

Index

- ABC, 13
Absolute thresholds, 74, 75
ABSOLUT vodka, discount level, purchase probability and, 138
AB/split testing, 88
 advantages/disadvantages of, 84
 with Google AdWords, 84–87
Acura, 128
Add-on fees, for “rush” jobs, 99
Add-ons, higher-priced, offering, 63–64
Adidas, 55
Administrative costs, 56–57
Advertised prices, buyer reactions and, 50, 51
Advertising:
 established brands and reaction to, 115
 pre-week prices, examples, 73
 recessions and cuts in, 22
Age:
 brand switching and, 125
 discounts/discounting and, 133
Amazon.com, 26
American Express, 45
American Photographer magazine, 13
Amusement parks, bargain weekday morning prices for, 99
Analyzing Your Competitors’ Prices worksheets, 141–146
 Product Business worksheet, 143–144
 Service Business worksheet, 141–142
 Sponsor Opportunities Business worksheet, 145–146
Anchoring and adjustment model, prices and, 75
Ancillary Profits, testing prices for, 5–6
apps, 58
Ariely, D., 75
Arnold, D. R., 97
Asian Americans, rise of, 26
Assimilation/contrast theory, buyer reactions and, 50–51
Attention span, known brands and, 115
Attorneys:
 consulting, pricing law and, 25
 costs, legal firms and, 57
Attribution theory, 102
Audio magazine, 13, 27
Automated warehousing, Wal-Mart launch and, 34
Availability, service differentiation and, 97
Back-to-nature trend, frozen food industry and, 25
Baker, W. E., 127
“Ballpark” for best price, picking, 47–51
“Bargain hunters,” 128
 innovators *vs.*, 120
 understanding, 103
Bargain prices, likelihood-to-buy preferences by product and, 119
Bargain rates, for un-peak times, 99
Barriers in prices, understanding, 68
Basu, K., 116
Bearden, W. O., 134
Bed linens, pricing, 38
Beer study, skimming price positioning and, 35–36
Believability, testimonials and, 117

- Benefits:
 features *vs.*, 43–44
 salaries and, 57
- Bettman, J. R., 111
- Blue Ocean Strategy*, 124
- Books:
 printed *vs.* e-books, pricing, 40
 sales, 58
- Bottom line, pricing and, 5–6
- Brand equity, 113–114
- Brand loyalty:
 price premiums and, 117
 switching frenzy and, 126
- Brand names, shocking findings on, 127
- Brands. *See also* Established brands; Known brands; Name brands; New brands; Unknown brands
 focal, 115
 known (*see* Known brands)
 problems in pricing something new, 101–102
- Brand switchers, “bargain hunters” as, 103
- Brand switching:
 aftermath of, 126–127
 age and, 125
 convenience and, 125
 doing what others do, 125–126
 factors related to, 124–125
 gender and, 125
 grocery shopping and, 125
 likelihood to switch, 125
 media-distributed coupons and, 123
 popular brands and, 125–126
 regret theory and, 126
- Burton, S., 102
- Businesses, selling to, 73–74
- Business newsletters, pricing, 16, 33
- Business-to-business (B2B) marketplace:
 pricing and, 26
 selling to, 73
- Business-to-consumer (B2C), selling to, 73
- Business Week*, 16
- Butscher, S. A., 5, 55, 56, 63
- Buyer benefits/drawbacks, analyzing,
 relative to competitors, 43–46
- Buyer Benefits worksheet, 147–148
 Consumer Benefits Offered, 147
 Consumer Negatives Among Your Competitors, 148
- Buyer price position preferences, detailed research on, 104–107
- Buyer reactions:
 to price ranges, learning about, 50–51
 to soliciting donations, 50
- Buyers. *See also* Consumers
 numbers that say “discount” to, 70–71
 uncovering what they really value/hate about your products, 44
- Buyer valuation, of different features,
 learning more about, 44–46
- Buzz marketing firms, finding innovators and, 122
- Cannon, H. M., 41
- Carpet study, skimming price positioning and, 36
- Causation for behaviors, 102
- Cavallo, G. O., 125
- CBS, 13, 27
- CDs, switching LP music collections to, 27
- Cents-off deals, new products and, 123
- Cereal:
 age differences and mean acceptance discount for, 133
 consumer worry about discounts for, 130
 income differences and mean acceptance discount for, 134
 local retail purchase, percentage indicating specific maximum discount levels for, 132
 mean acceptable discount for buyers of, 131
 middle price preference for, 106
 online purchase, percentage indicating specific maximum discount levels for, 132
- Chance, W. A., 123
- Chattoadhyay, A., 116
- Cheapest price option:
 toothpaste, coffee, suntan lotion and, 104
 watches, shirts and, 105
- Cheap offers, “bargain hunters” and, 103
- Classified competitive pricing, 40
- Client add-ons, to fixed price jobs, protecting yourself from, 95–96
- Clinical test tool, product sales for, 45–46
- Cocooning, frozen food industry and, 25
- Coffee, cheapest price option and, 104
- “Coherent arbitrariness,” prices and, 75
- Commitment, service differentiation and, 97
- Compeau, L. D., 51
- Competitive price positioning/competitive pricing, 9, 38–39
 learning more about, 40–41
 for new products, 128

