

## Optimal Price Points in Differential Pricing

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**Abstract :** Pricing plays a pivotal role in the marketing discipline as it directly influences consumer perceptions, purchase decisions, and overall market positioning of a product or service. This paper seeks to expand current knowledge in the area of discriminatory and differential pricing, a main area of marketing research. The methodology includes developing a framework and a model for determining how many price points to implement in differential pricing. We focus on choosing the levels of differentiation, derive a function form of the model framework proposed, and lastly, test it empirically with data from a large-scale marketing pricing experiment of services in telecommunications.

**Keywords :** marketing, differential pricing, price points, optimization

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