



Price Perception Management

New academic insights regarding the products pricing

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* Managerial Report Overview

Having in mind the current economic realities and the retail price war, the price has become one of the most important P's of the marketing mix for both retailers and manufacturers.

Thus, determining the right price and managing consumers' 'price perceptions' play one of the most important roles in the strategy and decision making process, drawing the fine line between leaders and followers, success and failure.

This report is aiming to establish in detail how consumer price perceptions develop in the supermarket channel and how they can be influenced.

For this purpose a variety of interesting scientific studies and insights are used, as well as an EFMI research on the price knowledge of Dutch shoppers (in-depth interviews on shoppers in four locations of a value-for-money supermarket, and two experiments: the influence of assortment structure

on the shoppers' reference price and the influence of assortment price level on the shoppers' reference price).

* Main themes addressed in the study

- * The consumer price perception: a schematic representation
- * Forms of price communications that consumers are faced with (selling prices, promotional prices, comparative price, price comparisons by third parties)
- * The concept of price elasticity explained
- * How do shoppers respond to price changes in the supermarket?
- * When are shoppers more or less price sensitive?
- * Measuring consumer price knowledge
- * Unaided price knowledge: survey of German shoppers (2002)
- * Three levels of price knowledge: survey among French shoppers (2002)
- * Explanation of the term "reference price"
- * The shaping of reference prices: The "The Range Frequency Theory"
- * The shaping of reference prices: The "Assimilation-Contrast Theory"
- * The development of price perception and Psychological price communication
- * The influence of reference prices (two EFMI experiments: the influence of assortment structure on the shoppers' reference price and the influence of assortment price level on the shoppers' reference price)

* Main conclusions

In the retail price war era, the know-how and tools necessary to influence consumers' in-store behavior and price perceptions are of paramount importance and play a key role in any practitioner's decision making process.

The insights provided by the EFMI "Price Perception Management" report offer an essential advantage to the sales and marketing professionals and executives by unraveling the following issues: the way the consumer price perceptions develop and the means to influence them, consumer price knowledge and impact, the influence of assortment structure and price levels on the consumer internal reference price, psychological pricing and impact and the influence of consumer perceived value on price perceptions.

* Report info

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