

STRATEGIC MANAGEMENT

BMBM6024

PSYCHOLOGICAL PRICING
TECHNIQUES



A strategically placed middle option to makes the most expensive seem like the best deal

1. The Decoy Effect



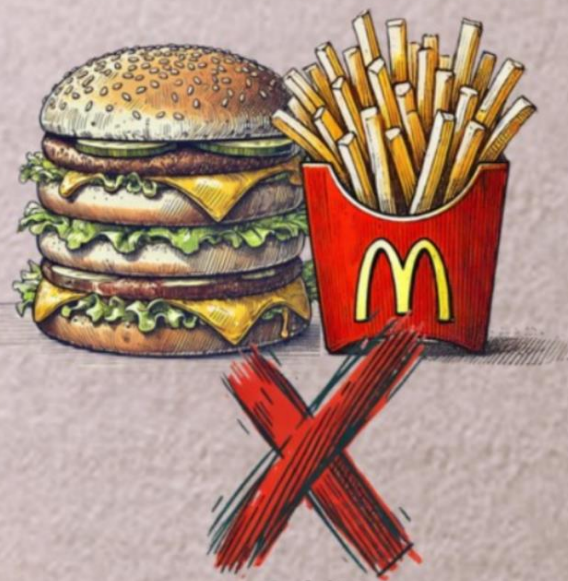
No clear best value option

Most will see the value in large option

Prices without a \$/£ minimise the perceived cost and makes it feel less like spending money

2. Currency-Free Pricing

Big Mac Meal
\$3.99 | 600 cal.



Instantly drawn to the cost

Big Mac Meal
3.99 | 600 cal.



Less focus on the price and more on the product

People are more likely to buy it if they can divide the cost easily

3. The Easy Division Rule



Five shirts for \$27 is hard to process



Most will see the value in large option

Raising prices in tiers encourages early action and creates a sense of urgency

4. Dynamic Urgency Pricing



I'll come back to this later



I must buy this now to save money

Separating costs into components makes the base price look smaller

5. Partitioned Pricing



Seems more expensive without separating cost



Most people will ignore shipping fees

For items under
\$100 use %

e.g. 20% off

over \$100 use
monetary amounts
e.g. \$50 off

6. The Rule of 100



Save 15% on your \$1000
order



£150 of your \$1000 order

A higher priced item next to a lower price item the lower priced one seem like a bargain

7. Contextual Pricing



Without context, it seems expensive

Seems cheap in comparison

People perceive
bundled products
is more valuable
than individual
purchases

8. Bundled Pricing



It's difficult to get people to
buy add-ons



People over value the
price of the bundle

Rounded prices
feel emotional
precise prices feel
more rational

9. Price Precision Effect



Feels like it's just rounded up



Feels carefully priced