

## Marketing Tips

### Price (Part 3 of 3)

In our final segment on marketing price strategy we will discuss how to set your price.

Before we get started, let's review the marketing price strategy: pricing your product or service to achieve maximum profit. If your price is too high, you may not be able to achieve enough market share (percentage of the total sales of a certain product or brand) and may lose important sales and profits. If your price is too low you may not have enough profit to sustain your operations.

In the last segment, we discussed the perception of value that a price creates, how to target your pricing for specific markets and understanding the price strategies of your competition. Here are a few more things to consider when setting your marketing price strategy:

**Try to determine your competition's reaction.** If your price generates high enough sales volume and increased market share, you will want to expect your competition's reaction. Low prices could trigger a price war; high prices, more competition.



**Compare and test the price against your financial goals.** Can you meet an acceptable level of return on your investment or will the payback period be too long? It is best to test your price against your financial needs and goals as early as possible.

The price must also be evaluated based on a number of factors: comparable products or services, distribution channel, and manufacturing, business and advertising expenses. **Develop a profit plan.** Create a spreadsheet that looks at the cost of business, marketing and distribution at the anticipated sales levels. A lack of profit will require establishing a new price or finding ways to reduce costs or add value.

Finally, **set your final price.** If you plan to use a high price, you may want to be ready to anticipate lowering prices so that market share does not drop significantly. Generally speaking, the more mature your industry, the more aggressive you may need to be in your pricing strategy.

For further information on this topic or if you have any questions or comments, contact AMEP at [info@alaskamep.org](mailto:info@alaskamep.org).



## We Want to Hear From You

AMBIT staff regularly gathers feedback from clients to improve services. We would love to hear from you about what types of impacts our services are having on your business and your community. Please call us at (907) 279.2637 with any comments or questions you have about the AMBIT program.

Alaska Manufacturing Business Industry and  
Technology Program (AMBIT)  
(907) 279-2637 [www.ambit.cc](http://www.ambit.cc)

## Term of the Week

### Keywords

Keywords are terms that search engines use to help find relevant content on the Internet. When a user enters words in a search engine, the search engine tries to locate web sites that contain those terms. By carefully considering what terms users would use to find your products and services, you can make the most of these keywords and increase your site's visibility.



## Position Available

### eCommerce Coordinator

The Alaska Manufacturing Extension Partnership is seeking a full-time, grant-funded, limited-term eCommerce project coordinator. Responsible for implementing the Alaska Business Industry & Technology (AMBIT) program's rural outreach, web marketing and financial training project.

For a full job description or to apply send a cover letter, resume and references to:

### Alaska Manufacturing Extension Partnership, Inc.

701 Sesame Street Suite 200,  
Anchorage, AK 99503

907 279-2637  
[www.alaskamep.org](http://www.alaskamep.org)

A full job description and downloadable employment application are also available at [www.alaskamep.org/careers.html](http://www.alaskamep.org/careers.html).



■ *AMBIT is an affiliate of the Alaska Manufacturing Extension Partnership, Inc. (AMEP). AMEP is one of 59 centers located in all 50 states and Puerto Rico. Each center was created by the U.S. Department of Commerce, National Institute of Standards and Technology Manufacturing Extension Partnership (NIST MEP) to help stem the loss of American manufacturing jobs. Founded in 1901, NIST is a non-regulatory federal agency within the U.S. Department of Commerce.*

*A public and private partnership funded by the National Institute of Standards and Technology and the Alaska Department of Commerce, Community and Economic Development, the Alaska Manufacturing Extension Partnership, Inc. is committed to developing the state's economy through the provision of technical, business and economic training and assistance to Alaska's small manufacturers and to rural Alaskans producing, marketing and distributing Native art and other home-based manufactured products.*

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