

## 12.15: Price Lining

### Learning Objectives

- Illustrate the technique of price lining

Price lining is a technique used by retailers to group common items at set price-points. Rather than setting the retail price based on cost or competition, price lining is a way to simplify the pricing of assorted goods by establishing tiered price points that can support assortments of goods.

This technique fits well with a traditional retail assortment structure of “Good-Better-Best”. At the local hardware store, the retailer will carry an assortment of vent filters at three quality levels. A “good” filter that catches dust, may retail for \$10.00. A “better” air filter, which catches dust and small particles, would have a price set at \$15.00. And the best filter, which catches dust, particles and pollen would retail at \$20.00.

Another way retailers use price lining is to keep the number of retail price points to a minimum despite disparate costs from the vendor. Men’s neckties are a good example. At the moderate soft goods store, the men’s tie buyer may be purchasing product from five to ten vendors, each with multiple costs. Instead of setting retail price individually based on cost, the buyer could establish price points of \$20.00, \$30.00 and \$40.00 and use these to group the products for floor presentation, advertising, etc.

Although both of the examples used have three price points, price lining does not require a set number of price points. A retailer could price line all of their large garden tools- rakes, hoes, shovels- and price them at \$40.00. And we have all seen the “dollar” stores where the entire store is price lined at \$1.00 no matter the cost.

### Practice Questions

<https://assessments.lumenlearning.co...sessments/9285>

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