Pricing cue article review sample

Business, Marketing

Customers make purchases daily with no clue about the pricing. Several studies show that when a customer picks an item and immediately is approached and asked for the price, almost half of them cannot give an accurate answer. Some of the customers underestimated the price and others had no clue of the price. The reality game shows the price is right on Columbia Broadcasting System depicts customers not being able to predict the accurate prices of an item presenting the consumers have vague information about the market.

Consumers rely on the retailers for pricing and often do not check for better bargains from other retailers. The retailers use price cues that if used well can build confidence for customers to purchase products and can violate the consumer assurance on pricing and reduce product equity giving rise to lawsuits.

The Sale signs are a pricing cue the retailers' use that is simple and it is on display near the items that are on discount announcing a good deal for the customer. The use of sale of items has seen an increase in demand of items to 50%. This was evident from the response from consumers on sales offers sent on mail order catalogues and in experiments in university students and retail stores. There are no costs incurred by the retailer on placing a sign on sale, and there is no commitment on the percentage of discount. The use of sale sign is not always true, and the prices of the items do not offer genuine discount to the consumer as seen in the sale of items by a reporter in various online stores. Customers trust sale signs, as they are mostly accurate and if the sale sign is overused it loses its effectiveness. The sale sign is to be in use properly for both the retailer and consumer to have tangible results.

The retailer uses a nine at the end of a pricey item to indicate a good buy. The studies conducted in women retail shops saw increases in sales of items for dresses that had an initial price of $34 to $39 in comparison to items that had a change from $34 to $44. The nine at the end of a price acts like a sales sign and customers look at the digit at the end of the price other than the whole price. The use of sale sign on the item with nine at the end is not effective.

Signpost on items from the retailer as a price cue and consumers make a comparison of the expensive or less expensive items, and this guides them on the consequent purchase of other items with the assumption that the prices are cheaper. When purchasing a new tennis racket the consumer often checks for the price of a can of a tennis ball and if it is less by $2 then the customer automatically presumes the racket has a good price and this is in comparison with a retailer where the balls costs almost $4 . The signpost on item requires the retailer to choose items carefully. The retailer needs to consider accuracy, popularity and complementary in the signpost strategy. The selection of the right price on an item raises the possibility that the consumers' price knowledge will be precise, and the retailer will get the discount from suppliers and leaving some margin on sales.

The retailers dealing in electronics, hardware, and groceries use price matching. Several retailers like those that tweeter in New England has reinforced on its pricing policy where if a competitor's sales at a lower price refund are given depending on determining which consumer is to get a refund. The price matching was effective and gave consumers' confidence in purchasing in that store because of the likelihood of it having a lower price. The price matching formula for a retail shop is secret to ensure that the competition cannot use it. The effectiveness and choice of the price cue of retailer depend largely on the consequent successes of previous strategies used.