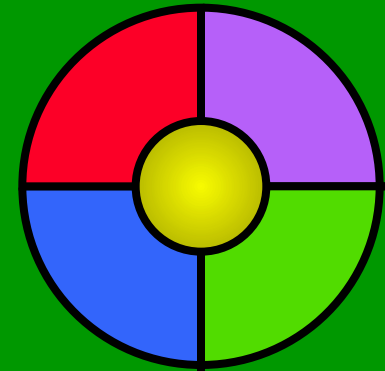


Chapter 17:

Pricing Objectives and Policies



Strategic Planning for Price

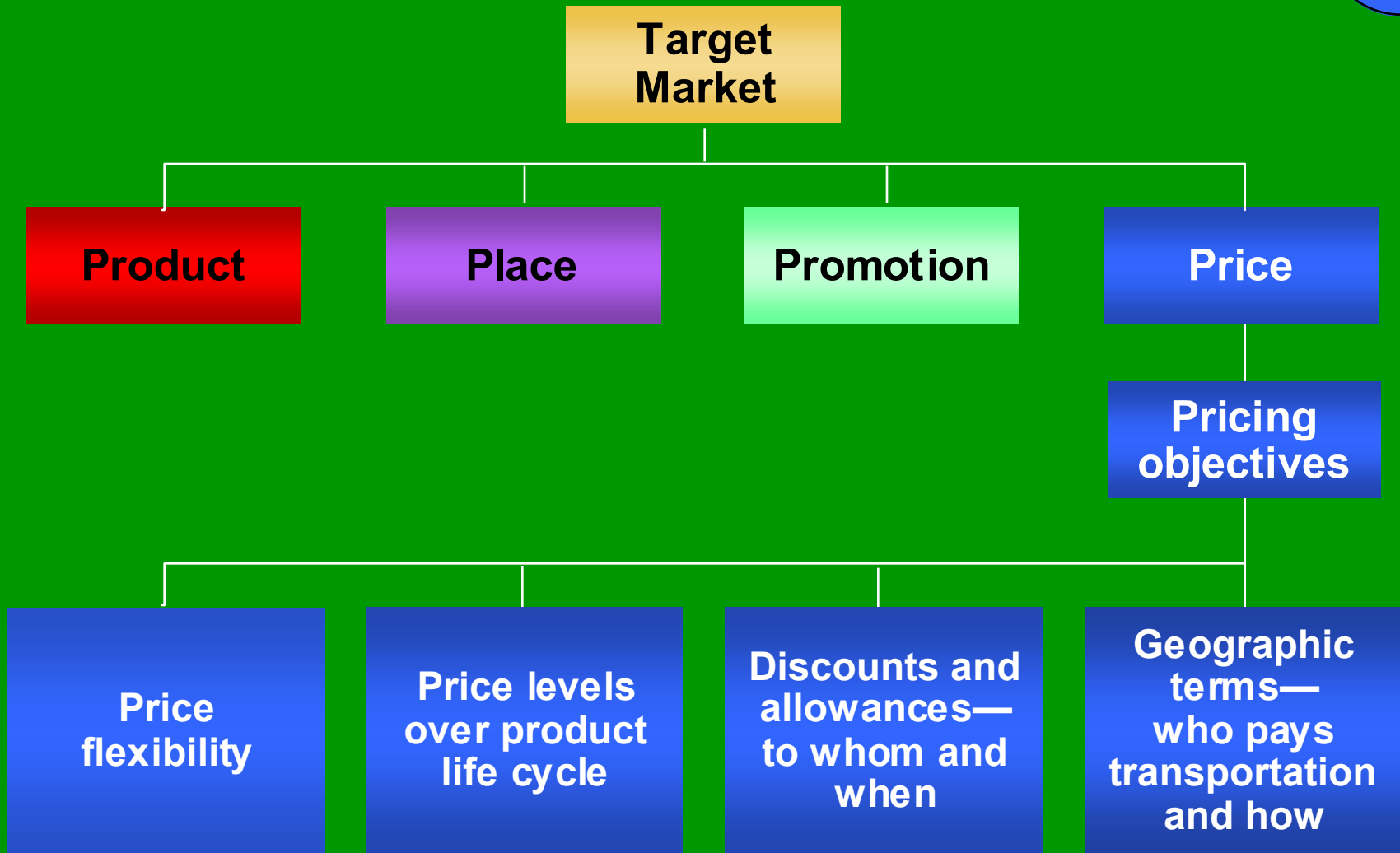


Exhibit 17-1

Pricing Objectives

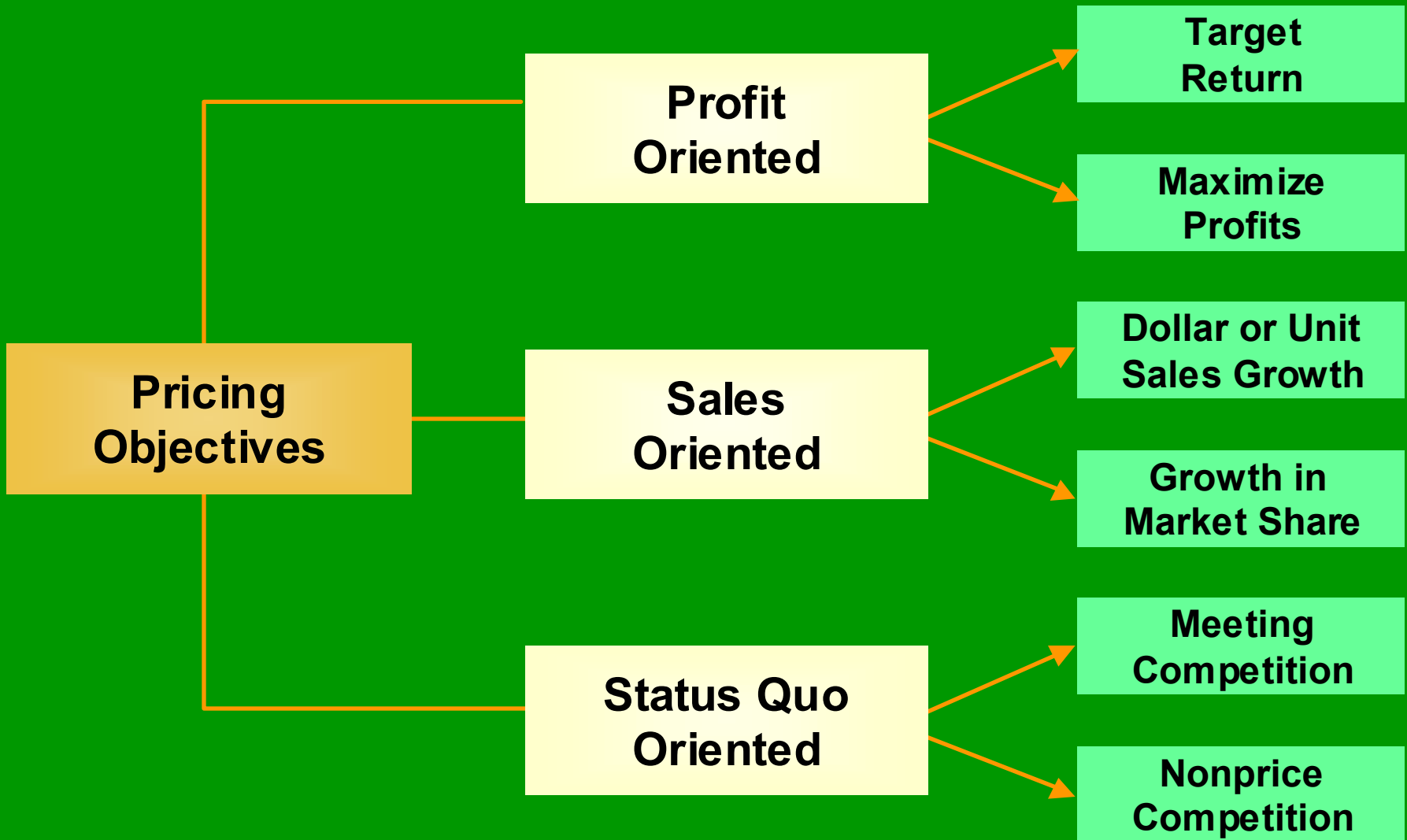


Exhibit 17-4

Price Flexibility Policies

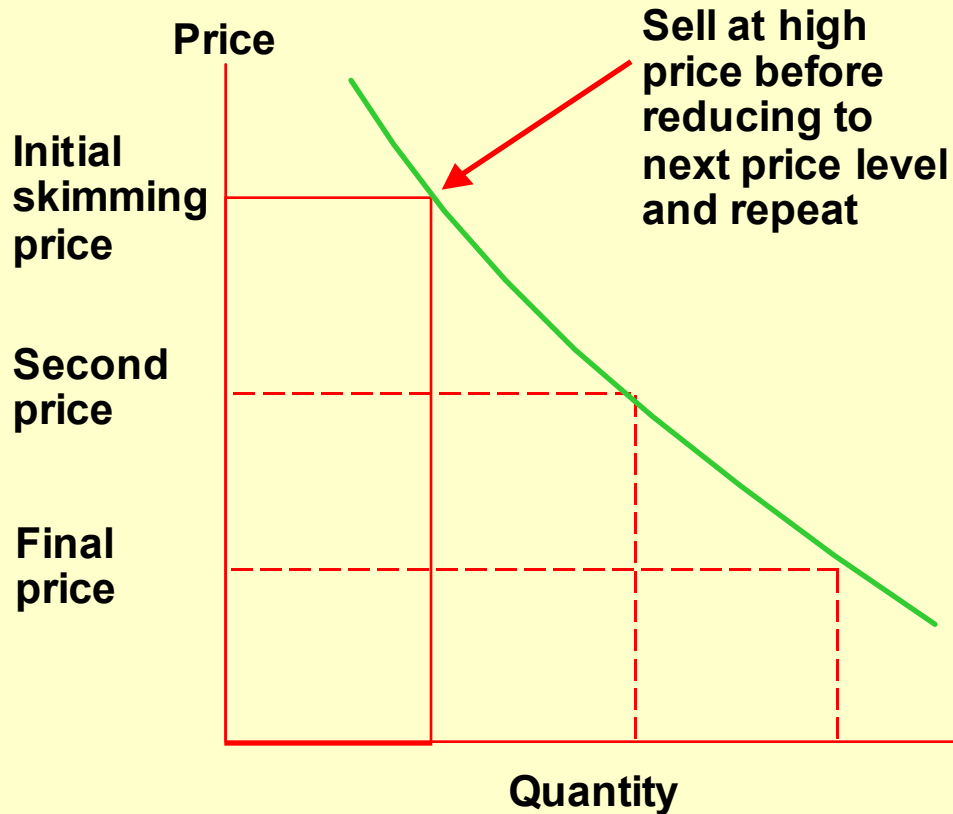


- One-price policy
