

#16_Developing Pricing Strategies and Programs

#17_Designing And Managing Integrated Marketing Channels

#18_Managing Retailing, Wholesaling, and Logistics

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BUSINESS ADMINISTRATION

UNDERSTANDING PRICING

- ❖ *How companies price*
 - ✓ small companies: boss
 - ✓ large companies: division/product line managers
- ❖ *How companies should price*
 - ✓ understanding of consumer pricing psychology
 - ✓ a systematic approach to setting, adapting, and changing prices
- ❖ *Pricing in a digital world*
 - ✓ Get instant vendor price comparisons
 - ✓ Check prices at the point of purchase
 - ✓ Name your price and have it met
 - ✓ Get products free
 - ✓ Monitor customer behavior & tailor offers
 - ✓ Give customers access to special prices
 - ✓ Negotiate prices online or even in person

Reference Prices

TABLE 16.1 Possible Consumer Reference Prices

- “Fair Price” (what consumers feel the product should cost)
- Typical Price
- Last Price Paid
- Upper-Bound Price (reservation price or the maximum most consumers would pay)
- Lower-Bound Price (lower threshold price or the minimum most consumers would pay)
- Historical Competitor Prices
- Expected Future Price
- Usual Discounted Price

Setting the price: the process (plus price sensitivity)

TABLE 16.2 Steps in Setting a Pricing Policy

1. Selecting the Pricing Objective
2. Determining Demand
3. Estimating Costs
4. Analyzing Competitors' Costs, Prices, and Offers
5. Selecting a Pricing Method
6. Selecting the Final Price

TABLE 16.3 Factors That Reduce Price Sensitivity

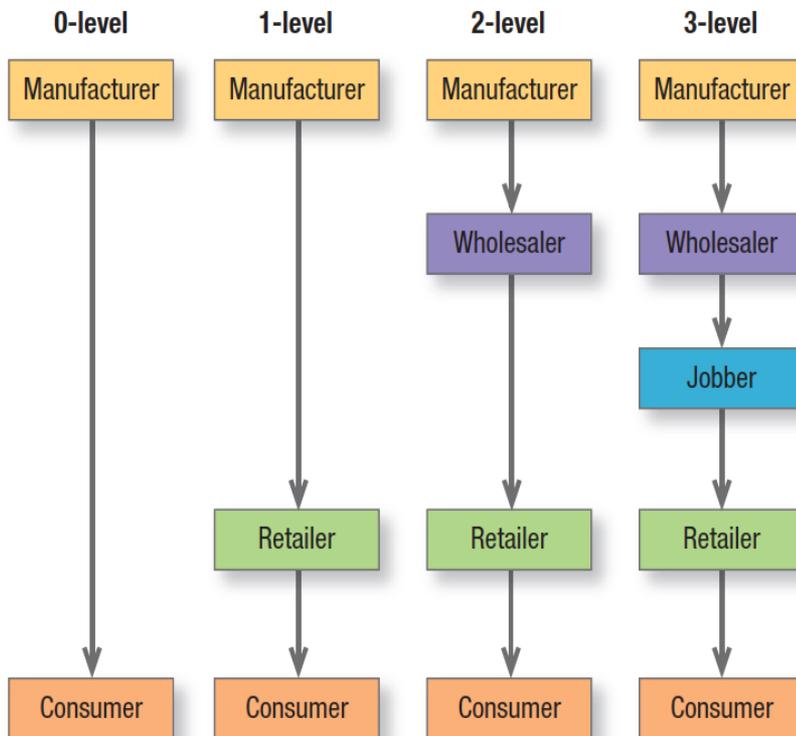
- The product is more distinctive.
- Buyers are less aware of substitutes.
- Buyers cannot easily compare the quality of substitutes.
- The expenditure is a smaller part of the buyer's total income.
- The expenditure is small compared to the total cost of the end product.
- Part of the cost is borne by another party.
- The product is used in conjunction with assets previously bought.
- The product is assumed to have more quality, prestige, or exclusiveness.
- Buyers cannot store the product.

