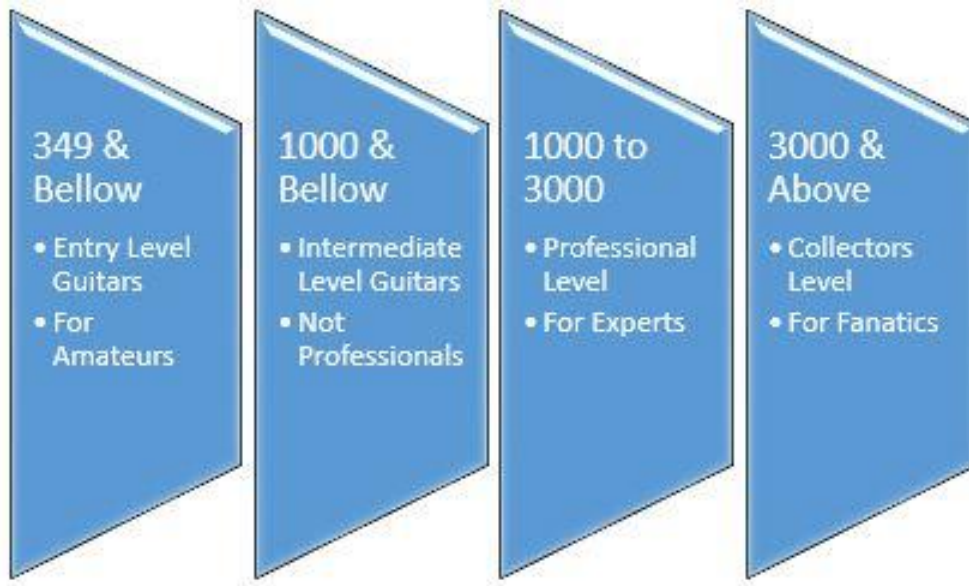


## Washburn Guitars Discussion

**How does the concept of segmentation pricing relate to Washburn Guitar's four different price points?**

**Washburn** produces a wide range of acoustic and electric guitars with annual sales of 50,000 guitars, totaling 40 million dollars. Washburn's segmentation pricing is based on the quality of the guitar & experience.



Washburn's pricing strategies and objectives vary with production factors as well.

Segmentation pricing merely is charging different prices to different people for a similar product. Segmentation pricing is done to attract more and more customers. Washburn has shown a smart segmentation on their part, which will attract customers with different levels of skill. The Pricing is done in such a fashion that a customer with minimal experience can also buy a guitar.

### 2. How does Washburn's four different price points reflect customer wants and needs?

If we see from the customer's perspective, when we want to buy a guitar, the first thing we will check is the quality and price. As the pricing is done on the base of quality, this hurts the perception of the customers as they are forced to go for the intermediate guitars, which have better quality and are more durable.



It is directly a 700 \$ leap from Entry-Level to Intermediate Level. Its good from the company's perspective that they can make the customer either buy the intermediate one or at least settle with the entry – guitar. Anyways, their sales scale grow, so it is right for them.

**2. Are Washburn's four price points an accurate indicator of differential quality? Why or why not?**

As mentioned in the video, " We always market from the top down."

Yes, Washburn's four price points are an accurate indicator of differential quality. As they have a narrow range, which depends upon the quality of the product, Washburn gives the option to the customer to buy a guitar from a different range of varieties. As they were battling against perceived bad quality for the low priced guitar, they made sure that they manufacture the best quality guitar at the best price. The USA based guitars were costly as they were perceived to have better quality. So Yes, Washburn's price point an accurate indicator of differential quality.