 - The same price to all customers who purchase products under essentially the same conditions and quantities
 - Exchange rate changes may make this difficult in international markets
- Flexible pricing (e.g., in channels, business markets, expensive consumer shopping products)
 - Issues:
 - Use is increasing because of impact of information technology, customer databases, scanners, etc.
 - Selling costs may be higher if prices are negotiated
 - “Signals” to competitors
 - Customer dissatisfaction may be a problem
 - “Gray channels” and cross-shipping

Price Level Policies



Skimming Pricing



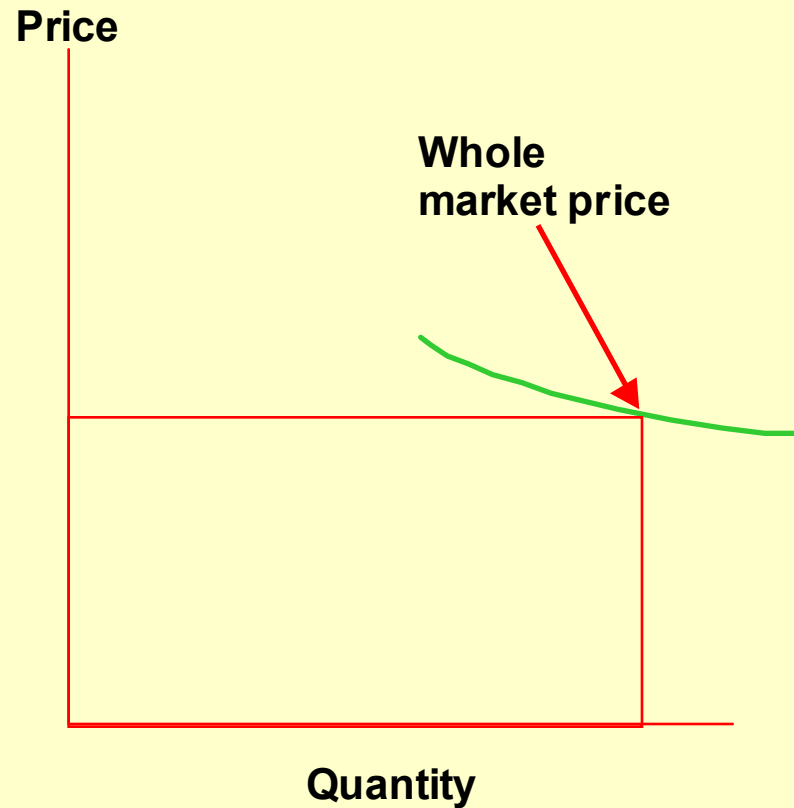
“Skim the cream” pricing involves selling at a high price to those who are willing to pay before aiming at more price-sensitive consumers.

