

## 12.22: Pricing and the Retail Mix

### Learning Objectives

- Explain how pricing is integrated with the rest of the retail mix strategy

At the beginning of this module, we state that retail pricing strategy does not exist in a vacuum and is dependent and interrelated to other business factors. Retailers have used the “Six P’s of Retail” model to visualize how various combinations of these factors combine to form the right “mix” for the business. Each retailer works to create their own unique formula for success, but there needs to be consistency among these factors.

**Product** refers to the assortment of goods the retailer offers to their customers. Retailers try to align their product mix with the needs and wants of their target customers. They consider the quality level of goods carried, depth and breadth of assortment, brands versus private label, etc.

**Promotion** entails the marketing efforts to support sales of the retailer’s products. This factor of the retail mix is concerned with advertising, publicity, social media, cross-channel selling, etc.

**Presentation** is the retail mix factor concerned with the image of the retailer both in store and online. How professional is the look and feel of the customer experience? How do things like logos, color schemes, music and even aroma influence the customer’s perception of the retailer.

**Personnel** refers to the people employed by the retailer and the level of service they provide. From baristas in Starbucks to online customer service agents at Amazon.com, customers’ perception of the retailer will be impacted through their experience with the retailer’s people.

**Place** is the retail mix factor that includes store location, website appearance and functionality, accessibility, etc.

**Pricing** is one of the most important areas of the Six P’s. We have already examined several pricing strategies in this module as independent entities. As with the other Six P factors, there must be consistency across all of the dimensions to create and execute a successful retail business.

Your specialty candy store carrying truffles hand-made on site would probably do well with a premium price strategy for these unique edibles. Conversely, a mass-merchant retail chain located in a strip center carrying basic quality goods would probably not do very well with a premium price strategy. A department store retailer located downtown carrying luxury designer goods would not wish to employ a discount-price strategy for their high-end customers. “Two-for” pricing would not be a successful pricing strategy for a retailer selling automobiles. To be successful, a retailer’s pricing strategy must be consistent with all of the factors of the retail mix model.

### Practice Questions

<https://assessments.lumenlearning.co...sessments/9271>

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