

Tlemcen University
Faculty of Economics, Management and Business Sciences

Department of Business Sciences



2nd Year Master Marketing

7. Industrial Product Pricing

Pr. Souhila GHOMARI

Pricing Policy in Industrial Marketing



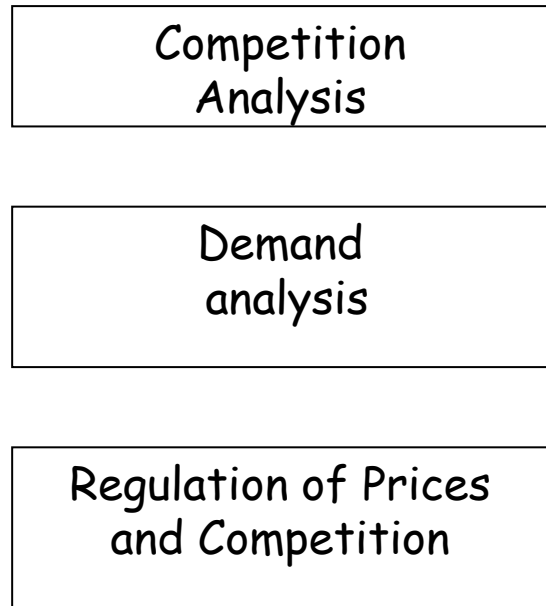
The Pricing Policy

Price is the only variable in the marketing mix that does not generate costs and actually generates revenue.

Very often prices are a reference for brand image and are the best advertising for the company. They are also the basis of the consumer's purchasing decision. It is therefore up to each company to make an attack variation and to study its fixing very carefully.

The Pricing Process

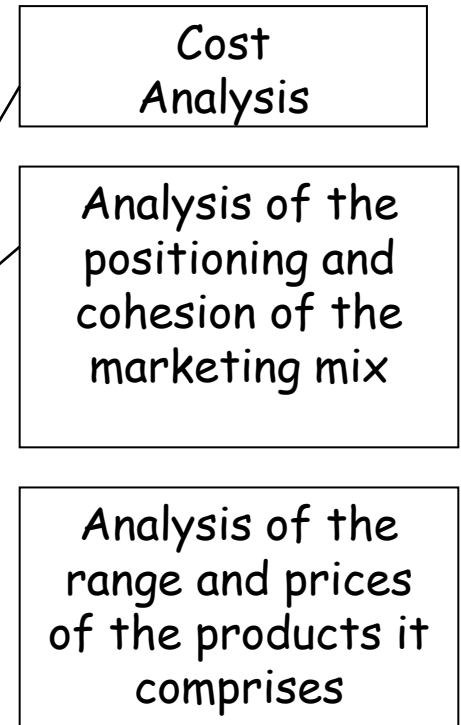
-External Factors



Objectives of the firm

FIXING
THE
BASE PRICE

-Internal Factors-



ESTABLISHMENT OF THE
SCALE OF DEVIATIONS

Competition Analysis

After having carried out a market study and a survey of the prices charged by competitors ("Store Check"), the company has every interest in looking for a niche, that is to say a price-quality level for its products/services.



Specific aspects of price in industrial marketing

- A. The overall design of the product
- B. The concept of "custom-made"
- C. Price discrimination

Specific aspects of price in industrial marketing

A. The overall design of the product

In industrial marketing, the concept of product is often very broad. Because in addition to the "tangible product", there are also the less tangible "services" that are part of the offer. Comparison between suppliers is possible if the different elements can be objectively dissociated and valued.



Specific aspects of price in industrial marketing

B. The concept of "custom-made"

In the same vein, given the complexity of certain requests, the price of the product includes an ad hoc "all in" solution. A single solution, a single price. Which therefore leaves a wide range of negotiation.

Specific aspects of price in industrial marketing

C. Price discrimination

Very present, it is applied according to criteria such as:

- **The importance of the client** in terms of image or turnover
- **Status:** Several categories of resellers, distributors, approved or not, all titles allowing differentiated pricing.

Price fixing in calls for tender

A. The call for tender at the best price "At the lowest bidder":


B. The call for tender at the highest bidder

C. The negotiated call for tender



A. The call for tender at the best price

"Lowest bidder": For identical services, the cheapest supplier wins. The offers are submitted in a sealed envelope. The call for tender is said to be "restricted" if only certain companies are authorized to participate.



B. The call for tenders to the highest bidder

It is the **quality of the solution** presented, apart from the "price" element, which prevails.



C.The negotiated call for tender

The buyer determines a list of suppliers with whom he wishes to work. After studying the offers, he draws up a 'short list' and the negotiation begins with the companies selected for this second round.