

Marketing

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Marketing Assignment OVERVIEW Pricing is recognized to be a procedure of ascertaining what an organization will be getting by charging a consumer in lieu of an offered product. The price that prevails in the market for a specific time for a specific good or service is termed as market price. Pricing is one of the elementary factors in financial modeling and one of the P's of 4P's of marketing mix. Price is the only element in 4P's that is associated with revenue generation. The requirement of a consumer can be transformed into demand only if the consumer develops keenness and interest to buy a particular product. Thus, pricing plays a central role in marketing. Grocery retailers are becoming the dominant player in the food chain in the United States (US) and in a number of other nations. Most likely the question is not whether retailers have the ability to influence to increase price, but rather the extent and the implication of that influence. Retailers adjust their pricing in response to the demand of the market along with cost factors. With these considerations, the paper intends determine the influence of pricing by different grocery retailers on consumers.

WIDE VARIATION IN PRICING OF AN IDENTICAL ITEM The large chain store, the local chain store and the convenient store are different in size, concept and place. The large chain stores have their branches all over the world and usually are situated near chief market or posh areas, e. g. Wal-Mart (Wal-Mart Stores, Inc. " Wal-Mart"). Wal-Mart always follows aggressive policies to fit in the low cost. Other large chain stores such as Albertsons, Kroger and Kmart Super Centre among others always follow low price strategy to attract huge mass of consumers. On the other hand, local chain stores have their branches situated over the local regions and can be found in both urban as well as

rural areas. They allocate less space for packaged products and more space for fresh produce meat, sea food and chef produced items. They normally charge little higher or same prices in comparison with large chain stores.

Finally, the convenience store is a type of store that stocks a range of every day's merchandise and may be positioned alongside a busy road, in an urban area, or near a railroad or railway station or in other transport hub.

This kind of stores remains open for 24 hours as the name suggest.

Convenience stores generally charge high price for a product. If meat is taken as a product then the convenience store will charge highest price than the other two. Contrarily, the large chain store will charge the lowest probable price. The price charged by the local chain store will lie somewhere in between the large chain store and the convenience store (Wal-Mart

Stores, Inc. "Wal-Mart"). THE FACTORS THAT LEAD TO THE VARIATIONS IN PRICES The factors on which pricing mainly rest on include market condition, transportation, demand and supply of merchandise, market place and competition.

A company's pricing factors are affected by both internal and external factors. Odd-Even Pricing. The price set to change consumers

insight is known as odd- even pricing. Like, keeping the price to US\$19. 9 instead of US\$20 makes it appear in front of the customers that the price

lays in 'nineteen range' rather than in 'twenty range' (Pearson Prentice Hall, Inc. "Factors To Consider When Setting Prices"). Promotional Pricing.

The process of setting low price temporally, to boost efficiency in sales is promotional pricing. This technique is used during the launching of a product to attract large section of consumers (Pearson Prentice Hall, Inc. "Factors To Consider When Setting Prices"). Prestige Or Image Pricing. It is the strategy

of marketing where prices are set high than normal because lower prices will hurt the sales instead of helping. For example, in case of quality perfumes, jewelry and diamonds such strategies are followed (Pearson Prentice Hall, Inc. “ Factors To Consider When Setting Prices”). Marketing Mix. Pricing decision must be synchronized with product distribution, product promotion and product design. Decision related to other variables of marketing mix may also affect pricing decision. Quality. Pricing should be based on quality of the product. Consumers will visit a store with no result if quality of the merchandise does not match price (Pearson Prentice Hall, Inc. “ Factors to Consider When Setting Prices”). The Market and Demand. The higher is the price, the lesser will be the demand and vice versa. In case of prestigious goods, the connection between demand and price is directly proportional. According to the customers, higher price signifies better quality (Pearson Prentice Hall, Inc. “ Factors to Consider When Setting Prices”). Competitors Cost Price And Offers. Another factor that decides pricing is competitors cost, price and offers. For instance, a consumer who assumes to buy a Canon camera will estimate the cost of Nikon, Pentax and other companies’ pricing strategies which may affect the kind of the competition it experiences (Pearson Prentice Hall, Inc. “ Factors To Consider When Setting Prices”). IS IT WORTHWHILE FOR CONSUMERS TO COMPARE PRICES WHEN THEY SHOP? Disparity in prices is a common affair in today’s market scenario. The consumer has mainly two ways of evaluating fairness of price. They compare with what they had paid in the past for the same product or they ask other customers what they are paying for the same product. Comparing prices when a consumer shops, completely depends on the consumer’s perception

and will. The market is heterogeneous. Difference in tastes and preferences always exists in the market. Certain consumers consider high price as a remark of best quality, so they do not mind in paying more i. e. normally higher class people. While certain others consider low price as their first preference, which include principally the middle and lower class consumers. Nevertheless, when it comes to same product then it is worthwhile to compare price because no one will want to pay more when the same product is obtainable in some other store at a much lower price. Works Cited “ Factors To Considered When Setting Prices.” Pearson Prentice Hall, Inc. 2006. Web. 31 Oct. 2013. “ Wal-Mart.” Wal-Mart Stores, Inc. 2013. Web. 31 Oct. 2013.