

## **Chapter 26 Pricing Strategies**

### **Section 26.2 Pricing Process Strategies**

#### **Section Outline with Content and Academic Vocabulary**

##### **Section Outline**

Adjusting the Base Price

Product Mix Strategies

Price Lining

Optional Product

Captive Product

By-Product

Bundle Pricing

Geographical Pricing

International Pricing

Segmented Pricing Strategies

Buyer Identification

Product Design

Purchase Location

Time of Purchase

Psychological Pricing Strategies

Odd-Even Pricing

Prestige Pricing

Multiple-Unit Pricing

Everyday Low Price

Promotional Pricing

Loss Leader Pricing

Special-Event

Rebates and Coupons

Discounts and Allowances

Cash Discounts

Quantity Discounts

Trade Discounts

Seasonal Discounts

Allowances

The Pricing Process and Related Technology

Determining Prices

Step 1: Establish Pricing Objectives

Step 2: Determine Costs

## Chapter 26 Pricing Strategies

### Section 26.2 Pricing Process Strategies

#### Section Outline with Content and Academic Vocabulary *continued*

Step 3: Estimate Demand

Step 4: Study Competition

Step 5: Decide on a Pricing Strategy

Step 6: Set Prices

Pricing Technology

Smart Pricing

Communicating Prices to Customers

RFID Technology

### Content Vocabulary

**product mix pricing strategies** Adjusting prices to maximize the profitability for a group of products rather than for just one item. (p. 613)

**price lining** A pricing technique that sets a limited number of prices for specific groups or lines of merchandise. (p. 613)

**bundle pricing** Pricing method in which a company offers several complementary, or corresponding, products in a package that is sold at a single price. (p. 613)

**geographical pricing** Low prices set on a consistent basis with no intention of raising them or offering discounts in the future. (p. 616)

**segmented pricing strategy** A strategy that uses two or more different prices for a product, though there is no difference in the item's cost. (p. 614)

**psychological pricing** Pricing techniques that create an illusion for customers. (p. 615)

**prestige pricing** Higher-than-average prices to suggest status and high quality to the customer. (p. 616)

**everyday low prices (ELP)** Low prices set on a consistent basis with no intention of raising them or offering discounts in the future. (p. 616)

**promotional pricing** Used in conjunction with sales promotions when prices are reduced for a short period of time. (p. 616)

### Academic Vocabulary

**ultimate** Furthest or highest in degree or order; utmost or extreme. (p. 618)

**vehicle** A medium for the expression or achievement of something. (p. 618)