



Marketing Virtual Learning

HS/Marketing - Pricing

Wednesday, April 29, 2020



Lesson Topic – Pricing Strategies

Lesson Objectives:

1. Select pricing strategies
2. Explain pricing practices used in marketing communications

Lesson Instructions:

1. Take notes over the pricing strategies outlined in the slide show.
2. Create a study tool to help you learn and retain the different strategies and when they are best used.

Pricing Strategy	Definition	Example
Penetration Pricing	<ul style="list-style-type: none"> • Sets a low price to increase sales and market share. • Once market share has been captured the firm may well then increase their price. 	<p>A television satellite company sets a low price to get subscribers then increases the price as their customer base increases.</p>
Skimming Pricing	<ul style="list-style-type: none"> • Sets an initial high price and then slowly lowers the price to make the product available to a wider market. • The objective is to skim profits of the market layer by layer. 	<p>A games console company reduces the price of their console over 5 years, charging a premium at launch and lowest price near the end of its life cycle.</p>
Product Line Pricing	<ul style="list-style-type: none"> • Pricing different products within the same product range at different price points. 	<p>An example would be a TV's. Different sizes with different features have different prices</p>
Bundle Pricing	<ul style="list-style-type: none"> • The organization bundles a group of products at a reduced price. 	<ul style="list-style-type: none"> • Common methods are buy one and get one free promotions or BOGOs as they are now known. • Also companies like COMCAST bundle cable, Internet and phone together

Psychological Pricing

Odd/even pricing

Discount pricing

Promotional pricing

Prestige pricing

Multi-unit pricing



Psychological Pricing

Odd/even pricing: use odd pricing (i.e. \$19.99 to suggest bargains).

The psychological principle is based on odd numbers conveying a bargain image, while even numbers (\$10, \$50, \$100) conveying a quality image.



Psychological Pricing



Discount pricing: reductions from the usual price based on the buyer's performance of certain functions.

- **Paying cash** (Encourage consumers to pay their bills quickly or to not encourage use of credit cards)
- **Buying in large quantities.**
 - Sellers benefit from large orders through the lower selling costs involved in one transaction as opposed to several small transactions.
 - Quantity discounts also offer buyers an incentive to purchase more merchandise than they originally intended to purchase.
- **Seasonal discounts** (willing to buy at a time outside the customary buying season)

Psychological Pricing Continued

Promotional pricing: Used in conjunction with sales promotions when prices are lower than average.

Examples:

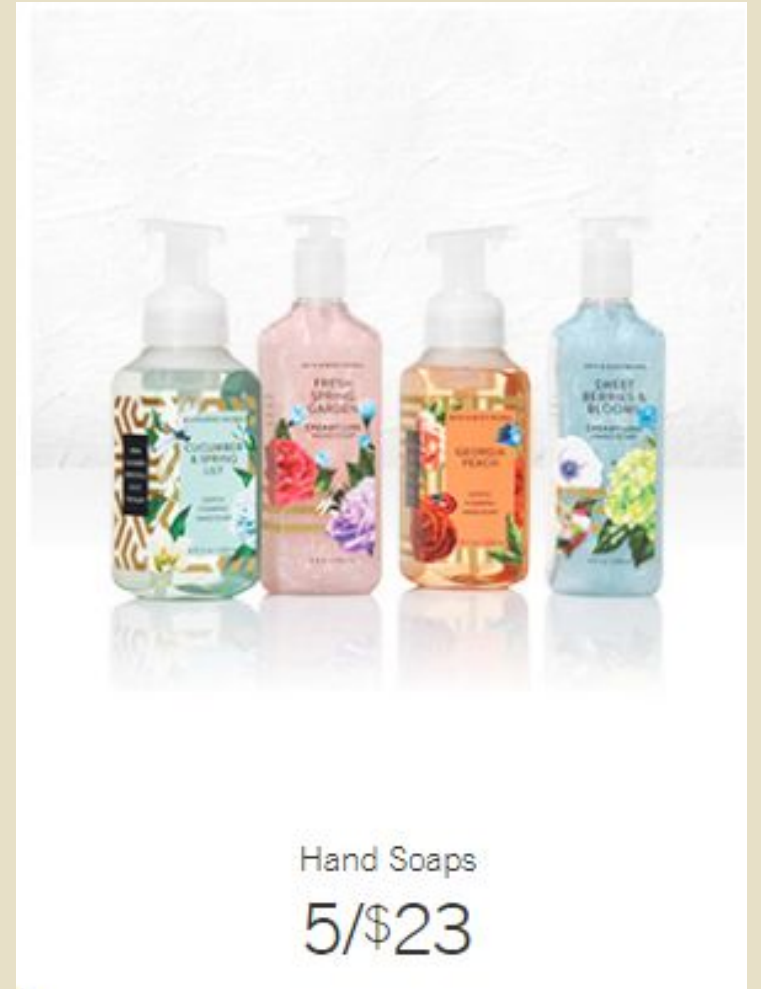
- Back to school sales
- Presidents' Day sales
- Clearance sales
- Grand Opening sales
- Other promotional techniques may involve rebates, coupons, and special discounts.



Psychological Pricing Continued

Prestige pricing: set higher than average prices to suggest exclusiveness, status, and prestige. Many consumers assume that higher prices mean higher quality and are willing to pay more for certain goods and services.

Multi-unit pricing: Suggest a bargain and helps to increase sales. Some businesses have found that pricing items in multiples, such as 3 for \$.99 is better than selling the same items at \$.33 each.



Lesson Activity

1. Watch the video found here:
<https://youtu.be/vpRFgi2HqQ0>
2. Create a study activity for the pricing strategies outline in this lesson and on the video.
 - You can create an infographic in canva, Kahoot, quizlet, or any other type of tool that could be used to study and learn the different strategies.
 - Share the link or email to your teacher.