Marketing Channels and Value Networks

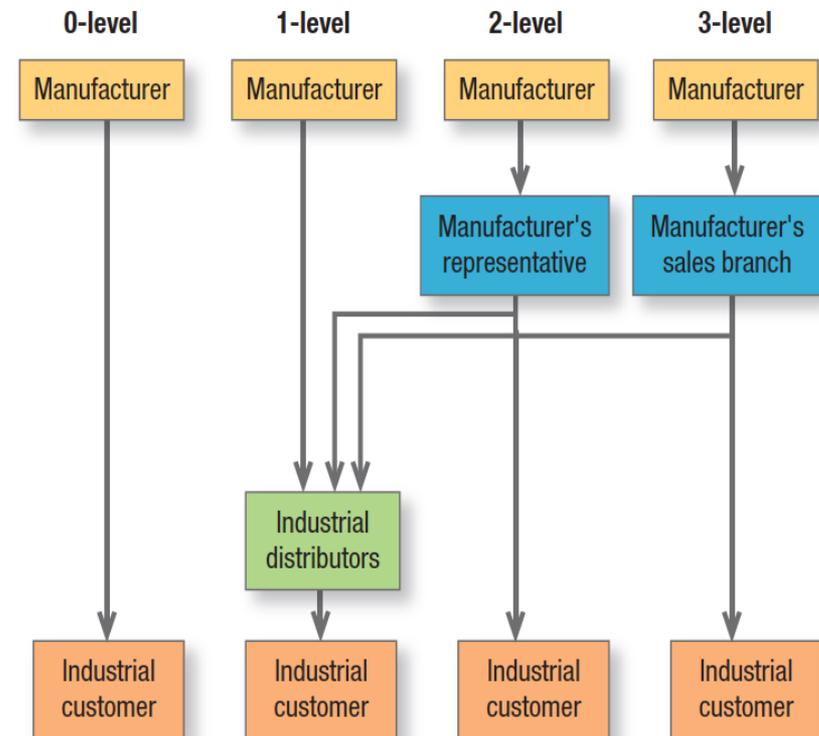
- ❖ *Marketing Channels*: sets of interdependent organizations participating in the process of making a product or service available for use or consumption
- ❖ *Intermediaries*: merchants, agents, and facilitators
- ❖ *Marketing channel system*
 - ✓ The particular set of marketing channels a firm employs
 - ✓ Push vs. pull strategy
- ❖ *Multichannel marketing*
 - ✓ Using two or more marketing channels to reach customer segments in one market area
 - ✓ Omnichannel marketing
 - ✓ Integrated marketing channel system

Consumer/industrial marketing channels

(a) Consumer Marketing Channels



(b) Industrial Marketing Channels



The Hybrid Grid

		Demand-generation Tasks								
		Gather relevant information	Develop & disseminate communications	Reach price agreements	Place orders	Acquire funds for inventories	Assume risks	Facilitate product storage & movement	Facilitate payment	Oversee ownership transfer
Marketing Channels and Methods	VENDOR	Internet								
		National account management								
		Direct sales								
		Telemarketing								
		Direct mail								
		Retail stores								
		Distributors								
		Dealers and value-added resellers								
		CUSTOMER								

How many?

