

Pricing policy and strategies (MARKETING MANAGEMENT)

You don't sell through price.
You sell the price.

Meaning and Role of Pricing

- Pricing is one of the most important elements of the marketing mix
- Price is the marketing variable that can be changed most quickly
- The price of a product may be seen as a financial expression of the value of that product
- The concept of value can therefore be expressed as:

$$\text{(Perceived) VALUE} = \text{(perceived) BENEFITS} - \text{(perceived) COSTS}$$

List Price - For What customer pays?

- Includes:
 - Physical good/service
 - Assurance of quality
 - Repair facilities
 - Packaging
 - Credit Warranty
 - Delivery

Pricing objectives

1. Profit Oriented objectives
 - a. Maximising profit.
 - b. Achieving a target return.
2. Sales Oriented objectives
 - a. Increasing sales volume
 - b. Increasing or maintaining market share
3. Status Quo Oriented objectives
 - a. Stabilizing the prices
 - b. Meeting the competition
 - c. Consumers' paying capacity

Factor affecting pricing

- Fixed and variable costs.
- Competition
- Company objectives
- Proposed positioning strategies.
- Target group and willingness to pay

Pricing policy

The policy of a company or business that guides the price setting of its goods and services that are offered for sale.

Pricing Strategy

- Pricing strategy refers to method companies use to price their products or services.
- The price of the products and services are set on the basis their expenses
- They add on a certain percentage so they can make a profit.
- There are several different pricing strategies to fulfil their objectives

Types of pricing strategy

1. Penetration Pricing
2. Skimming Pricing
3. Competition Pricing
4. Economy Pricing
5. Bundle Pricing (Combo)
6. Psychological Pricing
7. Premium Pricing
8. One price policy
9. Discounting Pricing
10. Discriminatory Pricing
11. Promotional Pricing
12. Product line Pricing

1. PENETRATION PRICING

"Mummy, I'm hungry..."

*Karan gets pasta,
Jaspreet gets pranthaas,
Heena gets breads,
SAIRAA gets rice,*

And all finish my maggi...



Maggi 2 - minute noodles come in four delicious flavours- Chicken, Capsika, Masala and Sweet Sour.

Try a different one each time.

Maggi-times are fun times...always..!!

FAST TO COOK ! GOOD TO EAT !



Penetration pricing is a pricing strategy where the price of a product is initially set low to rapidly reach a wide fraction of the market and initiate word of mouth. The strategy works on the expectation that customers will switch to the new brand because of the lower price.

2. SKIMMING PRICING

Samsung
GALAXY S4

Your Life Companion

THE NEW GALAXY HAS ARRIVED!

Color: In Stock

Rs. 41500

BUY NOW ▶

Know your life companion »



Be the first one to own
Samsung Galaxy S4!

Shipping from 27th Apr'13.

Get a Special Galaxy S4

Accessory Bundle **Free***



*Offer valid only for first 400 successful orders.

*Offer is applicable on first come basis



Price skimming is a pricing strategy in which a marketer sets a relatively high initial price for a product or service at first, then lowers the price over time. It is a temporal version of price discrimination/yield management. It allows the firm to recover its sunk costs quickly before competition steps in and lowers the market price.

3. COMPETITION PRICING

Toyota Prius vs Ford C-Max

Toyota Prius Five

\$30k | 1.8L Hybrid | 51 city 48 hwy



Ford C-Max SEL

\$28k | 2 kWh Hybrid | 47 city 47 hwy



VS

"The blending of regenerative braking with the all-disc friction brakes is excellent, and Toyota's had longer experience than any other maker in refining it."

→ [ixx The Car Connection \(Mar. 2013\)](#)

"We haven't yet had much chance to test the real-world fuel efficiency of the C-Max Hybrid, but that 47 mpg combined is just 3 mpg lower than the smaller Prius Liftback, and 5 mpg higher than the Prius V wagon."

Competitive pricing is the process of selecting strategic price points to best take advantage of a product or service based market relative to competition. This pricing method is used more often by businesses selling similar products, since services can vary from business to business, while the attributes of a product remain similar. This type of pricing strategy is generally used once a price for a product or service has reached a level of equilibrium, which occurs when a product has been on the market for a long time and there are many substitutes for the product.

4. ECONOMY PRICING



A valuation technique which assigns a low **price** to selected products. **Economy pricing** is widely used in the retail food business for groceries such as canned and frozen goods sold under generic food brands where marketing and production costs have been kept to a minimum.

5. BUNDLE PRICING

McDonald's
i'm lovin' it

6PC SPICY NUGGETS
EXTRA VALUE MEAL™

NOW AT JUST
\$4.50
All-day
BETTER VALUE =)

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mcdelivery.com.sg, call 6777 3777
or download our iPhone app

The 6pc Spicy Nuggets Extra Value Meal™ \$4.50 Promotion is not applicable for McDelivery™ orders, institutional orders and IFly Singapore.

McCHICKEN™ 
Enjoy these favourites at \$4.50 too!

DOUBLE CHEESEBURGER 

© 2012 McDonald's

In a bundle pricing, companies sell a package or set of goods or services for a lower price than they would charge if the customer bought all of them separately. Common **examples** include option packages on new cars, value meals at restaurants and cable TV channel plans.