- preferred price position by product and risk type, 110
 - reasons for using, 39, 48
- Competitive products, price example, 71
- Competitor prices:
 - matching, 11–12
 - as source of free research for you, 11
- Competitor Pricing Workshop, 24
- Competitors:
 - analyzing buyer benefits/drawbacks relative to, 43–46
 - “bargain hunters” and, 103
 - buying from, 97
 - direct *vs.* indirect, 16–18
 - for every product, 15–16
 - finding what service competitors charge, 96–97
 - getting profitable ideas from, 19–20
 - “picking,” 16
 - stupid, 24
 - watching actions of, 23
- Conjoint pricing models, 45
- Consulting expenses, business newsletters compared to, 16
- Consumer electronics study, risk and pricing aspects in, 110
- Consumer health newsletters, pricing, 38, 71
- Consumer preferences, comparative price attractiveness by product and, 106
- Consumers. *See also* Buyers
 - “bargain hunters,” 103
 - favorite brands, discount selections and, 102
 - price evaluation by, 18–19
 - reviews by, 31
 - sensitivity to safety/physical risk, 109–110
 - staying below price barriers and, 68–69
- Convenience, brand switching and, 125
- Cooper, L. G., 32, 136
- Cost Analysis worksheet, 152–155
 - bulk cost analysis, 153
 - fixed overhead costs, 154
 - per-unit cost analysis, 153
 - quantity analysis, 153
 - sunk-cost analysis, 155
- Cost-plus pricing, 6
 - defined, 9
 - losing money with, 9–10
 - popularity of, 39
- Costs:
 - calculating, hardest part of, 57–58
 - direct, 57
 - overhead, 56–57
 - sunk, 56
- Coupons, new products and, 123
- Credence attributes, 97–98
- Credit card choices, research on, 45
- Crowley, E., 117
- Customers, willing to pay more, 65–66, 98–99
- Custom products:
 - cost-plus pricing for, 9
 - price sensitivity and, 97
- Damaged goods, consumers, discount selections and, 102
- Dawar, N., 115
- Days of week for business, finding most popular, 99
- de Chernatony, L., 18
- Delivery times, pricing and, 99
- Del Monte fruit juice, consumers remembering price of, 18
- Demand, change in price and huge difference in, 109
- Demand curves:
 - creating, “myth” of, 8–9
 - generalized, 107
 - retested price preferences plotted as, 108–110
- Democrats, social division between Republicans and, 26
- Demographic segments, “enhanced” products or services to, 66
- Deodorant, middle price preference for, 106
- Department stores, progressive discounts and, 137
- Desired scenarios, pricing services higher for, 99
- Dhar, R., 115
- Direct competitors, 16
- Direct costs, 57
- Direct-mail marketers, staying below price barriers, 68
- Disaster needs, raising prices, consumer wrath and, 23
- Discounts/discounting:
 - age differences and, 133
 - best levels for, determining, 136–137
 - consumer attributions and, 102
 - consumer tradeoffs and, 136
 - contradictory research results on, 134–136
 - as double-edged sword, 129–130
 - economy and, 22
 - effect on quality ratings and purchase, 137–138
 - of implausibly high prices, 123–124
 - known brands *vs.* unknown brands and, 120

