

Pricing is the process whereby a business sets the price at which it will sell its products and services, and may be part of the business's marketing plan. In setting prices, the business will take into account the price at which it could acquire the goods, the manufacturing cost, the market place, competition, market condition, brand and quality of product.

- Pricing is a fundamental aspect of financial modeling and is one of the four Ps of the marketing mix, the other three aspects being Product, Promotion and Place.
- Pricing can be a manual or automatic process of applying prices to purchase and sales orders.

Pricing Process

Pricing Methods

- Demand based Pricing
- Competition based Pricing
- Cost-based Pricing
 - i - Cost-plus Pricing
 - ii - Markup Pricing
- Other Pricing methods
 - i - Value Pricing
 - ii - Target Return Pricing
 - iii - Going Rate Pricing
 - iv - Transfer Pricing

Pricing Strategies

Types of Pricing Strategies

- Penetration Pricing
- Skimming Pricing
- Competition Pricing
- Product Line Pricing
- Psychological Pricing
- Cost Plus Pricing
- Cost-based Pricing
- Optional Product Pricing
- Premium Pricing
- Bundle pricing