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ENGLISH FOR THE FINANCIAL SECTOR

Course for first year master students in Finance and Accounting

The academic year 2023/2024

INTRODUCTION

English for the financial sector is reading, speaking, and writing courses for undergraduate students in finance and accounting who need to understand and express the key concepts of finance and accounting and even other related areas of business and economics.

These courses aim to:

* present you with the language and concepts found in books, newspapers, magazine articles, and websites on finance and accounting.

* develop your comprehension of finance and accounting texts.

* provide you with opportunities to express finance and accounting concepts by reformulating them in your own words while summarizing and discussing ideas.

UNIT 15 Pricing

A- Manufacturers' pricing strategies

These are a student's notes from a lecture about pricing.

* Companies' prices are influenced by production and distribution costs, both direct and indirect.
* Markup or cost-plus pricing: some firms just calculate the unit cost and add a percentage.
* Most Companies consider other factors, like demand, competitors' prices, sales targets and profit targets.

* Market penetration pricing: some companies launch products at a price that only gives them a very small profit, because they want a big market share. This allows them to make profits later because of economies of scale, e.g, Bic pens, lighters and razors; Dell PCs.

* Market skimming: some customers will pay almost any price, e.g. for a new hi-tech product, so the company can charge a really high price, then lower it to reach other market segments, e.g. Intel with new microchips.

* If a company has a higher demand for its products than it's able to supply, it can raise its prices. This is often done by monopolists.

* Prestige pricing or image pricing: products positioned at the luxury end of a market need to have a high price: the target customers probably won't buy them if they think the price is too low, e.g. BMW, Rolex.

* Going-rate pricing: if a product is almost identical to competitors' products, companies might charge the same price.

B- Retail pricing strategies

* Loss-leader pricing: retailers (e.g. supermarkets) often offer some items at a very low price that isn't profitable, to attract customers who then buy more products which are profitable.
* Odd pricing or odd-even pricing: many producers and retailers believe a customer sees a price of€ 29.95 as in the €20 price range rather than the €30 one.

* Elasticity: demand is elastic if sales respond directly to price variations — e.g. if the price is cut, sales increase. If sales remain the same after a change in price, demand is inelastic.

C- Exercise

Search the web for meanings of the following terms:

1- Unit cost
2- Sales target/ profit target
3- Launch
4- Market share
5- Economies of sale
6- Market segments
7- Monopolists
8- Target customers