- Discounts/discounting (*continued*)
- for least desired scenarios, 99
 - local retail products and percentage maximum levels for, 131, 132
 - maximum, reasons for not taking, 135
 - mean acceptable for consumers, overall product differences, 131
 - online products and percentage maximum levels for, 131, 132
 - pennies in prices and, 70–71
 - pricing with, 129–139
 - risk perception and, 111
 - testing effect of, 129
 - what worries consumers about, 133–134
 - when consumers worry about, 130–133
- Dodds, W. B., 114
- Donation solicitations, buyer reactions to, 50
- Dowling, G. R., 110
- Dream Team Olympics, Atlanta, 56
- Drozdenko, Ron, 102, 104, 115, 118, 124, 130, 137
- Dumping ideas, 62
- e-books:
- pricing, 40
 - testing prices for, 81
- Economy, pricing and, 21–24
- Education effect, new brands and, 122–123
- Eggs, price attractiveness for, 106
- Environmental factors and pricing, 21–27
- competitors, 24
 - economy, 21–24
 - government regulation and legal, 24–25
 - social trends, 25–26
 - technological change, 26–27
- Established brands:
- advantages for, 116
 - competitors with, 113–114
 - preference for, over 15% higher-priced unknown brand by product, 121
- Europe, pricing regulations in, 25
- Evian bottled water, consumers remembering price of, 18
- Expectations of consumers, knowing, 15
- Expensive prices, likelihood-to-buy preferences by product, 120
- Facebook, 31
- Fair pricing, consumers, recoveries and, 22
- “False fame,” brand names and, 127
- Fast-food restaurants, menu pricing and, 71
- Favorite brands, consumers, discount selections and, 102
- Fax machines, 58
- Feature recall, established brands and, 115
- Features:
- benefits *vs.*, 43–44
 - calculating value of, that differ from competitors, 44–46
- Fictitious brands study, price preference and, 103–104
- Films, bargain matinee rates for, 99
- Fixed price jobs, protecting yourself from client add-ons to, 95–96
- Focal brands, 115
- Food:
- as eco-issue, 26
 - popular brands and, 126
 - raising prices, consumer wrath and, 23
- Forbes*, 16
- Forecasts and trends, pricing and, 26
- Form utility, 64–65
- Forrester, 26
- Fortune*, 16
- Free trials:
- known brands and, 116
 - offering, 117
- French, N. D., 123
- Frozen food industry:
- gourmet dinner products, 26
 - pricing and, 25
- Gabor, A., 36, 75, 103
- Gender:
- brand switching and, 125
 - credit card choices and, 45
 - discounts/discounting and, 133
- Gender-specific segments, “enhanced” products or services to, 66
- Germany, Beetle sales and profitable pricing in, 5
- Gillette, Mach 3 development, 27, 37
- Girod, I., 45
- “Going-rate” pricing, 41
- Gonul, F. F., 123
- Google AdWords:
- A/B split testing with, 84–87
 - account setup, 84–87
 - Ad Rotation, 85
 - bidding, 85
 - billing, 84
 - going live, 87
 - test pages, 86
 - URL, 86
 - web landing page, 85

- Google and price testing, 83–90
 A/B split testing, 83, 84–87
 Google Optimizer, 83–84
 Google Optimizer, 83–84
 Authorized Website Optimizer
 Consultants, 89
 getting started, 88–89
 regrets, 89–90
 testing multiple things with, 87–88
 Google Website Optimizer Installation
 Guide—Multivariate, 88
 Gotlieb, J., 110
 Government regulation, prices and, 24–25
 Granger, C. W. J., 36, 75, 103
 Gray market, consumers, discount selections
 and, 102
 Grewal, D., 51, 110, 114
 Grocery brands survey, 123
 Grocery shopping, brand switching and, 125
 Gruca, T. S., 9, 40
 “Guaranteed” profits, cost-plus pricing and, 10
 Gupta, S., 136

 Hair stylist expenses, 57
 Hansen, R. W., 126
 HDTVs:
 age differences and mean acceptance
 discount for, 133
 bargain prices, likelihood-to-buy and, 119
 consumer worry about discounts on, 130
 expensive prices, likelihood-to-buy and, 120
 income differences and mean acceptance
 discount for, 134
 likelihood-to-buy at different price
 position, 108
 local retail purchase, percentage indicating
 specific maximum discount levels for, 132
 mean acceptable discount for buyers of, 131
 middle prices, likelihood-to-buy and, 119
 online purchase, percentage indicating spe-
 cific maximum discount levels for, 132
 preference for name brand over 15% higher-
 priced unknown brand by product, 121
 preferred price level, 109
 preferred price position, safety risk and, 110
 price attractiveness for, 106
 Headlines:
 Google AdWords, 84
 Google Optimizer, 88, 89
 Heavy *vs.* light users, “enhanced” products or
 services to, 65
 Heider, F., 102
 Hewlett Packard laser printers, size of brand
 advantage for, 117
 High-end price positioning, niche for
 unknown brands and, 124
 High-end restaurants, menu pricing and, 71
 Higher prices:
 charging to those willing to pay more,
 98–99
 justifying, risk and, 111
 perceived higher quality and, 97–98
 portable stereos, tennis racquets and, 104
High Fidelity magazine, 13
 High income/education, targeting, new
 brands and, 122
 High-income groups, low prices and percep-
 tion by, 75
 High/middle price choice, for cotton shirt,
 104, 105
 High price choice, for cotton shirt, 104, 105
 Hoch, S. J., 75
 Hogan, J., 45
 Holden, R. K., 8, 9
 Holden, S. J. S., 127
 Hourly pricing for services, by the job
 pricing *vs.*, 94–95
 HTML, 88
 Huber, J., 114
 Humorous ads, known *vs.* unknown brands
 and, 116

