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PRICING STRATEGY AS ONE OF THE KEY ELEMENTS OF MARKETING STRATEGY

Annotation. The main types of pricing strategies of the enterprise are studied. The content of the concept of the pricing strategy of marketing is examined. The interaction of pricing strategy of the company with the overall marketing strategy is considered. The role of pricing strategy in the overall marketing strategy of the company is discussed.

Анотація. Розглянуто основні види цінових стратегій підприємства. Вивчено зміст поняття цінової стратегії маркетингу. Досліджено взаємодію цінової стратегії підприємства із загальною маркетинговою стратегією. Визначено роль цінової стратегії в загальній маркетинговій стратегії підприємства.

Аннотация. Рассмотрены основные виды ценовых стратегий предприятия. Изучено содержание понятия ценовой стратегии маркетинга. Исследовано взаимодействие ценовой стратегии предприятия с общей маркетинговой стратегией. Определена роль ценовой стратегии в общей маркетинговой стратегии предприятия.

Keywords: pricing strategy, marketing strategy, development of marketing strategy, concept of price strategy, development of price strategy.

Pricing is a critical element of the marketing complex, which allows creating the volume of business profits. The majority of small and medium-sized businesses do not have sufficient resources for the methods of non-price competition.

Pricing strategy of enterprises has been studied by Paul Robert Milgrom, John Roberts, John L. Daly, Thomas Nagle and other scientists. The pricing strategy and its interaction with the overall marketing strategy of enterprise still has been insufficiently studied.

Pricing strategy is one of the elements of the overall marketing strategy, the implementation of which manages the cost of production in order to ensure distribution. Price depends on many factors, such as costs of production, the level of customer loyalty, the reaction of competitors to changes in product price, clarity of price change for the consumer, the goals of price change [1].

Pricing strategy shows ways of the price changing in the dynamics, on the basis of market conditions and business objectives. Pricing strategies in marketing on the one hand are the conditions for product positioning and on the other they are influenced by certain factors [2]:

the structure of the market;
current market position;
life cycle of the product;
the unique features of the product;
product value for money;
competitiveness of the product.

These factors determine only the general features of the formation of prices. In practice, the pricing strategies in marketing are formed taking into account the company's reputation, popularity of the product, as well as advertising. The strategy is determined based on the product life cycle. Under the influence of this factor pricing strategy needs to be changed. Pricing strategies in marketing are used depending on the characteristics of the goods. They depend on the level of prices for new goods or goods that already exist in the market.

At the stage of growth the competition is increased. This is due to the fact that the company is beginning to struggle with the players who have already been in the market. During this period, the company is trying to generate additional sales channels, including the organization's own channels. The prices do not change. The growth stage requires from the company an increase of sales by trying to improve the product, enter into the new markets and increase the impact of advertising in order to provoke a repeated purchase. At the stage of maturity, sales are stabilized, the company conquers stable buyers. At the stage of saturation, product sales are stabilized and maintained by repeated purchases. At this stage it is important to search the segments that were not involved in the purchase before. To prevent the decline stage companies take measures to strengthen sales. The quality of product can be modified and in some situations, the company may reduce the price to make the product more accessible to clients [3].

The development of the pricing strategy is a constantly reproducible process. It is impossible to create a price strategy once and then use it without any corrections for many years. Pricing strategy must be checked after actual results have been achieved and, if necessary, corrected. Pricing strategy must exactly match the overall marketing strategy, which the company follows [4].

Businesses use different pricing strategies when marketing their products. Sometimes, a company will reduce prices based on the demand of a product or an increase in competition. Companies will also enter new markets with exceptionally high prices if there is an exceptionally high demand for their products. The key to the market pricing strategy is in understanding the current market situation. A company must also determine what customers are willing to pay through market research. Today companies commonly use the following pricing strategies:

1. Penetration pricing strategy. The company may introduce products at relatively low prices, especially when consumers are price-sensitive or the demand is highly elastic. The major objective for market penetration pricing is to set relatively low prices for products in hope of increasing the market share very quickly. Companies that use this strategy try to establish a loyal customer base immediately. They obtain to provide exceptional customer service then consistently offer promotions or special deals to retain these customers.

2. Skim pricing strategy is often used for new products and services, especially technology. The initial price is set high and attracts early adopters who want the product or service now and are willing to pay. When this group has been satisfied, the price is reduced to appeal to more price-sensitive customers.

3. Discount pricing strategy. Companies will often discount the price of their products when they run promotions to attract new customers. Many businesses also run seasonal discounts throughout the year, especially after a particular season has ended.

4. Loss leader strategy refers to products having low prices placed on them in an attempt to lure customers to the business and to make further purchases. The goal of using a loss leader pricing strategy is to lure customers to business with a low price of one product with the expectation that the customer will purchase other products with larger profit margins. The low price placed on the product should result in greater quantities of the product being sold while still recovering a portion of the production cost.

5. Multiple pricing strategy seeks to get customers to purchase a product in greater quantities by offering a slight discount on the greater quantity. In the display of prices, a price for the purchase of just one item is displayed along with the price for a larger quantity. By enticing customer to purchase more than one item the firm generates more profit. Essentially, the customer is penalized for purchasing just one item. In addition, multiple pricing should increase the quantity of items being sold, hopefully resulting in less product loss or fewer unsold items [5].

Choosing a related strategy requires careful consideration of business and financial goals, the state of the market including its past and future, and the products and prices of competition. Choosing strategies that are appropriate for business at the current time does not prevent companies from employing different strategies in the future as the business grows or changes.

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