Price Level Policies

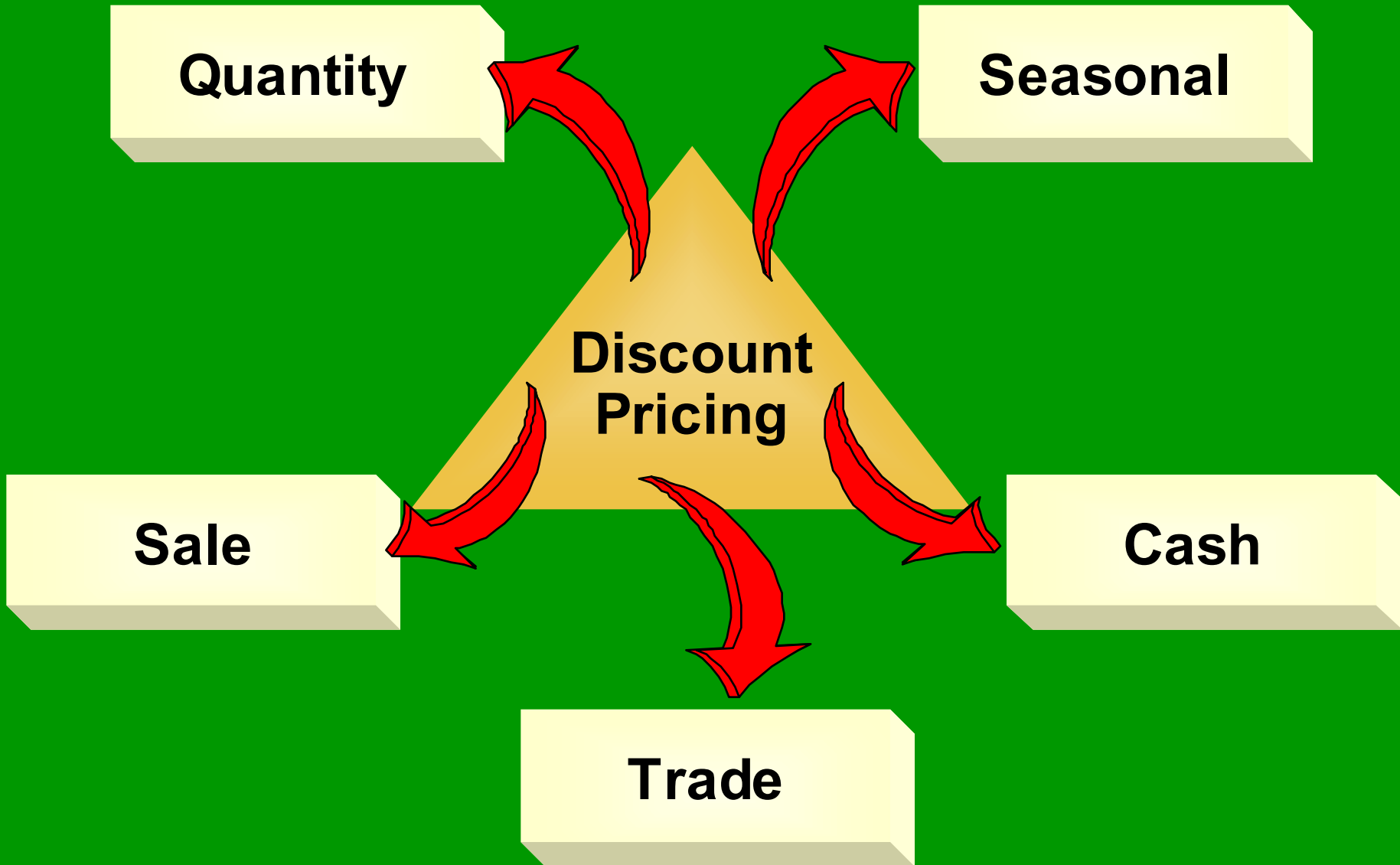


Penetration pricing involves selling the whole market at one low price.

