

12.17: Putting It Together- Retail Pricing and Sales Strategies

In this module we have covered a significant number of concepts that drive retailer's pricing decisions. We started with a set of tactical pricing techniques that included keystone, premium, discount, psychological and bundle pricing. We began to understand that pricing is a component of an overall strategy folded in to the retail mix—the six P's of retail. We encountered additional variables of competition, channels and geography and imagined how they could impact pricing strategies.

Basic economic principles came into play when we explored price elasticity and even how it can be quantified. Our discussion of cost-oriented pricing entailed even more retail math as we calculated gross margin and break-even factors.

Competition-oriented pricing reminded us of how difficult it is to be successful in the retail business today. Our demand-oriented pricing discussion demonstrated how retailers can take advantage of market conditions to improve margins.

We came to the topic of price adjustments and it's many varieties—most notably the markdown. That discussion brought up some classic retail principles and some newer techniques to liquidate markdown inventory. We examined how pricing strategies could support business objectives such as growing revenue, increasing profit or penetrating into a new market. Finally, we came to the discussion of KVI's and KVC's, their origins and how this comprehensive business strategy can impact retail pricing.

This takes us back full circle to the beginning of this module when we were contemplating our candy store business, confronted by a bewildering set of business questions about competition, consumer behavior, demographics and location. At that point we really had no idea where pricing strategy even fit in to the overall business plan. Hopefully after our subsequent discussion in this module, that issue is not as daunting as before as we now know a bit more about what we do not know.

Contributors and Attributions

CC licensed content, Original

- Putting It Together: Retail Pricing and Sales Strategies. **Authored by:** Bob Danielson. **Provided by:** Lumen Learning. **License:** [CC BY: Attribution](#)

12.17: Putting It Together- Retail Pricing and Sales Strategies is shared under a [not declared](#) license and was authored, remixed, and/or curated by LibreTexts.

- 12.17: Putting It Together- Retail Pricing and Sales Strategies is licensed [CC BY 4.0](#).