

# Blackblot® Product Pricing

## Glossary



BLACKBLOT TERM	BLACKBLOT DEFINITION
Allowances (Pricing)	A conditional refund only in the form of a deduction from the list price in exchange for customer action. Allowances are often accomplished in two forms: Trade-in and Rebate.
Bait Pricing	Pricing that aims to attract customers with low prices with the intent to sell higher-priced items.
Base Price	Initial price of a product before any alteration.
Captive Product (Pricing Tactic)	Imbalanced price ratio between the product's components, which are sold separately. The main system component is underpriced, and the consumables and support services are overpriced. The "Captive Product" pricing tactic can be quickly and easily accomplished via product system decoupling.
Conditional License	Expiring ownership and usage rights to a product. Can be renewable and non-renewable.
Costing	Determining the total associated expenditure.
Credit Terms	Schedule for delayed payment(s).
Demand-based Pricing (Pricing Tactic)	Rapidly adjusting prices per customer according to market characteristics.
Derived Price	Price that is determined based on attributed benefit.
Discrimination (Pricing Tactic)	Charging different market segments with different prices for the same product.
Diversification (Pricing Tactic)	Creating product variants with distributed price points.
Dynamic Pricing (Pricing Tactic)	Rapidly adjusting prices per customer according to customer characteristics.
End-user License Agreement (EULA)	Perimeters of usage and ownership rights granted to the customer.
First-level Price Discrimination	Price discrimination that is based on the ability to pay (charge per income).
Global Discount	Universal, non-discriminatory, non-conditional deduction from the list price for enticement purposes.
Licensing	A method of providing rights to usage and ownership of a product for a specified price and/or term.
Licensing Mix	A combination of perpetual and term licenses relative to a particular product.
Loss Leader	A product priced below cost to attract consumers to buy other items.
Margins	Direct financial gains by selling.

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MSRP	The price the manufacturer recommends that the seller offers the product for. MSRP = Manufacturer's Suggested Retail Price.
Odd/Even Pricing	Ending the price with certain numbers to influence buyers' perceptions of the price or product.
One-time Fee (Licensing)	A one-time fixed charge that enables constant use of the product.
Payment	The actual economic sacrifice a customer makes to acquire certain rights to a product.
Payment Forms	Means of payment such as cash, credit card, check, or wire transfer.
Payment Terms	Payment conditions include currency type, letter of credit, and purchase prerequisites.
Penetration (Pricing Tactic)	Briefly charging a relatively low price upon product launch.
Perpetual License	Non-expiring ownership and usage rights to a product.
PMTK MVP Model	A market-value centric pricing process that guides sets of managerial decisions that help determine a product's price. The "PMTK MVP Model" comprises three distinct components that effectively act as sequential stages in the pricing process: Pricing Scheme, Pricing Formula, and Price Mix.
Price	A specification of what a seller wants in exchange for granting the right of ownership or use to a product.
Price (Formula)	Price = Costs + Margins
Price Discounts	Deductions from the list price.
Price Elasticity of Demand	Percentage change in quantity demanded that occurs in response to a percentage change in price.
Price Lining	Pricing of products in a product family with corresponding price points.
Price Mix	A price-related aggregate of information and conditions that the customer is presented with.
Price Modifiers	Conditional deduction from the list price.
Price Psychology	Dynamic human reasoning process which infers from a product's price, price comparisons, and price changes, diverse messages about the product and company, and accordingly influences buying decisions.
Price Reductions	Universal, non-discriminatory, and non-conditional official list price decreases.
Price Variables	Price changes based on product characteristics.
Pricing	The act of setting a price.

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Pricing Formula	A calculatory structure that allows the application of pricing changes to specific markets or competitive regions.
Pricing Objectives	A description of what a company wants to achieve through pricing its products.
Pricing Scheme	An outline of the overall pricing approach, which encompasses the principles for pricing the specific product.
Pricing Strategy	The primary method of pricing relies on a particular pricing decision factor.
Pricing Tactics	Pricing actions which are dependent on the particular life cycle stage of the product that is being priced.
Rebate (Pricing)	The customer receives reimbursement for a portion of the purchase price in exchange for customer information.
Recurring Fee (Licensing)	A fixed charge that enables limited-time use of the product but is renewed periodically at regular intervals.
Second-level Price Discrimination	Price discrimination that is based on artificial obstacles (same price, but coupons, advance purchase, restricted use).
Site License Discount	Discount provided for a large quantity purchase. The number of product licenses acquired is estimated.
Skimming (Pricing Tactic)	Briefly charging a relatively high price upon product launch.
Subscription Fee (Licensing)	A one-time fixed charge that enables limited-time use of the product.
Third-level Price Discrimination	Price discrimination that is based on external factors (gender, age, geography, or profession).
Trade-in (Pricing)	An item of property given in part payment upon purchase.
Usage Fee (Licensing)	A charge per unit of measure that is tallied at regular intervals.
Volume Price (Discount)	Discount provided for a large quantity purchase. The exact number of product licenses acquired is stated.