The Art of Pricing

- Differential pricing = same products to different customers at different pricing
  - Customer characteristics
  - Hurdles
  - Quantity
  - Distribution
  - Mixed Bundle
  - Negotiation
- Versioning = similar products to different customers at different prices
  - Al la cart
  - More is better
  - Less: service, quantity, quality
  - Add or subtract features
  - Expedited service
  - Avid the wait
  - Uncertainty
- Segment = multi price strategy
  - Interval, smaller increments
  - Bundling
  - Leasing
  - Prepaid
  - Rental
  - 2 part pricing
  - Hurdles: must be there at a certain time
  - Payment plans
  - Payment plans
  - All you can eat
- Finishing touches
  - Marketing
    - Nine and zero: $7.99
    - Payments to promote satisfaction: health clubs
    - Prestige pricing: absolute
    - Anchor pricing: tend to use brand as typical price
    - Quantity suggestive pricing
    - Large vs. small losses: eight easy payments
    - Stuffing the bundle to convey value
    - Everyone loves a bargain
- Hidden Profits
  - Empower sales force
  - Use discounts to up-sell customers
  - More than a number, a series of integrated strategies
  - Price in mind for more customers to benefit
- Culture of pricing
  - Info + small changes = profits
  - Employees can make big differences, giving a coupon
  - Provide guidelines to cut pricing
  - Fix unprofitable promotions
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  - Reward the right customers
- It's all about value
  - Enhanced service
  - Insurance
  - Financing
- Lessens from an auction
  - Value in the eye of beholder
- Value Decoder
  - Price and availability of substitutes
    - What competitors are charging?
  - Characteristics relative to competitors
    - Brand
    - Convenience
    - Quality
    - Attributes
    - Service
    - Style
  - Income
    - How much does your customer make?
  - Price/Strength of demand for related products
    - Other goods affect value
  - Market environment
    - Changes that affect value:
      - fad
      - new information
      - event,
      - timing

Derived from The Art of Pricing: How to Find the Hidden Profits to Grow Your Business by Rafi Mohammed

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