

Puzzle: Understanding Pricing of Services & Its Methods

Question:

Below are different **pricing methods for services**. Match each pricing method with its correct description.

Pricing Methods for Services:

1. **Cost-Based Pricing**
 2. **Value-Based Pricing**
 3. **Competition-Based Pricing**
 4. **Penetration Pricing**
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Descriptions:

- A. Pricing is set based on the perceived value of the service to the customer, often considering how much customers are willing to pay rather than the cost of providing the service.
- B. The service is priced lower than competitors to attract customers quickly, with the intention of increasing prices later as the service gains market share.
- C. The price is set based on the costs incurred to deliver the service, typically adding a markup to ensure a profit.
- D. The service is priced in relation to the prices of competitors' services, either lower, the same, or higher, depending on the desired market position.
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Answer:

1. **Cost-Based Pricing** → C. The price is set based on the costs incurred to deliver the service, typically adding a markup to ensure a profit.

2. **Value-Based Pricing** → A. Pricing is set based on the perceived value of the service to the customer, often considering how much customers are willing to pay rather than the cost of providing the service.
3. **Competition-Based Pricing** → D. The service is priced in relation to the prices of competitors' services, either lower, the same, or higher, depending on the desired market position.
4. **Penetration Pricing** → B. The service is priced lower than competitors to attract customers quickly, with the intention of increasing prices later as the service gains market share.