



Pricing Strategy

Number 1

Sally Teetime goes to the golf shop to buy some supplies. After she finds the merchandise she is ready to buy she goes the counter to pay for the merchandise.

The transaction is almost completed when the cashier/sales tells Sally about a current promotion. Customers can bring in previously purchased clubs, meet with a golf sales consultant, and upgrade their clubs using a small amount from the clubs that were brought in.

This pricing strategy is known as: . . . ?



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Number 2

John Bases is opening a discount sporting goods store. He is planning to sell variety of equipment needs and some apparel. His goal is to provide value to his customers with the products that they purchase. He is a small shop and not able to buy in huge quantities, but still wants to create the illusion that his shop is offering great prices.

What pricing strategy should he use in order to communicate this message to his customers?



Pricing Strategy

Number 3

Judy Badger is a marketing intern for the UW Madison Athletic Department. She recently sat through a meeting where they discussed upcoming activities to increase attendance at all sporting events.

Even though Judy is new and a little comprehensive, she recommends that they offer tickets to men's and women's games by selling them together in a package "deal" and offering a slight reduction in price.

What pricing strategy is Judy recommending?



[Pick the date]

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Number 4

Jimmy F. Ball owns a small pro shop in Green Bay. He sells a variety of jerseys, hats, t-shirts and several gift items.

During pre-season, John wants to encourage customers come into the store to see his new lines of licensed merchandise. He offers a retro-style jersey for an incredible price and uses this in many of his promotions. Even though John will not be making any profit on the retro-style jersey, he is hoping that it brings traffic into the store and customers find other licensed products to purchase as well.

The strategy that John is implementing is . . . ?



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Number 5

Bonnie Love has a tennis shop located in a metro community. She recently negotiated a deal with one of her sales representatives to purchase tennis balls in a huge quantity amount. This way she is able to take advantage of reduced prices on each purchase. Her intent is to then be able to offer the tennis balls at a great price to her consumers to compete with one of the larger sporting goods stores in town.

Bonnie is implementing which pricing strategy?



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Number 6

Todd Hoops sells sporting equipment to a variety of retailers. He is meeting with a new client today that is purchasing basketball hoops for their store.

Todd recommends to the store owner that they consider having a minimum of 3 different styles that offer different features and benefits to the consumers. The hoops would also offer the customers a range of pricing options.

If Todd's client agrees to go with his recommendation, which pricing strategy will his client be engaging in?



[Pick the date]


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Number 7

David Gears owns a specialty bike shop that is used by competitive bikers. He stocks very high end merchandise as he knows his customers are willing to make investments in the bikes that they are purchasing.

Pricing his bikes at higher prices can be justified in the many great attributes the bikes have to offer to its riders. Additionally, David knows that if his bikes were priced lower that many of his customers would wonder if the quality was superior.

Pricing merchandise higher to instill the image of the product with the customer is known as what type of pricing strategy?



[Pick the date]

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Number 8

Michelle Notto is a general manager for a sporting goods store. She is putting together a promotion for a special event day. In her advertisement she has several pieces of merchandise that will be selling for 20% off during the sale. Even at 20% off, Michelle is able to make significant profit.

There is a high end set of golf clubs that Michelle carries at her store. She also includes these in the ad and offers them at an incredible price. Michelle knows that they will not make any money on these golf clubs and quickly moves all sets to the storage room, with the exception of one. She figures that if customers believe that there is only one set available, and if it goes quickly, she can still offer several other sets that she will make better profit margins on.

The unethical pricing strategy that Michelle is considering is known as . . . ?



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Number 9

Tony Drinko is a manufacturer's sales representative for a beverage company. They are introducing a new sports beverage to compete with products such as Gatorade and Powerade.

Knowing that these products have such dominance in the marketplace, Tony recommends to his regional manager that they sell the new sports drink at a lower introductory price. This way they can encourage everyone buy the product and work to saturate the market during the introduction stage.

Eventually as they get some brand awareness, they can raise prices, but still be competitively priced.

What type of strategy is Tony recommending they try for the new sports drink?



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Number 10

Suzy Cellu is a sales representative for a cellular phone company. They are offering a new commemorative cell phone that is red with the Badger logo on the phone.

Suzy recommends that the phone be sold for a price of \$49. At this price they will mostly break even. However, for customer's to take advantage of this low price, they will need to complete a 2 year contract agreement with a particular provider.

What type of pricing strategy is this?