Pricing in Retail

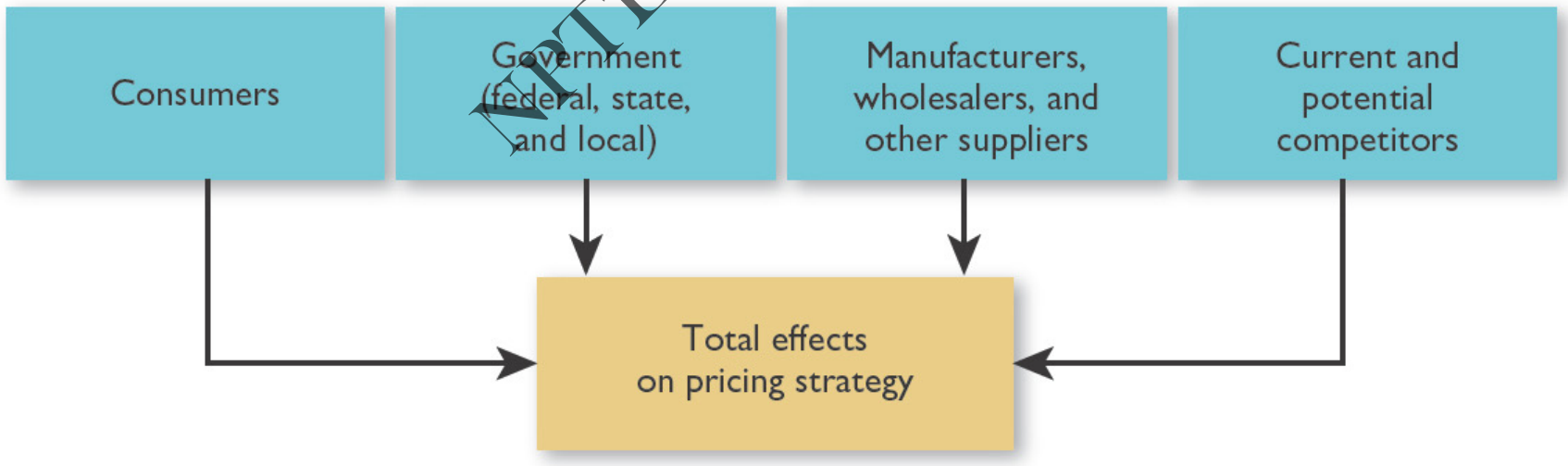
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Pricing Options for Retailers

- Discount orientation
- At-the-market orientation
- Upscale orientation



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Price Elasticity of Demand

- The sensitivity of customers to price changes in terms of the quantities they will buy:
  - **Elastic** – Small percentage changes in price lead to substantial percentage changes in the number of units bought.
  - **Inelastic** – Large percentage changes in price lead to small percentage changes in the number of units bought.

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Market Segments by Price Sensitivity

- Economic consumers
- Status-oriented consumers
- Assortment-oriented consumers
- Personalizing consumers
- Convenience-oriented consumers

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Competition and Retail Pricing

- **Market pricing** – Retailers often price similarly to each other and have less control over price because consumers can easily shop around.
- **Administered pricing** – Firms seek to attract consumers on the basis of distinctive retailing mixes.

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