
PRODUCT MIX PRICING STRATEGIES

INDEPENDENT NOTE



PRICE LINING

- Sets limited number of prices for specific groups or lines of merchandise.
 - All shirts at \$10, \$20 and \$30
- Prices usually represent low, middle and high range, to account for various quality levels of products.
- Target market is fully aware of price ranges and selling is easier for sales people.

BUNDLE PRICING

- Complimentary products are included with other products as a package, with a single price, rather than a price for each item.
 - Software included with purchase of computer
 - Mascara included in a cosmetics package
 - Socks included with purchase of shoes

GEOGRAPHICAL PRICING

- Price adjustments related to shipping terms.
 - FOB (Free on Board) Origin – shipping charge paid by customer, adjustments not required.
 - FOB (Free on Board) Destination – shipping charge paid by seller, so price adjustment required to account for cost of product sold.

SEGMENTED PRICING

- Uses two or more price points for a product.
- Allows optimization of profits and competition.
- Factors used to price products include:
 - Identifying the buyer
 - Product design
 - Purchase location
 - Time of purchase

PROMOTIONAL PRICING

- Reduction of prices for a specific period of time.
 - Loss leader pricing
 - Special event pricing (wedding, parties)
 - Rebates
 - Coupons
