Pricing
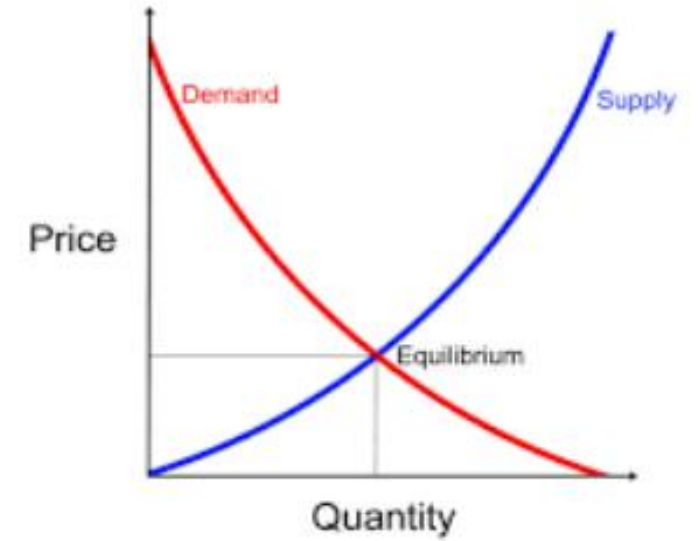
Aug '23

Multiple price points – Dynamic pricing

STATIC PRICING
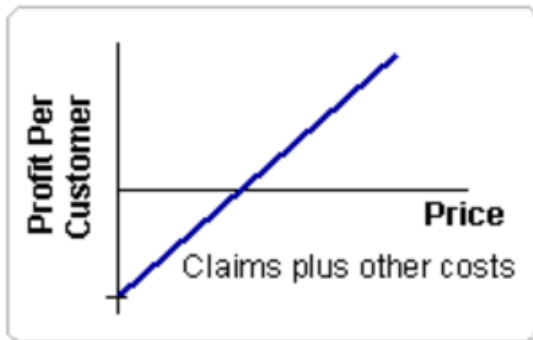
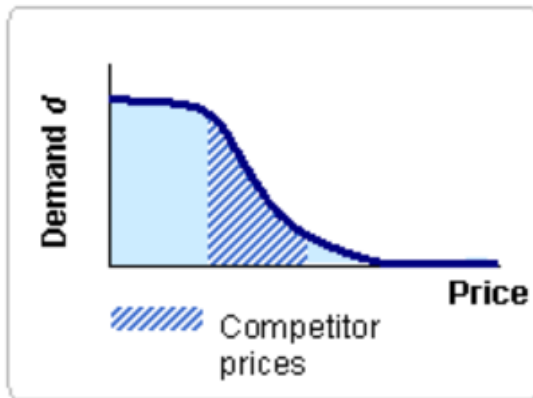No. of Sales

PROFIT

missed sales opportunities

Your Cost — Selling Price — Price

VS.

DYNAMIC PRICING

No. of Sales

PROFIT

Your Cost — Price 1 — Price 2 — Price 3 — Price

Price

Demand

Supply

Equilibrium

Quantity

Price

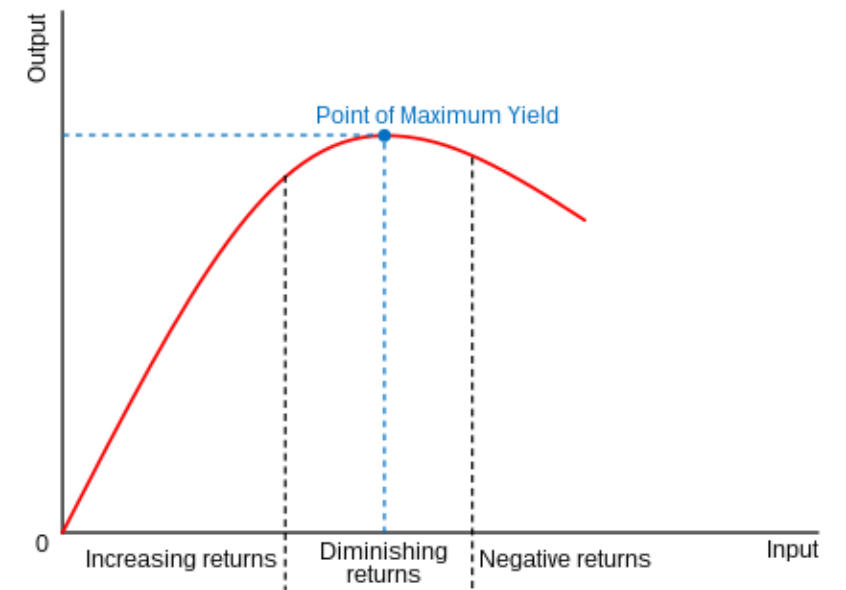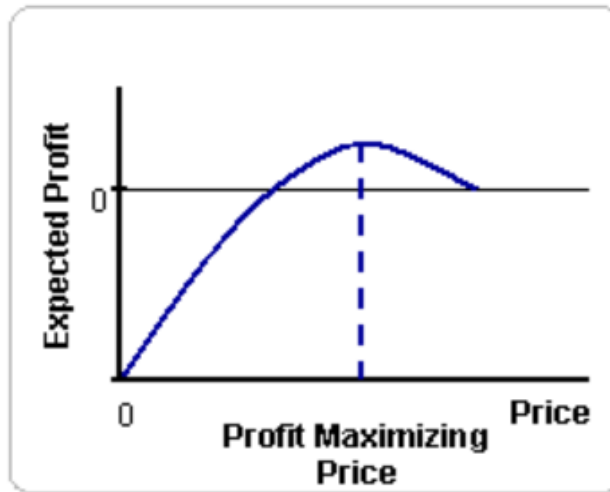Perfectly inelastic

