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KINDS OF PRICING

- PRICING: Price is the exchange value of a goods or services in terms of money. Without price there is no marketing in the society.

1. Odd Pricing : Refers to a price ending in an odd number or a price under a round number. For example, Bata shoe company, pricing one of it's products at Rs.39.99.

2. Customary Pricing : Prices are fixed in such a way to suit local conditions.

3. Pricing under the prevailing prices : This type of pricing is done with a view to meet the competition . It is also known as " Pricing at the Market".

4. Prestige Pricing : Most customers judge the quality of the products mainly by its price. Generally, prestige pricing is applicable to luxury goods.

5. Penetration Pricing : This pricing is intended to help the product penetrate into markets to hold a position. This is done by adopting a low prices in the initial stages.

6. Skimming Pricing : A very high price is fixed for a new product initially and later the price is reduced gradually when competitors enter the market. This type of pricing is called as “Skim – the – Cream – Pricing” by Stanton.

7. Price Lining : Generally followed by the retailers. Under this method, pricing decisions are made only initially and remain constant for a long period of time.

8.Dual Pricing : If a manufacturer sells the same product at two or more different prices, it is known as dual pricing. Dual pricing is adopted in Railways. This is also known as “Discriminatory Pricing”.

9. Administered Pricing : Determined on the basis of managerial decisions and not on the basis of cost, demand, competition, Government Policy etc., This kind of price is usually remain constant for along period.

10. Monopoly Pricing : Monopolistic conditions exist if any product is sold exclusively by one producer or a trader. As no competition is present, the seller has a free hand in fixing the price. This price will maximize the profits.

11. Expected Pricing : The price which will be accepted by the consumers is found out. The customers response is analysed and then a price is fixed.

12. Sealed Bid Pricing : This method is adopted for specific job works. The expenditure is anticipated is worked out in detail and the competitors offer a price which is known as contract pricing.

13. Negotiated Pricing : Here, the price is not fixed. The price to be paid on sale depends upon bargaining. This kind of pricing is adopted by industrial suppliers. It is also called as variable pricing.

14. Cost-Plus Pricing : This method is also known as Markup pricing. This method is generally followed by middlemen such as wholesalers, retailers etc.,

15. Psychological Pricing : Most buyers use the price as an indicator of quality. Sellers manipulate reference price when looking at a particular product.

16. Geographical Pricing : It involves as to how to price its products to customers in different locations, whether the company charge higher prices to distinct customers to cover the higher transportastion.

Philip Kotler has described five different approaches to this pricing;

a. FOB origin of Pricing : Goods are placed Free On Board a carrier, at which point the title and responsibility passes to the customer, who pays the freight from the factory to the destination.
b. Uniform Delivered Pricing : The company charges the same price places freight to all customers irrespective of their location.
c. Zone Pricing : All customers within a particular zone will pay the same price and this price is higher or more-distant zones.
d. Basing-Point Pricing : Here, some city are designated as a basing point and all customers are charged the freight cost from that city to the location of the customer irrespective of the city from which the goods are actually transported.
e. Freight absorption Pricing : The seller absorbs all part of the actual freight charges so as to get the business.


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