The paper aims at identifying some of the reasons why same product is offered at different prices at different outlets of the same chain. The sellers can offer the same product at different price considering the type of buyers they target. For the sellers to maximize profits which are sole objective of the firm, they have to come with a pricing strategy that ensures maximum benefits are accrued. The seller set different prices for their products due to the factor such as level of competition in the market, the value added to the product, perceived value of the product by consumers, and the price elasticity of the product in the market. To explain why sellers may offer their products at different prices in their various outlets we have to analyze different pricing strategies adopted by the seller and how they account for different prices of the same products in different outlets.

Penetrating pricing is the pricing strategy that the sellers adopt in determining the price for their products where they want exploit a new market. The sellers set a low price so as to gain the market share and later increase the prices after they product has gained significant market share. The penetrating pricing strategy is meant to offer competition to the existing products and thus give the company a competitive niche. The company thus would be offering different prices of the same product in different markets since it would be charging high prices in the markets it entered before and lower prices for the market it has recently penetrated (VanAuken, 2009).

Another pricing strategy that accounts for the differences of the same products in the firms' different outlet is price skimming. In the price skimming strategy, he producers or rather the sellers sell their products at high prices due to the competitive advantage they are currently enjoying because of the reasons such as there are few sellers in the market. The high prices of the goods charged in the market make other supplier to enter the market due to high profit made. From the law of supplier, increase in supply causes the prices in the market to go down. As the competition increase in the market the sellers are forced to reduce their prices to in order for their goods to remain competitive in the market. The price skimming strategy of pricing accounts why the seller may be offering the same product at different prices in their different outlets since the seller would offer product at high price in the new market that are not yet exploited by other sellers and offer the same product at low prices in the markets characterized by stiff competition (Murmann, 2003).

Optional product pricing is yet another strategy that the businesses have in setting their prices. The seller can set different prices for the same product to different people using optional product pricing strategy. Optional product pricing strategy is mostly used in airline industry where people are charged different prices in for the same flight. The passengers can book his flight in business class which is usually high than other classes (Bamber, 2009). Also sitting arrangements in the flights account for the different prices charged for the same services in fact in the same flight; those who want to sit next to a window are charged higher prices than those who opt to sit in other places within the airline.

Promotional pricing is another pricing strategy that account for different prices for the same products offered at different outlets. The seller may engage in sales promotion in one outlet to increase sale incase that outlet is performing poorly. Sale promotion techniques include sales discount, trade discount and buddle discounts; in these discounts the seller sale his product at lower prices than at the prices offered in normal circumstances to woe the sellers to make more purchases. The seller may engage in sale promotion activities in one of the store and not in other stores in different location; this may account for the price differences of the same product in different location.

Geographical pricing is another pricing strategy that accounts for the price difference of the same product in different outlet. The geographical differences between the products are manufactured and where the product is consumed help to add location utility thus adding the price of the commodities. The differences between locations have to add costs to the product since the goods have to be shipped thus incurring a high costs than the goods consumed at their point of manufacture.

Price discrimination is also another factor that accounts for the price differences of the same product at different outlet. Price discrimination refers to an action taken by the seller to charge different prices for the same product to the different buyers. For the seller to apply price differentiation effectively, he should look at the price elasticity o demand of the product in different markets. If the market is price elastic, price changes would be reflected in the demand of the product in the market for instance increase in price would lead to low demand and vice versa. If the market is price inelastic, the change in prices would have no effect on the demand of the products. The sellers thus can offer their products at higher prices if the market is price inelastic and charge low prices if the market is price elastic. Price discrimination is a feature of monopolistic market structure and oligopoly market structure since they have market power to control prices. Price discrimination cannot be applied in competitive market since there is perfect information concerning the prices of the products, the many number of sellers who would alter the prices to have a competitive advantage over other seller, the products offered by the sellers are similar thus incase of high price, the buyer would buy the products from other sellers in the market (The marketing association of New Zealand and Australia, 2010)

Market segmentation is another factor that accounts for the price differences of the same product in different outlets. For the seller to achieve market segmentation effectively, there are certain conditions that are to be met (Chadwick, 2006). The conditions that facilitate market segmentation are that the seller should seal the two markets to ensure that there are no communications between the markets, there are no possibilities of resale of the products from on market to the other. When the sellers have successful achieve market segmentation, they can offer the same product at different prices. For the seller to determine the price to charge for the good in different market he has to consider the purchasing power of the customer, price elasticity in both markets and the utility added to the product such as place utility, time utility, form utility and possession utility.

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