



PRICING STRATEGIES

Attract customers with
the right pricing strategy

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There are several ways to price your products. Five of the most common ones are **skimming, market penetration, premium, economy, and bundle pricing.**

1 Price skimming

When a product is launched, the price is set high and then gradually lowered as more competitors enter the market. This strategy gives companies the advantage of making a profit from the early adopters and then undercut competitors at a lower price. The skimming method is useful for businesses that are entering a new and growing market.

2 Market penetration

For a successful market penetration strategy, it is essential to develop a loyal customer base and a strong market position. Market penetration is about taking over your market with low pricing, undercutting your competitors, and then successively raising prices.

3 Premium

If you have a high-quality product, then premium pricing might be for you. Companies usually use this strategy on the luxury or lifestyle market and are considered high value by the customers, marketed towards high-income individuals.

4 Economy

This strategy is adopted by companies that target customers that want to save money. The economy pricing model depends on the companies costs and the value of the product.

5 Bundle

Buy 3 for 2. The bundle pricing is just what it sounds like, when companies bundle several products together and sell them for a lower price, than each would be individual. Bundle pricing is excellent for making a profit off low-value items outweighing losses on high-value items included in the bundle and quickly moving high volume inventory.

ELEVATE THE PRICING STRATEGY

The consumer market is growing and expanding to new areas faster than ever before, forcing companies to adjust their pricing strategy accordingly. For instance, e-commerce is giving the customer all the power through transparent price comparison and price-matching. Low-price and niche competitors are taking market share from established businesses. New digital tools provide data and analytics of what customers are willing to pay and give businesses an advantage to optimize prices daily, which means that companies need to elevate their pricing strategy.

1 Value and competitive price

Many companies do not have a clear view of their value proposition, or their value does not line up with their target customer. Strong businesses have a clear understanding of their value proposition, incorporated into their business strategy, product, and pricing strategy. The value is worked into the product features and customer experience. To price at the right level that matches your customer's perceived value, it is essential to understand your specific market's priorities.

2 Products and Value

Companies with a wide range of products with different values must use different pricing strategies to appeal to a broader range and different customer segments.

3 Bad & good campaigns

Businesses need to adjust their campaigns to deliver higher sales with minimal decreased profit margin or lessening of the brand. Successful businesses tailor their campaigns to match the customers' preferences and buying patterns. Bad campaigns consist of 20%; they do nothing for sales or the bottom line and must be discarded.

4 Price perception

Companies should make sure that customers have a good perception of how prices compare to the competitors and deliver greater value than they do. Communicate and reinforce customers' price perception through signage.

5 Dynamic pricing

In some industries, customers have grown accustomed to shifting prices. Companies using a dynamic pricing strategy have access to data on the market's changing conditions, making it easy to quickly and accurately change prices. Dynamic pricing is spreading across industries, so it can be a good idea to investigate it.

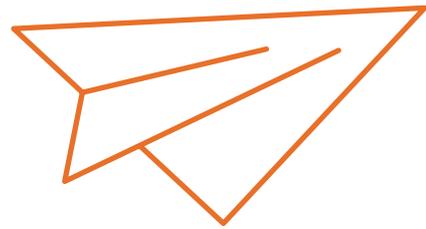
A successful pricing strategy is depended on several factors such as value proposition, competitive data, insight into customer segments, and perceptions. Look at your company's pricing and what can be improved. Create a solid pricing strategy plan, and your company will succeed in its field.

SO WHAT?

Determining the company's **goals and needs** can make it obvious which strategy is the **right one for your business**. Of course, you can try different strategies to determine which one works the best and have **different strategies depending on the product**. However, the **right pricing strategy is crucial for business success**.

The consumer market is growing and expanding to new areas faster than ever before; **companies need to elevate their pricing strategy**. With a **solid pricing strategy** plan, your company will **succeed**.

If you want to learn more about Pricing strategies and how the right one helps companies stay on top in their field, feel free to reach out to us at Hanei Consulting Group.



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