Video Case Four

Student’s Name

Institutional Affiliation

**Reasons why U.S. consumers do not overly price sensitive when it comes to buying candles**

Root candles products are one of the most luxurious consumable products in the United States and other parts of the world. According to market statistics, most customers view that product luxurious but nonessential and thus does not deserve the price that the company charges on this product (Greenblatt, 2013). Root Candles has implemented a variety of value pricing strategies to provide premium candles and affordable prices for all potential customers. Generally, many potential customers in the United States see the product as a gift product but not essential products which should be prioritized. As such, many customers satisfy their basic needs first before buying Root candle products. Consequently, this has reduced the buying rate of candle products in the United States.

Additionally, most United States consumers do not overly price sensitive to buying candle because their expectation of the product's color and the scent is not fully met. Most consumers of this product usually expect specific smell which is not met by the company. Also, the design and packaging of the company's product is another factor which influences the buying of candle products in the United States (Greenblatt, 2013). According to market research, the design and packaging of this product are not appealing to many potential consumers. As such, even if the company reduce prices, no more customers are attracted. Lastly, the product also faces stiff competition for its close competitors. The level of competition in the industry has increased as companies in the same sector try to produce a quality product that seems to more appealing to potential customers than those of Root Candle.

**Pricing method appropriate for Root Candle to price its products**

Primarily, companies expect to earn profits to ensure their continuity in the industry that they operate. As such, the management tends to find an alternative method of pricing to increase the marketability of the products should one way fails (McQuillar, 2010). Similarly, Root Candle needs to consider another pricing method to help the management improve sales volumes of their products. As a result, the company should use penetrating pricing when their competitors draw their attention away from the competition. Penetration pricing will help the company to create more awareness of the potential and also build a good reputation about the company. Consequently, more consumers will be attracted to buy the company's products. However, the management of the Root Candle should not consider this method as the first resort because it might not be appropriate to realize the expected sales expectation of the top management because sales may gradually decrease other time.

**How Root Candle can escape the price-cost pressures, it is facing**

Root Candle can escape the price-cost pressure through the most appropriate substitute's chemical material that will make its product look essential than luxurious as most consumer view it. The management can do this by finding the economical alternative method of manufacturing their products to minimize cost operation (McQuillar, 2010). The company can do this by using components such as paraffin wax and other refined petroleum products to reduce their cost operation. Since gas prices in the United adversely influence the activities of the company, an alternative method will enable the management to products at low costs that allow them to charge fair prices that are affordable to all potential customers. Consequently, this will increase the company's sales value in general.

Conclusively, the management of Root Candle Company should employ the best pricing method that will make their products to be marketable in the market. In doing so, the performance of the company will gradually increase due to the increase in sales volume.

References

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