

Price strategies of old town white coffee essay sample

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Price is the amount of the money customers have to pay to obtain the product. The value that received from the product must be higher than the value that customers pay for exchange its goods and services. Price does affect customers' choice in the products or services. Customers today are willing to pay more because the higher price means higher quality one brand offers to them. As the product passes through its life cycle, its pricing strategies usually change. For each stage of the life cycle, the price strategy might be different. For instance, skimming pricing will be taken place in the early stages at the early stage of the product life cycle in order to gain necessary cash flow. Later on, competitive pricing will be implemented for the success of the venture in order to gain competitive advantages and market shares. Sometimes, promotional pricing strategy, meaning temporary price reduction will be given in certain festivals or events to build patronage and store traffic.

As a conclusion, there are various types of pricing strategies, if used effectively; it can stimulate consumer demand. Old Town White Coffee used penetration pricing strategy at RM9. 99 when its products such as Old Town 3-in-1 Classic White Coffee, Old Town 3-in1 Natural Cane Sugar White Coffee and many others first enter the coffee market so that to secure market acceptance towards its coffee. Soon after it had achieved some market recognition through consumers' trial purchases stimulated by its low price, it increases the price to the level of competing products at RM13. 99 At this price level, it also applied psychological pricing that make its products more appealing to buyers. Besides, it also applied trade discount, quantity discount and cash discount to those who buy products from it in order to

channel or sell to consumers. Online pricing occurs in this situation as some of the retailers or wholesalers buy products from Old Town White Coffee in large quantity to enjoy quantity and trade discount, then sell the products online at a much cheaper price than the supermarket.