



## Pricing Differentiation, Methods & Strategy

### Objectives

This course will address the most important pricing strategies used by firms in practice. Participants will be exposed to more sophisticated pricing techniques encountered in the real world, such as personalized pricing, quantity discounts, block pricing, two-part pricing, group pricing and bundling (commonly used by firms that sell multiple products). A well-designed pricing strategy can substantially increase the profits of a firm.

### Course Contents

In a perfectly competitive industry, a firm's manager faces a trivial pricing decision: he or she must charge the market price, which is determined by the market demand and the market supply for the product.

- **Uniform Pricing:** The simplest pricing strategy for the firm is to charge a single price per unit to all customers, also known as uniform pricing.
- **First-Degree Price Discrimination:** consists of charging a different price per unit to each customer. Some car dealers and Internet sites practice an imperfect form of first-degree price discrimination.
- **Second-Degree Price Discrimination:** consists of offering different price schedules and then letting customers decide the terms that suit them best. The examples are the following: block pricing and two-part pricing. Quantity discounts, cover charges at bars, telephone plans, etc., are the examples.
- **Third-Degree Price Discrimination:** consists of dividing customers into groups according to some observable characteristic, and then charging a different price per unit to each group of customers. Airline pricing, movie theater discounts, coupons, etc., are examples of this pricing strategy.
- **Bundling:** consists of selling multiple products as a bundle, instead of selling them separately. Combo meals, vacation packages, bundles of premium channels, etc., are the examples.



## Course Outline

1. Basic Idea: Consumer Surplus Extraction.
2. Benchmark Case: Uniform Pricing.
3. First-Degree Price Discrimination.
4. Second-Degree Price Discrimination:
  - Block Pricing.
  - Two-Part Pricing.
5. Third-Degree Price Discrimination.
6. Bundling.

## Designed For

This program is structured for managers and decision makers who want to utilize sophisticated pricing techniques for their products.

## Training Delivery

This instructor led course will require a lot of hands-on exercises and interactive discussions in a team-work oriented environment, group. The training is presented verbally in Indonesian with the course materials written in English.

## Duration

This duration is 2 days.