***Psychological Pricing***

**Part I: For each psychological pricing theory write down a real world example**

**1) Odd-number pricing (also known as charm pricing**): is a pricing and marketing strategy based on the theory that certain prices have a psychological impact. Retail prices are often expressed as "odd prices": the final price is a little less than a round number

**Real World Example:**

**2)** **Multiple-unit pricing:** This pricing strategy incorporates setting a smaller price per entity when you buy a couple or several more items similar to it on the contrary to just buying one at a time. A typical example of **multiple pricing** is an item that sells at 4 for $1.00. In this example $1.00 is the **multiple unit price** and 4 is the **multiple unit** quantity.

**Real World Example:**

**3)**  **Bundle Pricing:** Complementary products packaged together for a combined lower than individual price

**Real World Example:**

**4)**  **Everyday Low Prices:** Prices that are not discounted but are kept consistently low, and lower than the competitors' prices

**Real World Example:**

**5)**  **Customary Pricing:** Prices kept by tradition (example: candy bars and chewing gum)

**Real World Example:**

**6)**  **Captive Pricing:** Main product is low but complementary products (products you must buy with it) are expensive

**Real World Example:**

**7)**  **Premium Pricing or Reference Pricing:** pricing the highest-quality or most versatile products higher than other models in the product line.

**Real World Example:**

**8) Price Lining:** the strategy of selling goods regardless of brand only at certain predetermined prices

**Real World Example:**

**9)** **Promotional Pricing:** occasionally reducing the "price leaders" and having "special event pricing" and "comparison discounting"

**Real World Example:**

**10) Random discounting/Flash Sales:** create discounts so your users can't predict when their will be discounts and they won't hold off buying for periodic pricing

**Real World Example:**

**11) Secondary-market pricing:**

  **primary market** -- main group of buyers receive one price

  **secondary market** -- secondary group of buyers receive different prices(example early-bird specials, isolated areas, foreign countries).

**Real World Example:**

**12) Negotiated pricing:**

negotiating final price b/w buyers and sellers

 **Real World Example:**

**Part II: When you are done with Part I, brainstorm about which strategies you can use and how you can apply them to your business.**