

Abdelhafid Boussouf University Center – Mila

Institute of Economic, Commercial and Management Sciences

Departement of Economics

LECTURES ON : Pricing Strategies and Distribution

Addressed to 3RD year economics students – Second semester

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1. Pricing Strategies:

a. Cost-Based Pricing:

Definition: Cost-based pricing involves setting prices based on the costs of production, including materials, labor, and overhead expenses, plus a markup for profit.

Purpose: This strategy ensures that prices cover production costs and generate a profit margin.

b. Market-Based Pricing:

Definition: Market-based pricing considers factors such as supply and demand, competitor prices, and perceived customer value to determine prices.

Purpose: This strategy aligns prices with market conditions and customer willingness to pay, maximizing revenue and market share.

c. Skimming Pricing:

Definition: Skimming pricing involves setting high initial prices for new products or services and gradually lowering them over time.

Purpose: This strategy targets early adopters and captures maximum revenue from customers willing to pay a premium for new innovations.

d. Penetration Pricing:

Definition: Penetration pricing sets low initial prices to quickly gain market share and attract price-sensitive customers.

Purpose: This strategy aims to stimulate demand, discourage competitors, and establish a foothold in the market.

2. Distribution Channels:

a. Direct Distribution:

Definition: Direct distribution involves selling products directly to consumers without intermediaries through company-owned stores, websites, or sales representatives.

Purpose: Direct distribution provides control over the customer experience, enables personalized service, and maximizes profits by eliminating middlemen.

b. Indirect Distribution:

Definition: Indirect distribution relies on intermediaries, such as wholesalers, retailers, distributors, or agents, to sell products to end consumers.

Purpose: Indirect distribution expands market reach, reduces logistical complexities, and leverages the expertise and resources of intermediaries.

c. Omnichannel Distribution:

Definition: Omnichannel distribution integrates multiple channels, including online, offline, mobile, and social media, to provide a seamless shopping experience for customers.

Purpose: Omnichannel distribution meets customers' preferences for convenience, flexibility, and accessibility, enhancing engagement and loyalty.

d. Selective Distribution:

Definition: Selective distribution limits the number of retail outlets or distributors authorized to sell a product, focusing on those that meet specific criteria.

Purpose: Selective distribution maintains brand image, ensures product availability in key markets, and provides a consistent customer experience.

3. Conclusion:

Pricing strategies and distribution channels are critical elements of marketing strategy that influence customer perception, purchasing decisions, and market competitiveness. By selecting appropriate pricing strategies and distribution channels, companies can effectively reach target customers, maximize sales, and achieve business objectives.

Key Terms:

Pricing Strategies - استراتيجيات التسعير

Distribution Channels - قنوات التوزيع

Cost-Based Pricing - التسعير بناءً على التكلفة

Market-Based Pricing - التسعير بناءً على السوق

Skimming Pricing - تسعير الرشح

Penetration Pricing - تسعير الاختراق

Direct Distribution - التوزيع المباشر

Indirect Distribution - التوزيع غير المباشر

Omnichannel Distribution - التوزيع متعدد القنوات

Selective Distribution - التوزيع الانتقائي