- ❖ Exclusive distribution
- ❖ Selective distribution
- ❖ Intensive distribution

- ❖ **Retailing:** All the activities in selling goods or services directly to final consumers for personal, nonbusiness use
- ❖ **Retailer/retail store:** Any business enterprise whose sales volume comes primarily from retailing
 - Specialty store
 - Department store
 - Supermarket
 - Convenience store
 - Drug store
 - Discount store
 - Extreme value or hard-discount store
 - Off-price retailer
 - Superstore
 - Catalog showroom
- ❖ **Levels of service for store retailers:** Self-service; Self-selection; Limited service; Full service

The Modern Retail Marketing Environment

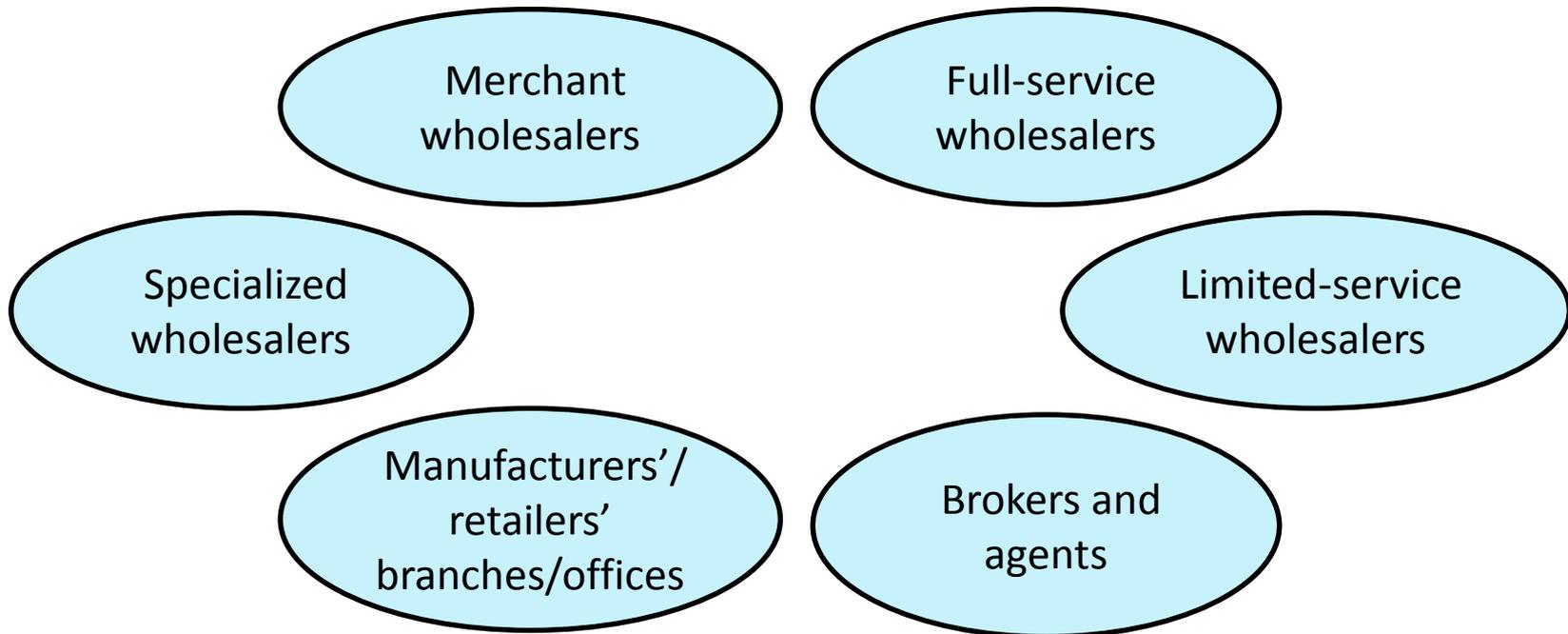
- ❖ New retail forms and combinations
- ❖ Growth of giant retailers
- ❖ Growth of intertype competition
- ❖ Emergence of fast retailing
- ❖ Decline of middle-market retailers

Marketing Decisions

- Target market
- Channels
- Product assortment
- Procurement
- Prices
- Services
- Store atmosphere
- Store activities and experiences
- Communications
- Location

- ❖ **Wholesaling:** includes all the activities in selling goods or services to those who buy for resale or business use

Major Wholesaler Types



Thank you for your kind attention!



(Have A Nice Day!)

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