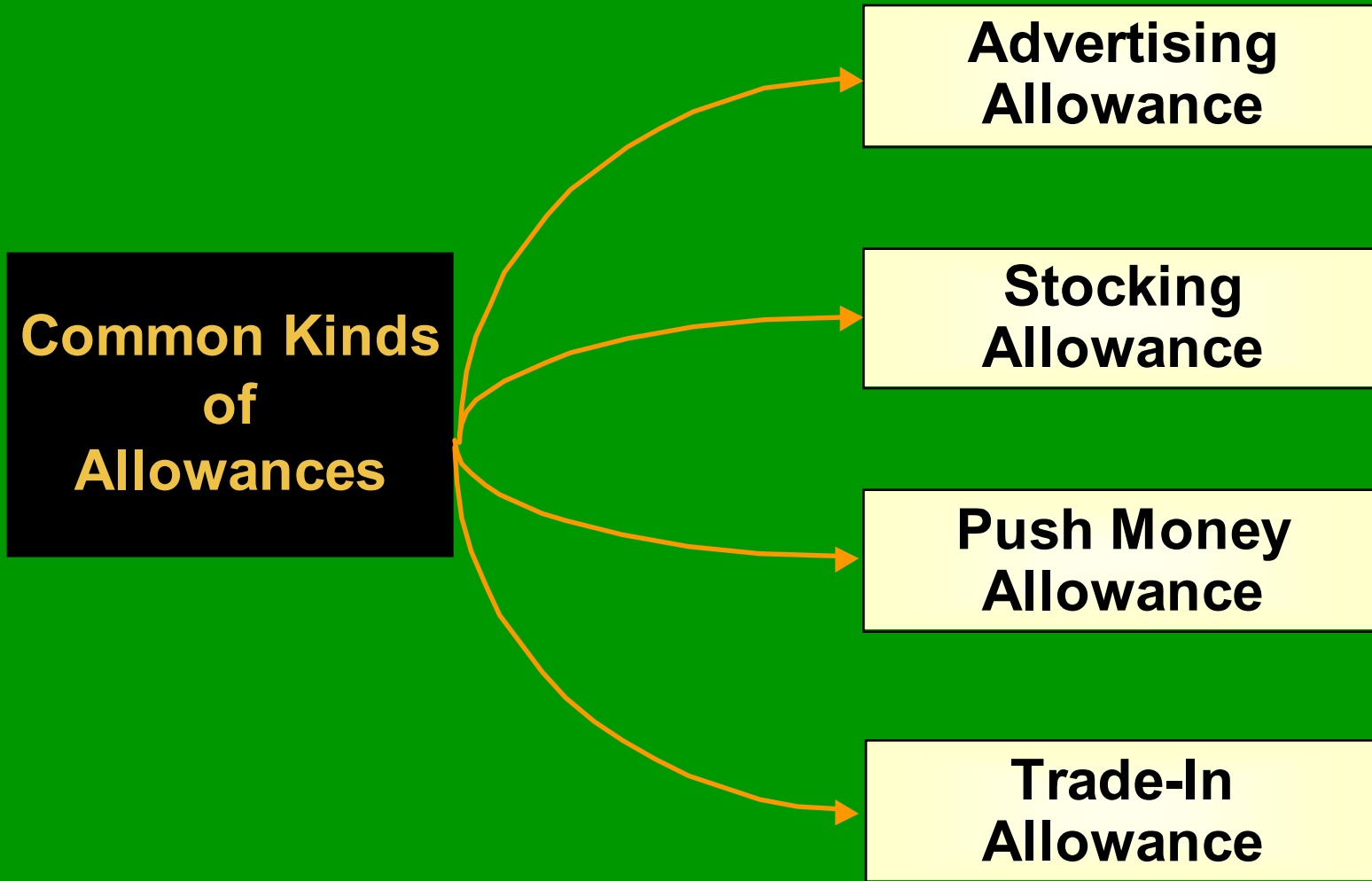
Penetration Pricing



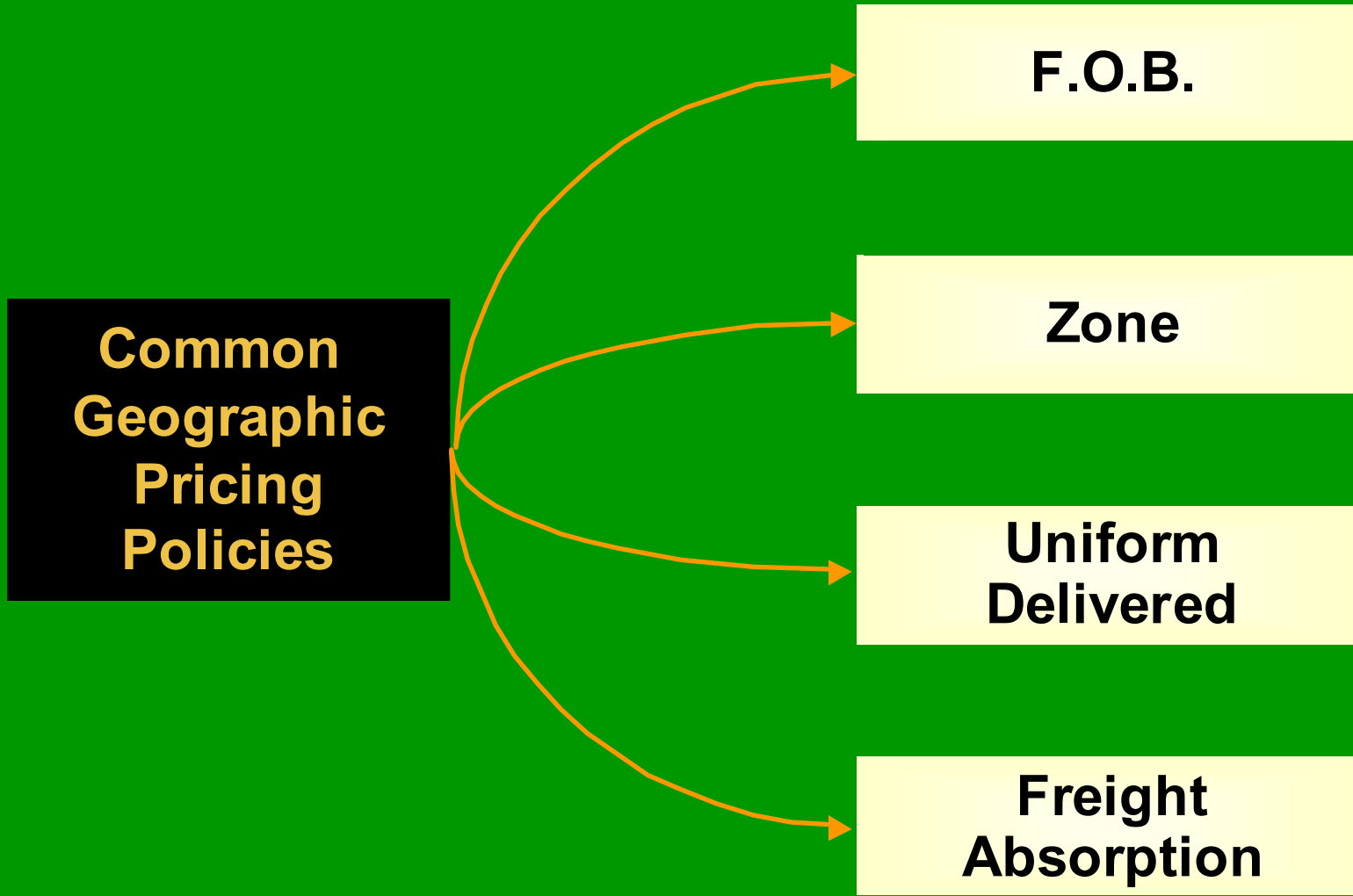
Discount Pricing



Allowances



Geographic Pricing Policies



Value Pricing



Focus on Customer Requirements

Target Market and Competition

Fits with Strategy Planning