
THE PRICE CORRIDOR OF THE MASS

The Price Corridor of the Target Mass developed by W. Chan Kim and Renée Mauborgne is a tool that managers can use to determine the right price to unlock the mass of target buyers. When setting a strategic price for a product or service, managers must evaluate the trade-offs that buyers consider when making their purchasing decision, as well as the level of legal and resource protection that will block other companies from imitating their offering.

Step One:

Identify the price corridor of the mass.

Three alternative product/service types:

Same	Different	Different Form
Form	Form, Same	and Function,
	Function	Same Objective

Step Two:

Specify a price level within the price corridor.



Size of circle is proportional to number of buyers that product/service attracts

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To set the strategic price, first identify the price corridor of the target mass, that is, the price range that attracts the mass of target buyers. Key to determining the strategic price is for managers to understand the price sensitivities of buyers who will be comparing the new offering with a host of very different-looking products and services offered outside the group of traditional competitors. For example, buyers can choose between several movie theaters, but they can also decide to go to restaurants and bars. Managers should consider two categories of products/services

that are beyond an industry's boundaries in identifying the price corridor of the mass: products and services that take different forms but perform the same function, and products and services that have different forms and functions but serve the same objective.

Next, determine how high or low the strategic price should be set within the corridor without inviting imitation from competition. A company must consider two sets of factors: the level of legal and resource protection the new offering has to block imitation, and secondly the degree to which the company owns some exclusive asset or core capability that can also block imitation. The higher the level of protection against imitation, the higher the strategic price can be within the price range that still attracts the mass of target buyers. For example, if the product or service has strong patents and hard-to-imitate service capabilities one can use upper-boundary strategic pricing to attract the mass of buyers. On the other hand, if a manager is uncertain about their patent and asset protection they should consider pricing somewhere in the middle to lower end of the corridor.