 Ideas, dumping and moving on, 62–63
 “Implausible external reference prices,”
 research on, 123–124
 Income differences, discounts/discounting
 and, 133, 134
 Indirect competitors, 16–18, 96
 Information centers, user fees, competitive
 pricing and, 41
 Infrequent buyers, targeting, new
 brands and, 123
 Inkjet printer offering, quality,
 likelihood-to-buy and, 102–103
 Innovators:
 finding, 122
 unknown brands and, 120, 122
 Intent-to-buy, implausibly high prices and, 124
 Internal reference prices, 51
 Internal Revenue Service, 56
 Internet marketers, staying below price
 barriers, 68
 iPhone, 58
 iPod, launch, 18
 IRS. *See* Internal Revenue Service

- Japanese automakers, entry into U.S. via
cheap position, 128
- JND threshold research, 74–75
- Job proposals, detailing in, 95
- Johnson, E. J., 114
- JUMP basketball sneaker, 55–56
- Just-in-time inventory, Wal-Mart launch and, 34
- JWT Intelligence, 26
- Kahneman, D., 75
- Kent, R. J., 75
- Ketchup purchases, infrequent, brand
switches and, 123
- Kindle, 58
- Kinko's, consumer reaction to ads for, 115
- Knock-offs, 30, 32, 102
- Knowledgeable buyers, looking for, 122
- Known brands:
advantages for, 116
consumer focus on, 114
discount on quality ratings and purchase
of, 138
focal brands, 115
humorous ads and, 116
“implausible external reference prices”
and, 123–124
increased attention to, 115
increased learning of new content over, 114
positive attitude carryover for, 115–116
price premiums for, 117–120
purchase intentions and, 115–116
quality ratings and, 115–116
reactions to ads, 115
reduced search time for, 114–115
risk avoidance and, 116–117
- Knox, S., 18
- Laker, M., 5, 55, 56, 63
- Lambert, Z.V., 103, 104
- “Latitude of acceptance,” for middle range
prices, 51
- Launching products:
dumping your idea and moving on, 62–63
that don't cover overhead, reasons for, 58
- Lawrence, R. J., 126
- Laws, price discrimination, 25
- Lazy person's guide to pricing strategy, 39
- Leader price position, 40
- Leading brands, benefits of, 115
- Leng, S. B., 134, 135
- Leszczyc, P.T. L., 123
- Lexus, 128
- Libraries, user fees, competitive pricing
and, 41
- Lichtenstein, D. R., 102
- Likelihood-to-buy:
bargain prices and, by product, 119
at different price positions, by product, 108
expensive prices and, by product, 120
known brands and, 115
middle prices and, by product, 119
name-brand equity over unknown brands
and, 118
preference for name brand, over 15%
higher-priced unknown brand by
category price level, 122
preference for name brand, over 15%
higher-priced unknown brand by
product, 121
preferred price level by product category, 109
preferred price position by product and
risk type, 110
quality and, 102–103
- Local retail products, percentage indicating
specific maximum discount levels for,
131, 132
- Loewenstein, G., 75
- Losses, minimizing, progressive discounts
and, 137
- Lower-priced brands, profits on, with far
more sales than luxury brands, 104
- Low income/education, targeting, new
brands and, 122
- Low-income groups, high prices and
perception by, 75
- Low/middle price choice, for cotton shirt,
104, 105
- Low price choice, for cotton shirt, 104, 105
- Low-price positions, 40
- Low prices, “bargain hunters” and, 103
- Loyalty to brand, “bargain hunters” and, 103
- LP music collections, switching from, to
CDs, 27
- Luggage, molded, middle price option
consumer choice and, 104
- Luxury brands, more profits on far less sales
of, 104
- Macy's, 25
- Madan, V., 135
- Magazine subscription prices, number “7” in, 72
- Market positioning, entering hole in, 128
- Marmorstein, H., 110
- Marriage, women shying away from, 26
- Marshall, R., 134, 135
- Match-competitors pricing, 6, 9, 11–12, 38, 39
- Matched geographic test markets, setting
prices and, 136
- Matinee rates, bargain, for theaters and films, 99

