

## Food & Beverage - 7 Pricing Tricks: how many can you use? - By Ken Burgin

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With customers searching for value and the best deal, pricing strategies need to be smarter than ever.

It's essential to know the supply cost and competitor pricing, but there are many other 'tricks of the trade' that help customers to say yes!

1. Decoy Pricing: When you have one item at a much higher price, it shows the regular prices as good value. The Seafood Platter may be priced at \$75, but all the other seafood items are priced from \$20 to \$30. Desserts may be \$6.50, except for the Belgian Chocolate Indulgence that costs \$11.50. Bottles of wine cost \$15 - \$38, except for a small range costing \$80 - \$100.

2. Prestige Pricing: Higher prices tell us that the item is of better quality, especially if it's supported by better plates or cups, good design or extra comfort. Use a quality cardboard cup for the takeaway coffee if you charge more than others. The reverse is true - if you're selling a seafood basket at a bargain price, people assume the contents are frozen and low quality. They usually assume the worst if you have good product that you sell too cheaply.

3. Command Pricing: consumers are open to being told how many of an item to purchase, so tell them! KFC tells you to buy 12 wings for \$7.90. Liquor shops suggest you buy 2 bottles of Scotch for \$40, or candy bars are offered at 2 for \$2.

4. Confusion Pricing: Most people can work out the item cost of 5 Spring Rolls for \$5. But not many can do it with 7 for \$5.80 or 9 Onion Rings for \$6.70 or 7 nights accommodation for \$545. Sometimes a little 'confusion' can work in your favour.

5. Nine and Zero Pricing: Many people associate the number 9 with a lower cost, and zero with quality. A bowl of noodles with seafood may be \$9.90 and an excellent steak may be \$30 - both prices send a message. The best Suite with ocean views costs \$800 for the weekend. Sometimes you want to sell value, and at other times you emphasise quality.

6. Instalment Pricing: on late-night TV, the Ab Cruncher is sold for just 4 easy instalments of \$29.95. If you're dealing with high-priced items like functions or weddings, it makes sense to have an instalment option ready to discuss and offer it prominently. Note that the TV offers hardly mentions the total price - the instalments are the price.

7. Bundle Pricing: Just like the steak knives that come with prestige cookware! With your dinner group of 6 people we include a complimentary bottle of wine and an icecream dessert platter. With all birthday party functions, we include free access to the nightclub (normally \$12 per person), a birthday cake (valued at \$45) and 10 reserved spaces in the car park. To add credibility to the offer, it helps if these items are also listed and priced separately, even if they are rarely sold that way. Great function operators are masters at bundle pricing - do some research on the net.

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