



PRICING POLICY

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Agenda:

- *About pricing policy*
- *Odd-even pricing*
- *Price skimming*
- *Loss-leader pricing*
- *Cost-based pricing*
- *Value-based pricing*
- *Demand-based pricing*
- *Competition-based pricing*

Pricing policy is one of the major determinants of a company's financial success



Prices can be determined in different ways

For example,

- *pure price competition (prices of meat, cotton and other agricultural prices)*
- *by large companies (prices on industrial products (iron, steel, etc.))*
- *by the government (for different public services-railroads, electricity, manufactured gas, bus services, etc.)*

Odd-even pricing

Psychological pricing method based on the belief that certain prices or price ranges are more appealing to buyers.

▶ TV & DVD	▶ Computing & GPS	▶ Photography
		
LG 32" HD ready 1080P digital LCD TV	Acer dual core laptop with 250Gb hard drive	Kodak exclusive 10 million pixel digital camera
£399.00 save over £100 was £499.99	£379.00 save over £120 was £499.99	£89.99 save £90 was £179.99

For example, \$49.95 instead of \$50.00.

Price Skimming

A product pricing strategy by which a firm charges the highest initial price that customers will pay.



sold at \$599.
reduced to \$299.

Loss-leader pricing

A product priced below cost, or at a loss, in order to attract new customers is called a loss leader.





“If you're a retailer, you'll be very aware that sometimes consumers need a little bit of extra encouragement to come through your door”

COST-BASED PRICING

The traditional pricing policy can be summarized by the formula:

Cost + Fixed profit percentage = Selling price.



VALUE-BASED PRICING

Value pricers adhere to the thinking that the optimal selling price is a reflection of a product or service's perceived value by customers, not just the company's costs to produce or provide a product or service



DEMAND-BASED PRICING

Managers concentrates on the behavior and characteristics of customers and the quality and characteristics of their products or services.



COMPETITION-BASED PRICING

With a competition-based pricing policy, a company sets its prices by determining what other companies competing in the market charge



*Thank you for your
attention!*