- Maximum discounts, reasons for not taking, 135
- Maxwell, Sarah, 14, 23, 73
- McConnell, J. D., 36
- Media-distributed coupons, brand switching and, 123
- Memory test, brand names and, 127
- Menu prices, 71
- Mercedes-Benz, S-class, 62–63
- Middle prices:
 - for cotton shirt, 104, 105
 - likelihood-to-buy preferences, by product, 119
 - products attractive to consumers at, 106
 - tape recorders, molded luggage and, 104
- “Missionary” marketing, 17, 18
- Mobile device usage, 26
- Mobley, M. F., 134
- Modern Photography* magazine, 13
- Monroe, K. B., 102, 114
- Moore, D. J., 120, 136
- Morgan, F. W., 41
- MP3 players, middle price preference for, 106
- Multi-product companies, protecting profits at, 37
- Multivariate testing, Google Optimizer and, 87–88
- Muthukrishnam, A. V., 116
- Nagle, T. T., 8, 9
- Naipual, S., 71
- Name-brand equity, over unknown brands, 118
- Name brands:
 - preference for, over 15% higher-priced unknown brand by category price level, 122
 - preference for, over 15% higher-priced unknown brand by product, 121
- Narrowing Your Price Range worksheets, 149–151
- New brands:
 - “blue ocean” and, 124
 - infrequent buyers and, 123
 - stand-out messaging needed for, 115
 - switching to, factors for, 124–125
 - targeting low income/low education and high income/education, 122
 - testimonials for, 117
- New content, increased learning for, 114
- NewProd model, 32
- New products/services:
 - additional research on preferred prices for, 107–109
 - “bargain hunters” and, 103
 - buyer price preferences research and, 104–107
 - coupon methodology and, 123
 - detailed research on buyer price preferences, 104–107
 - finding innovators, 122
 - looking for most knowledgeable buyers, 122
 - market and valuation for, 13–14
 - outside price range of competitive products, 19
 - pricing, 91
 - pricing, summary remarks on, 127–128
 - problems in pricing, 101–102
 - quality and, 116
 - risk avoidance and, 116–117
 - risk theory and, 110–111
- Newsletter subscription prices, number “7” in, 72
- Nike, 55
- Noble, P. M., 9, 40
- Numbers effect, learning more about, 75
- Off-price retailers, progressive discounts and, 137
- O’Hara, B. S., 102
- Old goods, consumers, discount selections and, 102
- Olshavsky, R. W., 120, 136
- Online price testing, companies unable to do, 81
- Online products, percentage indicating specific maximum discount levels for, 131, 132
- Optimal prices, risk perception and, 111
- Outdated goods, consumers, discount selections and, 102
- Overhead:
 - costs, 56–57
 - launching a product that doesn’t cover, reasons for, 58
- Oxenfeldt, A. R., 51
- Parity pricing, 40
- Parker, P., 115
- Parsa, H. G., 71
- Payne, J., 114
- “Peak season” premiums, 64
- Penetration (cheap) position, entering at, 128
- Penetration price positioning, 31–35
- Penetration pricing:
 - reasons for avoiding, 32
 - reasons for using, 47–48
 - situations calling for, 31–32
- Pennies, testing prices without, 38
- Pennies in prices, discount pricing and, 70–71, 72