6. PSYCHOLOGICAL PRICING



Micromax Canvas Nitro A311 (Blue)

and 1 more variant
★★★★★ (387 ratings) ▶

in Mobile

Rs. 9,999

- 16 GB ROM
- Android v4.4.2 OS
- Dual Sim (GSM + WCDMA)
- 13 MP Primary Camera



Micromax Canvas Nitro A311 (White)

and 1 more variant
★★★★★ (387 ratings) ▶

in Mobile

Rs. 9,999

- 13 MP Primary Camera
- 16 GB ROM
- Android v4.4.2 OS
- Dual Sim (GSM + WCDMA)



3 OFFERS

Moto E (1st Gen) (White)

and 1 more variant
★★★★★ (53968 ratings) ▶

in Mobile

~~Rs. 6,000~~ 14% OFF

Rs. 5,999

- Dual Sim (GSM + GSM)
- 1 GB RAM
- 4.3-inch Touchscreen
- Android v4.4 OS



3 OFFERS

Moto E (1st Gen) (Black)

and 1 more variant
★★★★★ (53968 ratings) ▶

in Mobile

~~Rs. 6,000~~ 14% OFF

Rs. 5,999

- Dual Sim (GSM + GSM)
- Android v4.4 OS
- 1 GB RAM
- 4.3-inch Touchscreen



1 OFFER

Lenovo Vibe X2 4G (Gold, with 32 GB)

★★★★★ (1218 ratings) ▶

in Mobile

Rs. 17,999



4 OFFERS

Huawei Honor Holly (Black/White)

★★★★★ (7823 ratings) ▶

in Mobile

Rs. 6,999



1 OFFER

Micromax Unite 2 A106 with 8 GB ROM (Grey, with 8 GB ROM)

and 2 more variants
★★★★★ (1085 ratings) ▶

in Mobile



Micromax Canvas A1 (Black)

★★★★★ (422 ratings) ▶

in Mobile

Rs. 6,242

Psychological pricing (also price ending, charm pricing) is a pricing and marketing strategy based on the theory that certain prices have a psychological impact. Retail prices are often expressed as "odd prices": a little less than a round number

7. PREMIUM PRICING

PORSCHE *Carrera GT*

Duta Akbar Velayati - 3d Max 2010



Practice in which a product, such as high-end perfumes, jewelry, clothing, or cars, is sold at a price higher than that of competing brands to give it snob appeal through an aura of 'exclusivity.' Also called image pricing or prestige pricing.

8. ONE PRICE POLICY



A pricing strategy in which the same price is offered to every customer who purchases the product under the same conditions. A one price policy may also mean that prices are set and cannot be negotiated by customers.

9. DISCOUNTING PRICING



1 MALAYSIA MEGA SALE ———
SEIZE THE
BARGAINS
UP TO 70%
————— AT ZALORA.COM.MY



A valuation approach where items are sometimes initially marked up artificially but are then offered for sale at what seems to be a reduced cost to the consumer. For example, a retail store business might offer discount pricing on all of its apparel items for a limited time period in order to attract new customers and boost sales.

10. DISCRIMINATORY PRICING

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WINTER SALE

UP TO 40% OFF
REGULAR PRICES ON SELECTED MERCHANDISE.

→ *Right Now!* ←

10% OFF THAT DAY'S PURCHASES WHEN YOU OPEN A BARNEYS NEW YORK CREDIT CARD.
EXISTING CARD MEMBERS EARN POINTS TOWARDS FREE STUFF.™

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N E W Y O R K

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Barneys.com

Price discrimination is a **pricing** strategy that charges customers different **prices** for identical goods or services according to certain criteria. In pure **price discrimination**, the seller/provider will charge each customer the maximum price they are willing to pay.

11. PROMOTIONAL PRICING

3-DAY PROMOTION
25th - 27th November

esmartmobile.com.sg
facebook.com/EsmaMobile

50% OFF SELECTED MOBILE ACCESSORIES*

\$50 OFF
SAMSUNG & SELECTED
APPLE DEVICES**

* While stocks last.
** Selected Apple devices only.

Brainwaves The Bookshop

eMart

MDIS
Ministry of Education
Singapore

Price promotions or promotional pricing is the sales promotion technique which involves reducing the **price** of a product or services in short term to attract more customers & increase the sales volume.

12. PRODUCT LINE PRICING



Full transparent 4" display
17% thinner
10 MP camera with 1080p video recording
Even better performance with the new A7 processor

Pre-order online starting November 17

32GB

64GB

128GB

\$299

\$399

\$499

Pricing is one of the most important elements of the marketing mix and has the greatest effect on whether the strategy is successful. Product line pricing is a pricing strategy used to sell different products in the same range at different price points based on features or benefits.

Setting Pricing Policy

1. Selecting the pricing objective
2. Determining demand
3. Estimating costs
4. Analyzing competitors' costs, prices, and offers
5. Selecting a pricing method
6. Selecting final price

CONCLUDING REMARKS



THANK YOU
for your attention!