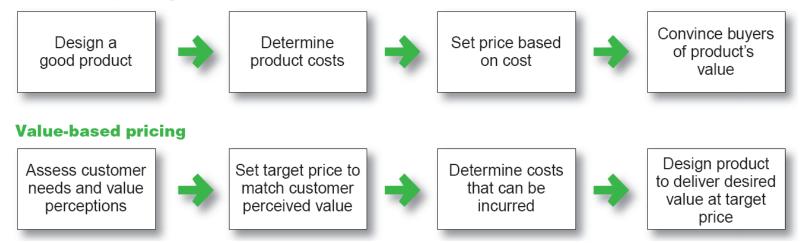# MARKETING MANAGEMENT

Pricing Strategy

- Dr. Priyadarshini Nagori

VALUE BASED PRICING VS. COST BASED PRICING

Cost-based pricing

Design a good product → Determine product costs → Set price based on cost → Convince buyers of product's value

Value-based pricing

Assess customer needs and value perceptions → Set target price to match customer perceived value → Determine costs that can be incurred → Design product to deliver desired value at target price

VALUE BASED PRICING

2 types of value-based pricing:

- ***Good value pricing***

Offering just the right combination of quality and good service at a fair price to match with changing economic conditions and consumer price perception.

- ***Value-added pricing***

Attaching value-added features and services to differentiate a company's offer and charging higher prices to increase company's *pricing power*

TYPES OF GOOD VALUE PRICING AT RETAIL LEVEL

- *Everyday Low Pricing (EDLP) involves charging a constant, everyday low price with few or no temporary price discounts.*

- *High-low pricing involves charging higher prices on an everyday basis but running frequent promotions to lower prices temporarily on selected items.*