- Performance, strongest guarantees for, 117
- Performance risk, new products and, 116
- Peterson, R. A., 110
- Petroshius, S. M., 102
- Pew Institute, 26
- Pharmaceuticals, pricing, 45
- Physical appearance:
 - established brands and, 115
 - new products/services and, 116
- Place utility, 65
- Poor quality:
 - consumers, discount selections and, 102
 - penetration pricing and avoiding perception of, 32–33
- Popular brands, brand switching and, 125–126
- Porsche AG, 62
- Positioning new products, 29–41
 - choices for, 29
 - competitive price positioning, 38–39
 - learning more about competitive pricing, 40–41
 - penetration price positioning, 31–35
 - psychology of price positioning, 30–31
 - skimming (or premium) price positioning, 35–38
- Positive attitude carryover, for established brands, 115–116
- Possession utility, 65
- Potential client, questioning about project spending in budget, 97
- Potter, T. A., 45
- Preferred brands, increased attention and responsiveness for, 115
- Prelec, D., 75
- Premium price positioning, 35–38
- Prestige positioning, reinforcing, 71
- Prestige pricing, 37–38, 48
- Price barriers:
 - adjustment for you, 69–70
 - increasing up to, 69
 - staying below, 68–69
 - understanding, 68
- Price cuts, matching, cautionary note, 23
- Price elasticity, conjoint pricing models and, 45
- Price Is Wrong, The: Understanding What Makes a Price Seem Fair and the True Cost of Unfair Pricing* (Maxwell), 14, 23, 73
- Price level, name-brand equity over unknown brands and, 118
- Price positioning, 14
 - changing, 63
 - known brands and, 117–120
 - picking, 97
 - psychology of, 30–31
 - success for new products/services and, 127–128
- Price preferences:
 - additional research on, 107–109
 - detailed research on, 104–105
 - by product type, 103–104
 - retested, as demand curves, 108–109
- Price premiums, for known brands, 117–120
- Price promotions, research on, 120. *See also* Discounts/discounting
- Price ranges, learning about buyer's reactions to, 50–51
- Prices. *See also* Competitor prices; Competitors; Discounts/discounting; Pricing; Psychological adjustments to price; Testing prices
 - best, examples, 71–72
 - buyers' assimilation or contrasting of, 50–51
 - consumer evaluation of, 18–19
 - equal to quality buyer perception, 102
 - fine-tuning, 59
 - quality ratings and, 115
 - testing (*see* Testing your prices)
 - visually appealing, 72–73
- Price sensitivity:
 - delivery times and, 99
 - service differentiation and, 97
- Price wars, 20, 23
 - avoiding—if you really do have 30% lower costs, 34–35
 - example, 33–34
 - preventing, 33
- Pricing. *See also* Services pricing
 - best, picking “ballpark” for, 47–51
 - competitors and, 24
 - concluding thoughts on, 139
 - disasters, avoiding, 49
 - discounts (*see* Discounts/discounting)
 - economy and, 21–24
 - government regulation and, 24–25
 - indecision about, 48–49
 - as key to your success, 3–12
 - law and, 25
 - mistakes, worse, 49
 - problems with new products, 101–102
 - social trends and, 25–26

- in special situations, 91
- technological change and, 26–27
- Pricing consultants, 7, 136
- PricingPsychology.com, 72
- Pricing Psychology Report, 72
- PricingSociety.com, 7
- PricingStrategyResources.com, 139
- Printed books, pricing, 40
- Product category:
 - likelihood-to-buy at different price positions by, 108
 - preferred price level by, 109
 - preferred price position by risk type and, 109–110
- Products:
 - attributions due to, 102
 - comparative price attractiveness by, 106
 - consumer responses to sales, 134
- Product type, price preferences and, 103–107
- Profitable ideas, getting from competitors, 19–20
- Profits. *See also* Pricing; Testing your prices; Worksheets
 - cost evaluation and, 55–58
 - cost-plus pricing and fixed percentage for, 9
 - environmental factors and, 21–27
 - increasing, raise prices—or sell more products?, 3–6
 - maximum, setting prices for, 1
 - potential, being happy with, 61–62
 - potential, not being happy with, 62–66
 - thresholds and, 74–75
- Progressive discounts, department stores and, 137
- Prospect theory, “anchoring and adjusting” aspect of, 75
- Psychological adjustments to price, 67–75
 - increasing prices up to barriers, 69–70
 - learn more about effect of numbers, 75
 - learn more about thresholds, 74–75
 - numbers that say “discount” to buyers, 70–71
 - selling to businesses, 73–74
 - staying below barriers, 68–69
 - test your knowledge, 71–72
 - understanding “barriers” to prices, 68
 - visually appealing prices, 72–73
- Psychological positioning, for new products, 128
- Psychological segments, “enhanced” products or services to, 65–66
- Purchase intentions, established brands and, 115–116
- Purchases, discounts and effect on, 137–138
- Purchasing probability, comparative price attractiveness by product and, 106
- Quality:
 - deeper discounts and perceptions about, 137
 - known brands and, 114–115
 - likelihood-to-buy and, 102–103
- Quality assurance, consumer reviews and, 31
- Quality buyer perception, price equals, 102
- Quality ratings:
 - discounts and effect on, 137–138
 - established brands and, 115–116
- Raj, A., 115
- Random numbers research, on prices, 75
- R&D costs, recouping, 37
- Recessions, advertising cuts and, 22
- Recoveries, raising prices and, 22
- Reebok, 55
- Reference prices, 51
 - defined, 18
 - processing model, 51
- Regret theory, brand switching and, 126
- Rent, raising prices, consumer wrath and, 23
- Repeat sales, cents-off deals and, 123
- Republicans, social division between Democrats and, 26
- Research, testing *vs.*, 81–82
- Restaurants, menu prices, 71
- Retailer reputation, quality ratings and, 115
- Risk:
 - avoidance, new products/services and, 116–117
 - determining best discount levels and, 136
 - preferred price position by product and type of, 109–110
- Risk theory, 110
- Rolex, 35, 37–38, 107
- Royalty rates, 45
- “Rush” jobs, add-on fees for, 99
- Russo, J. E., 114
- Safety/physical risk, consumer sensitivity to, 109–110
- Salaries, 57
- Salespeople, asking for competitive information, 96
- Sales-related management costs, 57

