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E-Content BCH-604 : Retailing Management

Lecture 21

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Retail Pricing

Considerations in setting retail

- Business model
- Target market
- Customer price sensitivity
- Store image and policies
- Competition (monopoly/ oligopoly)
- Economic condition
- Pricing strategies

The pricing strategies

- High/ low pricing
- Everyday low pricing
- Market skimming
- Market penetration
- Leader pricing/ loss leader
- Odd pricing
- Single pricing
- Multiple pricing
- Anchor pricing

Types of variable pricing

- **Individualized variable pricing/ first degree price discrimination** : charging each individual customer a different price based on their willingness to pay.
- **Self selected variable pricing/ 2nd degree price discrimination** : promotional markdowns, clearance markdowns, price bundling etc
- **Variable pricing by market segment/ 3rd degree price discrimination**