

Chapter 26 Pricing Strategies

Chapter 26.1 Basic Pricing Policies

Section Outline with Content and Academic Vocabulary

Section Outline

Basic Pricing Concepts

Demand-Oriented Pricing

Competition-Oriented Pricing

Cost-Oriented Pricing

Resellers

Manufacturers and Service Businesses

Establishing the Base Price

Pricing Policies and Product Life Cycle

One-Price Versus Flexible-Price Policy

Product Life Cycle

New Product Introduction

Pricing During the Product Stages

Content Vocabulary

markup The difference between an item's cost and sale price. (p. 605)

one-price policy A policy in which all customers are charged the same prices. (p. 608)

flexible-price policy A policy in which customers pay different prices for the same type or amount of merchandise. (p. 608)

skimming pricing A pricing policy that sets a very high price for a new product. (p. 609)

penetration pricing Setting the price for a new product very low to encourage as many as possible to buy the product. (p. 610)

Academic Vocabulary

relation A logical or natural association between two or more things; relevance of one to another; connection (p. 605)

allocate Distribute according to a plan or set apart for a special purpose. (p. 606)