**Video Title:** Three Pricing Strategies Everyone Should Know

**Video URL:** <http://youtu.be/bKj1_AQpC7k>

**Running Time/Source:** 8:04, Ground Glass-Spencer Lum/YouTube

**Close Caption Available:** Yes

Spencer Lum offers three pricing strategies that complement the usual emphasis on supply and demand, revenues and costs. He is not a believer that a low cost/low price strategy is always the best pricing strategy. Lum recommends that high anchor prices be the starting point for setting prices because prospective buyers remember what they are first exposed to and, thus, will be willing to pay more. If necessary, you can lower prices but it is less likely that you can start with low prices and subsequently raise them.

Using effective, more descriptive names for products is recommended because they are more likely to allow a company to set higher prices. When employing a bundling pricing strategy, Lum believes that is not appropriate to give out prices for specific products or services contained in the bundle. Lum emphasizes that when setting prices, companies must stress giving customers or potential customers value which must be clearly apparent to them. An interesting aspect of this video is that Mr. Lum cites the results of various empirical studies to support his recommendations.

Questions:

1. According to Spencer Lum, companies are better off by using what pricing strategy?
2. What are Mr. Lum's recommendations regarding raising or lowering prices?
3. Why does Mr. Lum recommend that products should be given descriptive names?
4. What is a major recommendation of Mr. Lum's regarding to use of a bundling pricing strategy?
5. What support does Mr. Lum give for his recommendations about pricing?