- Sapede, C., 45
- Search engine marketing, 84
- Search time, reduced, for known brands, 114–115
- Segway, 10
- Segway motorized scooter:
 - competitors for, 15–16
 - purchasers of, 18
- Service sales, consumer responses to, 135
- Services pricing, 93–99
 - charging more for those willing to pay more, 98–99
 - complications with, 94
 - finding what competitors charge, 96–97
 - by the hours *vs.* by the job, 94–95
 - myth of pricing based on “what you want to earn,” 94
 - picking price positioning, 97
 - protecting yourself from client add-ons to a fixed price job, 95–96
 - what it says about your firm, 97–98
- Shampoo:
 - age differences and mean acceptance discount for, 133
 - income differences and mean acceptance discount for, 134
 - local retail purchase, percentage indicating specific maximum discount levels for, 132
 - mean acceptable discount for, 131
 - online purchase, percentage indicating specific maximum discount levels for, 132
 - price attractiveness for, 106
- Shirts:
 - age differences and mean acceptance discount for, 133
 - bargain prices, likelihood-to-buy and, 119
 - consumer worry about discounts on, 130
 - expensive prices, likelihood-to-buy and, 120
 - income differences and mean acceptance discount for, 134
 - likelihood-to-buy at different price position, 108
 - mean acceptable discount for buyers of, 131
 - mean prices for each price level, 105
 - middle prices, likelihood-to-buy and, 119
 - online purchase, percentage indicating specific maximum discount levels for, 132
 - preference for name brand over 15% higher-priced unknown brand by product, 121
 - preferred price level, 109
 - preferred price position, safety risk and, 110
 - price attractiveness for, 106
 - price choices for, 104
 - price preferences and, 105
- Shoes:
 - age differences and mean acceptance discount for, 133
 - income differences and mean acceptance discount for, 134
 - local retail purchase, percentage indicating specific maximum discount levels for, 132
 - mean acceptable discount for, 131
 - middle price preference for, 106
 - online purchase, percentage indicating specific maximum discount levels for, 132
- Simonsen, I., 115
- Simonson, L., 114
- Simulated test markets, setting prices and, 136
- Skimming (or premium) price positioning, 35–38
 - beet study, 35–36
 - carpet study, 36
 - net result, 36
 - prestige pricing, 37–38
 - reasons for using, 48
 - temporary premium pricing, 37
 - wine study, 36
- Sneakers, 55–56
- Soap:
 - consumer perception in, 103
 - price and different forms of, 64–65
- Social security numbers study, on prices, 75
- Social trends:
 - charting, 26
 - pricing and, 25–26
- Spalding pump baseball glove, 62
- Sponsorship money, recessions and, 22
- Standardization, price sensitivity and, 97
- Staple products, consumers knowing price of, 18
- State Farm, consumer reaction to ads for, 115
- Stereos, portable, highest price option consumer choice and, 104