P

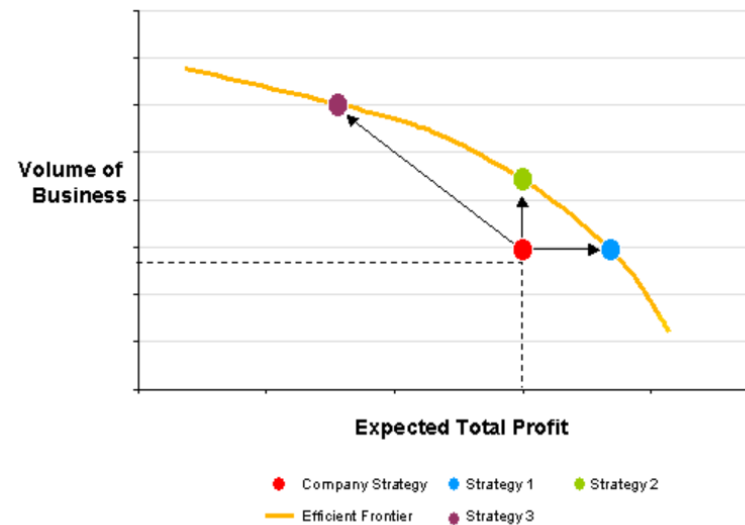Perfectly elastic

Unit elasticity

Q

Quantity
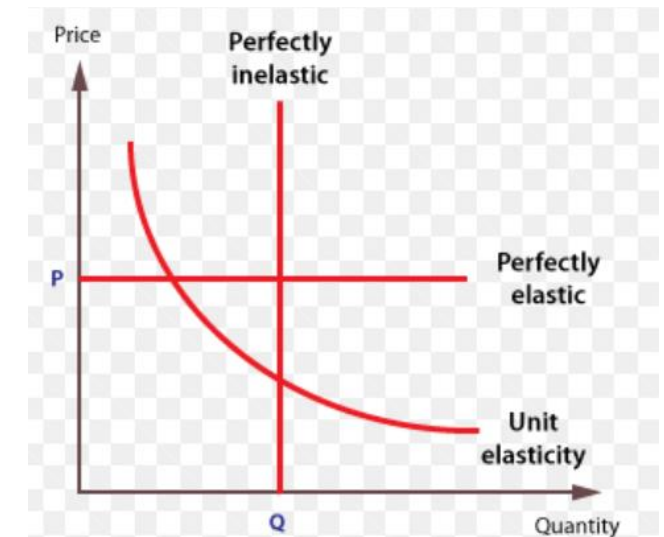
Optimal price
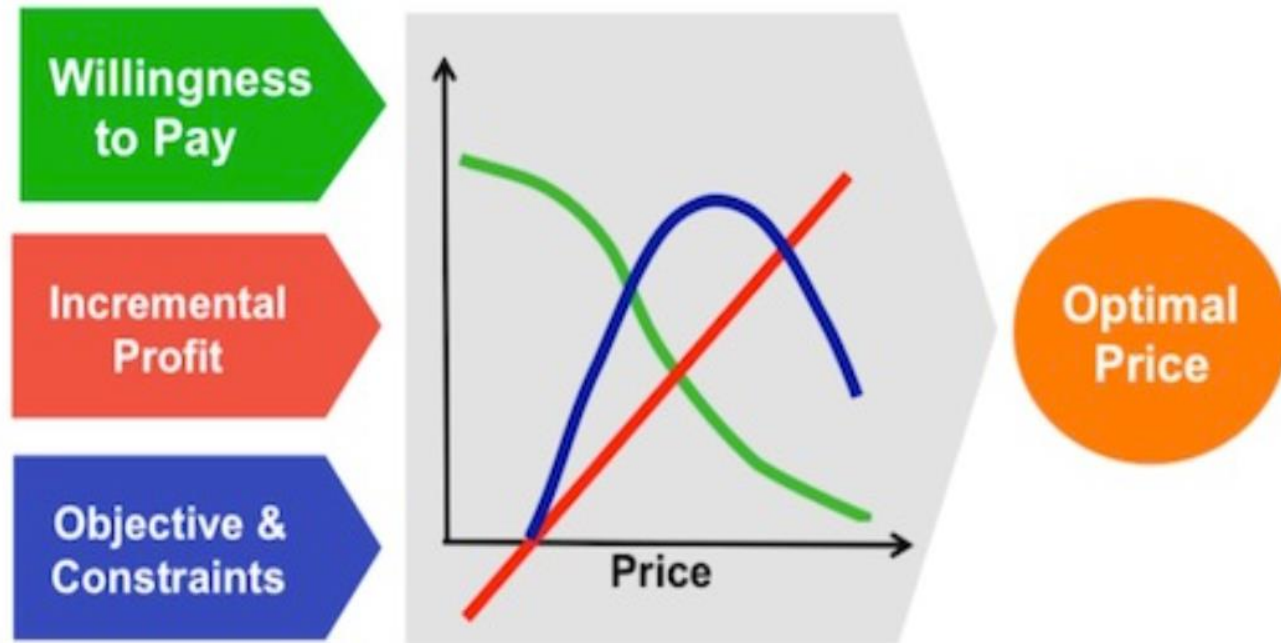
Price Optimization

Market situation → Predictive of customer behavior

Competitive market attributes

› Price dispersion

› Varying lengths of coverage

› Current position

Competitive market analysis

› identify segments where the company's prices are low or high relative to the market

› understand the competitive intensity in each segment and support strategic decisions regarding product deployment in different competitive segments

› understand the potential scope for price changes and what impact such changes would have on market positioning.