Specification of Competency Standards
for the Logistics Industry
Unit of Competency

Functional Area - Sales, Marketing and Customer Services

Title	Formulate pricing strategy
Code	LOCUSM504B
Range	This unit of competency is applicable to all sea freight, air freight and express operators. Practitioners should be capable to formulate pricing strategy according to their market positioning, the supply and demand situation for the services of the logistics industry and competitors' pricing strategies, etc.
Level	5
Credit	9 （For Reference Only）
Competency	Performance Requirements 1. Possess the knowledge of formulating pricing strategy • Understand the supply and demand situation for the services of the logistics industry and company's market positioning • Understand price components, the classification and calculation of freight charges for goods, and master the relationship between price and cost • Understand the charges of various operation modes including sea, land and air modes, and their operating costs in calculating intermodal price • Understand the industry's principles or regulations on pricing • Understand market structure and the impact of its development changes on price • Understand the revenue-sharing arrangement in different countries, regions or industries • Understand related countries' principles and regulations on price management • Understand the financial issues among the transaction including interest rates for credit facility, manpower, administrative cost…. • Understand the cost/revenue allocation and balance for global customers with different trades, products and profitability involved • Understand the pricing competition and profitability of individual trade, product and customer as input for company's decision making • Master different pricing strategies, such as: cost pricing, flexible pricing and discount pricing strategies • Master the key environmental factors that affect the pricing of company's services, such as socio-economic situation, currency changes, consumer needs, market structure and competitors' behaviour • Master the impact of psychological factors on pricing strategy formulation 2. Formulate pricing strategy • Select pricing target in accordance with the supply and demand market situation for the services of the logistics industry, company's market positioning and other factors • In consideration of different factors, set targets for company's profit and cost and select the pricing method according to company goal • Calculate charges for each item accurately by different modes of transport • Analyse competitors' pricing and services provided • Estimate market reaction and competitors' reaction to price changes • Assess the impact of psychological factors on pricing strategy formulation • Set rules for providing discounts on price • Discuss in details with relevant departments to select the ultimate pricing strategy • Review the pricing strategy to see if it can achieve company goal and make modifications accordingly

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	• Compile reports or guidelines for sales and customer service departments to illustrate company's pricing strategy
Assessment Criteria	The integrated outcome requirements of this unit of competency are: • Capable to fully estimate the market reaction and competitors' reaction and formulate appropriate and competitive pricing strategy for the greatest benefits of the company in accordance with company's pricing target and in consideration of market factors; and • Capable to compile reports or guidelines to illustrate company's pricing strategy
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