

# Pricing decision Chapter 7

## Cost based pricing

Cost plus pricing

Rate of return.

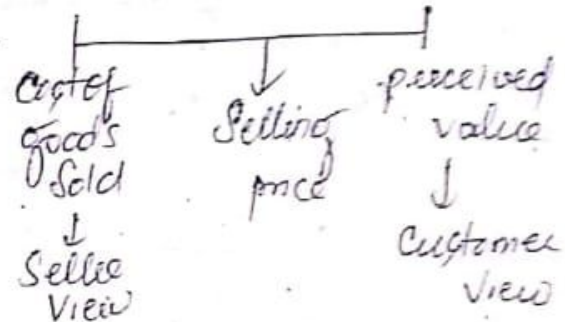
Variable cost pricing

## Value based pricing

True Econ. Value

= Next best alternative price + addl. value of our product

perceived value



## Competition based pricing

Going Rate pricing

avg. price charged by the other competitors in the same industry

Homogeneous product

Sealed bid pricing

price is based on how competitors will price rather than our costs incurred.

- > Theory of price
- > profit-max model. } ignore

> Diff. markets

Monopoly

Monopolistic  
Competition

Oligopoly

Perfect  
Competition

> Strategies for pricing New Product :

Revolutionary  
product

Evolution  
product

Me-too  
product

> Market Entry Strategies:-

Skimming Strategies



Latent Mobile phones

Penetration Strategies



Reliance Jio