- Stolen goods, consumers, discount selections and, 102
- Stoner, C., 115
- Strategy and Tactics of Pricing* (Nagle, Holden, and Zale), 7
- Sugawara, T., 123
- Sunk costs, 56
- Suntan lotion, cheapest price option consumer choice and, 104
- Suri, R., 135
- Tape recorders, middle price option consumer choice and, 104
- “Target costing,” 55–56
- “Target engineering,” 55–56
- Taxes, sunk costs and, 56
- Taylor, J. W., 111
- Technological change, pricing and, 26–27
- Technology, new, royalty rates and, 45
- Teel, J. E., 134
- Tellis, G. J., 111, 115
- Temares, M. L., 125
- Temporary premium pricing, 37
- Tennis racquets, highest price option consumer choice and, 104
- Testability, service differentiation and, 97
- Testimonials, new brands and, 117
- Testing your prices, 77, 79–90
 - A/B split testing with Google AdWords, 83–87
 - concluding thoughts on, 139
 - Google Optimizer and, 87–90
 - high price of your price range, 70
 - psychology of you-in setting prices, 79–81
 - research *vs.* testing, 81–82
 - setting too low a price, 80
- Theaters, bargain matinee rates for, 99
- Thresholds, learning more about, 74–75
- Ties, middle price preference for, 106
- Time of day for purchasing, finding most popular, 99
- Time utility, 64
- Timex, 35
- Tires:
 - age differences and mean acceptance discount for, 133
 - bargain prices, likelihood-to-buy and, 119
 - consumer worry about discounts on, 130
 - discount on quality ratings and purchase of known *vs.* unknown brands of, 138
 - expensive prices, likelihood-to-buy and, 120
 - income differences and mean acceptance discount for, 134
 - likelihood-to-buy at different price position, 108
 - local retail purchase, percentage indicating specific maximum discount levels for, 132
 - mean acceptable discount for buyers of, 131
 - middle prices, likelihood-to-buy and, 119
 - online purchase, percentage indicating specific maximum discount levels for, 132
 - preference for name brand over 15% higher-priced unknown brand by product, 121
 - preferred price level, 109
 - preferred price position, safety risk and, 110
 - price attractiveness for, 106, 107
- Toothpaste:
 - aftermath of brand switching and, 126
 - age differences and mean acceptance discount for, 133
 - cheapest price option consumer choice and, 104
 - discount on quality ratings and purchase of known *vs.* unknown brands of, 138
 - income differences and mean acceptance discount for, 134
 - local retail purchase, percentage indicating specific maximum discount levels for, 132
 - mean acceptable discount for buyers of, 131
 - middle price preference for, 106
 - online purchase, percentage indicating specific maximum discount levels for, 132
 - popular brands and, 126
 - unknown brand, factors causing switch to, 124
- Turnaround time, finding most popular, 99
- Tversky, A., 75
- Tzokas, N., 40
- Udell, G. G., 45
- Unique pricing situations, 91
- Unit sales, increase in, discounts and, 129
- Unknown brands:
 - advantages for, 120, 122–124
 - beware of discounts with, 120

- Unknown brands (*continued*)
 discount on quality ratings and purchase of, 138
 discounts negative for highest levels of, 136
 “implausible external reference prices” and, 123–124
 innovators and, 120, 122
 low price on, 32
 name-brand equity over, 118
 preference for name brand, over 15% higher-priced unknown brand by category price level, 122
 preference for name brand over 15% higher-priced unknown brand by product, 121
- Usage segments, “enhanced” products or services to, 65
- Utilities, that allow a higher price, 64–65
- Vacillators, brand switching and, 126
- Value:
 cost-plus pricing and consumer perception of, 10, 11
 quality, likelihood-to-buy and, 103
- Vanhuele, M., 127
- Variable costs, cost-plus pricing and, 10
- Visually appealing prices, 72–73
- Vitamins:
 bargain prices, likelihood-to-buy and, 119
 expensive prices, likelihood-to-buy and, 120
 likelihood-to-buy at different price position, 108
 middle prices, likelihood-to-buy and, 119
 preference for name brand over 15% higher-priced unknown brand by product, 121
 preferred price level, 109
 preferred price position, safety risk and, 110
 price attractiveness for, 106
- Vodka, discount on quality ratings and purchase of unknown brands of, 138
- Volkswagen, Beetle launch and profitable pricing, 5
- Wall Street Journal*, 16
- Wal-Mart, 34
 launch of, 34–35
 penetration pricing and, 32
- Wansink, B., 75
- Watch:
 age differences and mean acceptance discount for, 133
 income differences and mean acceptance discount for, 134
 local retail purchase, percentage indicating specific maximum discount levels for, 132
 mean acceptable discount for buyers of, 131
 online purchase, percentage indicating specific maximum discount levels for, 132
 price attractiveness for, 106
 price preferences and, 105
- Wealth position, changes in perception and, 110
- Weber, J. E., 126
- Webmaster, Google Optimizer and, 88, 89
- Web retailing, 26
- “What you want to earn” pricing, myth of, 94
- Wii:
 introduction, months-long backorders for, 10
 profitable pricing and, 5
- Wilson, W., 110
- Wine study, skimming price positioning and, 36
- Women, choosing not to enter marriage, 26
- Worksheets:
 Analyzing Your Competitors’ Prices, 141–146
 Buyer Benefits, 147–148
 Cost Analysis, 152–155
 Narrowing Your Price Range, 149–151
- Writer fees, 57
- [yellow tail] wines, brand switching and, 124
- Yogurt, discount on quality ratings and purchase of known *vs.* unknown brands of, 138
- Zaichkowsky, J. L., 74, 75
- Zais, H. W., 41
- Zajas, J., 117
- Zale, 7