

# Audis pricing strategies in uk

Business



Audi's Pricing Strategies in UK Audi is one of the biggest players in the market for premium cars. The company has managed to create a competitive advantage over its rival companies by establishing effective marketing strategies that have attracted as well as retained customers. One major component of its marketing strategies is price strategy. The company has adopted a number of pricing strategies in the UK market including price discounts, product line pricing, psychological pricing, going-rate pricing, and price skimming. The company has combined all the mentioned pricing strategies in order to maximize on their effectiveness in maximizing sales for the company. In order to understanding of how strategies have been applied by Audi, the section below provides a discussion of each of them.

#### Price discounts

Audi has applied the price discount strategy by offering their vehicles at prices lower than the list prices (Nieuwenhuis, 2003, p. 189). The company also offers quantity discounts for suppliers purchasing vehicles in large quantities. For instance, S6 model may be retailing at a price of £53, 995 but customers buying in large quantities are offered a lower price of around £53, 000. This strategies aims at encouraging customers to buy in large volumes because there is the benefit of getting reduced prices for each unit.

Sometimes a customer may make a credit purchase which takes some time to settle. Audi offers discounts for customers paying within a specified time period so as to encourage them to pay without much delay.

#### Product line pricing

Audi offers a variety of models that have unique features. Therefore, the company charges different prices for each of the models in order to reflect

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the benefits that customers can derive from each of them (Nieuwenhuis, 2003, p. 178). For instance, the S6 model will be offered at a price of £53,995 while Q5 is offered at a lower price of £31,880. This means that at a higher price of £53,995, a customer will enjoy the use of a V8 engine that has deactivation technology.

#### Going rate pricing

Going rate pricing strategy is applied when a company introduces prices similar to its direct competitors. Examples of Audi direct competitors include BMW, Aston Martin, and Chevrolet. The company has priced some of its model within the same range of what the direct competitors are offering. For instance, the Audi R8 is going for £91,975 while the Aston Martin retails at £90,995.

#### Price skimming

Audi has a significant competitive advantage in the UK market in form of highly technology. The company is planning on introducing new S models that will have a unique feature of a V8 that has deactivation technology. This technology is one of its kind in the market and the company is charging high prices for such cars. The prices range from £53,995 to £77,900. Audi is taking advantage of its unique technology to charge high prices for its cars. Unique features account for price differences.

#### Psychological pricing

Most of the Audi cars are priced on the basis of their psychological effect in influencing customers to make purchases (Nieuwenhuis, 2003, p. 180). The cars are priced slightly above or lower than a whole number making the customer to consider the product as cheap. For instance, the Q5 model is

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priced at £31, 880. This price is close to £32, 000 and the customer will be convinced that it is cheaper.

#### References

Nieuwenhuis, P., 2003, *The Automotive Industry and the Environment: A Technical, Business and Social Future*. New York: Woodhead Publishing.