Products and Discounts

The company uses a number of specialized terms—or terms with specialized meanings—to describe products and prices. For example, any service or subscription is considered to be a product. A product family, such as installation, is a related set of products—in other words, a category. A product's function determines its family. Streaming, for instance, belongs to the video family even though broadband is necessary for delivery.

Some products must be paired with others—for example, a DVR is pretty useless without video. Such relationships are known as *dependencies*. Catalog specifications spell out the characteristics of each product and the rules that govern the connections among them.

The cost of internet, cable TV, and voice (phone) is determined by market segmentation, competition, trade margins, and the price of inputs like materials, labor, and equipment. Price plans for individual customers and accounts are also determined by variables like these:

- Features selected (high-speed data and digital boxes, for example)
- Customer type (residential or commercial, for instance)
- Failure to return modem, box, or other equipment
- Status (new or existing customer)
- Satellite infrastructure in place
- Legacy equipment in use
- Quantity (price tier)
- Level of service
- Credit history

Discounts off the standard price, or rack rate, come in many shapes and sizes. Here are some common types of discounts:

- Retention offers are available to customers who want to disconnect or scale back their services.
- So-called sidegrade offers are offered to those who want to migrate or upgrade existing services without adding new equipment or installing new lines.
- Stepped discounts are quantity discounts for bulk (volume) purchases.
- An override discount is an incentive that gives a distributor or retailer a discount on total purchases during a given period (usually 1 year).
- Threshold discounts may be given if the total purchase reaches or exceeds a specified minimum (for example, a promotion might offer 10% off a purchase of $100 or more).
- A percentage discount is usually a promotional offer that comes with no such strings attached (that is, no minimum purchase requirement). It's calculated by dividing the discount percentage by 100 and multiplying by the standard purchase price:

So if a customer were given 15% off an $80 purchase, you'd calculate the beacon price (the promotional price) like so:

(15 ÷ 100) x $80 = $12 off
$80 – $12 = $68

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