutting us, we can't stay in business

SALE



## B Word combinations with 'price'

price	boom	a good period for sellers, when prices are rising quickly
	controls	government efforts to limit price increases
	cut	a reduction in price
	hike	an increase in price
	war	when competing companies reduce prices in response to each other
	leader	a company that is first to reduce or increase prices
	tag	label attached to goods, showing the price; also means 'price'

## C Upmarket and downmarket

Products, for example skis, exist in different models. Some are basic, some more sophisticated. The cheapest skis are low-end or bottom-end. The most expensive ones are high-end or top-end products, designed for experienced users (or people with a lot of money!). The cheapest entry-level skis are for beginners who have never bought skis before. Those in between are mid-range. If you buy sophisticated skis to replace basic ones, you trade up and move upmarket. If you buy cheaper skis after buying more expensive ones, you trade down and move downmarket.

Downmarket can show disapproval. If a publisher takes a newspaper downmarket, they make it more popular, but less cultural, to increase sales.

BrE: upmarket, downmarket  
AmE: upscale, downscale

## D Mass markets and niches

Mass market describes goods that sell in large quantities and the people who buy them. For example, family cars are a mass market product. A niche or niche market is a small group of buyers with special needs, which may be profitable to sell to. For example, sports cars are a niche in the car industry.



23.1 Look at the price list. Are the statements below true or false?

- 1 The pricing policy is to sell below list prices.
- 2 The Adagio is low-priced, and is cheaper than the competition.
- 3 The mid-priced models are the Brilo and the Capricioso.
- 4 This retailer charges 16,908 euros for the Delicioso.
- 5 The Delicioso is the highest-priced model.
- 6 The Delicioso is cheaper than the competition.
- 7 All models are sold at a discount.

All prices in euros.			
Model	List price	Our price	Competing product
Adagio	11,541	9,999	10,500
Brilo	13,349	12,999	12,896
Capricioso	15,742	14,999	13,987
Delicioso	16,908	15,999	14,442

23.2 Complete the sentences with the appropriate form of words from B opposite.

- 1 A price increase by Mills may indicate the start of price increases by other producers.
- 2 Britain's house price boom has gone beyond London, with properties in Kent now worth 25 per cent more than a year ago.
- 3 Consumers will get price cuts of eight per cent off phone bills from May.
- 4 When President Perez ended price controls, electricity, phone and transport costs went up.
- 5 Petron is a price leader; it's usually the first to offer lower prices.
- 6 The project had many design problems, pushing up the price cost for each helicopter from \$11 million to \$26 million.
- 7 There is a price gap between Easyjet and KLM on the London to Amsterdam route.

23.3 Correct the mistakes in italics, using expressions from C and D opposite.



I'm Denise van Beek, from sailing boat company Nordsee Marine. We have something for everyone. If you've never sailed before, try our (1) *mid-range* model, the Classic. It's six metres long and very easy to sail. After a year or two, many customers (2) *trade down* or (3) *take upmarket* to something more (4) *basic*, like the (5) *entry-level* nine-metre Turbosail, with more equipment and a bit more luxury. Our (6) *bottom end* product is the Fantasy. It's 15 metres long and has everything you need for comfort on long voyages. We also produce the Retro, a traditional boat. There's a small but profitable (7) *mass market* for this type of boat.

### Over to you

What is the range of products or services offered by your company or one you admire?  
How are they priced?

Are there price wars or government price controls in your country?

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