Define the Pricing Strategy Assignment

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Look through the following *pricing strategies* from the chapter:

Dynamic, a la carte, odd-even, reference (and third option), extremity aversion, prestige, bundle, multiple-unit, and loss leader

Read the following scenarios and decide which pricing strategies would be most beneficial. Answer the given questions / follow the instructions.

**1. A videographer specializing in weddings currently charges $2,000 to shoot a wedding. She has been shooting weddings for over twenty years and has now booked some well-known clientele. Which two pricing strategies would be most strategic for this videographer and why? What other pricing recommendations would you make to this videographer?**

Value-based pricing – Prestige

In this situation, the video photographer has many years of experience and already has some known clientele. I would advise her to use the prestige strategy because she is taking some wonderful photographs, if she put high prices, people will also believe that it is of great worth and quality.

This goes along with the value-based pricing strategy as she would set her prices according to what she is doing, because of her experience, the value that she offers is greater.

She could also use bundle pricing, for example, giving different prices for either the reception, ceremony, church, etc.…

**2. Sam has created a clothing line that sells at a local boutique. Short-sleeved shirts are $40, sweaters are $60, hats are $20, and accessories such as socks are $15. Give Sam two psychological strategies to use to improve his pricing and hopefully increase product sales. Explain your answer.**

Odd-even – a loss leader

Sam should use an Odd-even strategy. The odd-even strategy has a psychological fact behind it: consumers perceive the item as costing less than it does. This is perfect to sell more shirts and other clothes. On some occasions, he could also use a loss leader pricing strategy which to sell his popular items at low prices so that people will also come to the store, and he has more visibility.

When Sam decided to do so, he can then use the internal references to put the prices before the promotion.

**3. Now assume that Sam’s shirts sell for $400, his sweaters for $600, his socks for $150, and his hats for $200. Would your pricing strategy recommendations change any? Why or why not?**

Odd-even – industry reference point

The Odd-even strategy would remain the same since the psychological fact behind it is still there.

However, since the prices are higher, the customer sees a greater risk in making the purchase. Therefore, using an industry reference point would be helpful. This strategy helps the customer to situate the product to other products in the industry This is a marketer-supplied price to give consumers an idea of what the product is worth.