CHAPTER «ECONOMIC SCIENCES»

CONTEMPORARY PRICING STRATEGIES: SHAPING COMPETITIVE PRODUCTS

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Abstract. The formulation of an effective pricing strategy, focusing on current pricing objectives and encompassing economic, functional, organizational, and legal aspects, enables the enhancement of enterprise efficiency, profitability, product competitiveness, and market opportunities. *This study aims* to substantiate effective pricing strategies that ensure product competitiveness and sustainable enterprise development in the market. *The research methodology* and the synthesis of its findings in this article are based on general scientific methods (analysis, synthesis, generalization) to identify the conceptual foundations of the researched problem, justify effective pricing strategies as a means of forming competitive products, ensuring sustainable enterprise development, and facilitating their practical implementation. *The results of the work.* The findings reveal that modern pricing strategies encompass a wide array of methods aimed at optimizing revenue, profit, and market share. Dynamic pricing involves real-time price adjustments based on market demand, competitor prices, and other factors, enabling revenue maximization by capturing consumers' willingness to pay at different times. Segmentation offers different prices in distinct market segments to generate more income from diverse market segments. Subscription-based pricing provides customers with ongoing access to the product, ensuring a revenue stream and continuous customer loyalty for the business. Pricing based on a combination of product value and consumer utility can ensure higher profitability for the enterprise. Offering a free basic version of

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a product or service with a fee for premium features allows attracting a large user base and increasing the value of premium features for willing customers. Package offers contribute to increasing sales volumes and consumer interest with sensitive pricing. Psychological pricing influences consumer perception by creating the illusion of a lower price. Considering competitors' pricing strategies ensures product competitiveness while maximizing profits. The amalgamation of various pricing strategies expands the effectiveness of the pricing process in dynamic market conditions, facilitating the formation of market segments and offers, thereby maximizing the company's income and profit. *The practical significance* of applying modern product pricing strategies lies in their combination, enabling enterprises to navigate complex market conditions more accurately, fostering not only more effective consumer interactions but also contributing to long-term success and stability. *Value/originality*: The utilization of modern pricing strategies and their combination expands the effectiveness of the pricing process in dynamic market conditions and facilitates more efficient segment formation and market offers, thereby maximizing the company's income and profit.

1. Introduction

The need to establish predictable outcomes for enterprise activities and maintain stable relationships with buyers is paramount for long-term sustainability. In this regard, pricing serves as a delicate yet potent lever, reflecting the efficiency of production, management, marketing strategies, and the utilization of production factors. Moreover, it influences the circulation of goods and services and ultimately impacts the standard of living of the population.

An effectively set price not only communicates the utility, properties, and quality of a product to consumers but also shapes the market perception of the enterprise and its offerings. However, in the ever-changing landscape of market conditions, it's impractical to establish a fixed price for a product indefinitely. Various factors, including shifts in market dynamics, the behavior of market participants, consumer demands, industry pricing trends, changes in taxation, or alterations in cost accounting methodologies, necessitate constant adjustments to pricing strategies.

Market volatility, the emergence of formidable competitors, or fluctuations in consumer sentiment can prompt the need for retaliatory pricing actions, leading to a reevaluation of the price level. Nevertheless, buyers often exhibit mixed sentiments towards price fluctuations, underscoring the importance for enterprises to anticipate the ramifications of pricing decisions, shifts in product assortment, and changes in market conditions.

In competitive market environments, the significance of price policy and pricing strategies becomes increasingly pronounced. Effective pricing strategies not only contribute to achieving anticipated financial outcomes for the enterprise but also bolster the competitiveness of its products. Consequently, enterprises must proactively develop and refine their pricing strategies to navigate competitive landscapes successfully, ensuring their offerings remain attractive and viable amidst evolving market dynamics.

2. The genesis of the justification of the price strategy in competitive market conditions

The genesis of pricing strategy justification in competitive markets lies in contemporary research. Scholars like N.I. Verhoglyadova [22], L.O. Shkvarchuk [14]. They emphasize aligning pricing with consumer and producer interests. Studies highlight the complexity of pricing decisions in competitive environments, where factors like consumer demand, competitor actions, and regulatory policies influence pricing strategies.

The effectiveness of price management and price policy was reflected in the work of Y.V. Lytvynenko [14], V.M. Goncharova, D.V. Solokhi, S.L. Gladkoi, O.P. Vysotsky [8]. The justification of the strategy and tactics of effective pricing is revealed in the works of T.T. Negl, G. Müller [10], R.J. Dolan, H. Simon [5], A.C. Zaverbny, D.O. Nitsenko [23, p. 154–164]. The practical experience of researching competitive price advantages of the enterprise is highlighted in the works of O.E. Mazur [15], V.A. Zeithaml [23]. The study of the problems of marketing pricing is devoted to the work of V.L. Korineva, M.Kh. Koretskyi, O.I. Datij [10], S.I. Dugina [6, p. 112–148], O.M. Zborovska [20, p. 237].

The effectiveness of pricing, according to F. Bideau [2, p. 32–44; 3, p. 62–73], A.Z. Valery [20, p. 2–22], is largely determined by the chosen pricing strategy, which should combine the interests of the consumer and the producer. A number of researchers (M. Antilla, K. Meller [1, p. 273–281], W.B. Dodds, K.B. Monroe [4, p. 85–90], V.J. Kehoe [9, p. 72–75],) emphasize that the practice of pricing in competitive market conditions shows that most product manufacturers take into account more and more factors and use a significant number of effective tools within the defined strategy.

Pricing policy, D. Shantanu, M. Bergen, D. Levy, M. Ritson, M. Zbaracki [18, p. 10], T.T. Nagle, G. Müller [16, p. 224], is determined by the general principles, goals and rules that the enterprise has determined for the formation of prices for products of its own production. L.O. Shkvarchuk notes that within the framework of the chosen price policy, first of all, the general goals of pricing are formed, the necessary methods and techniques for their achievement are selected, and finally, an appropriate strategy is developed, which should have a long-term nature [19, p. 139].

So, the analysis of economic studies confirms the relevance of studying the problems of modern pricing, however, the problems of selection and implementation of modern pricing strategies are still not sufficiently covered. Therefore, their characteristics will help increase not only the effectiveness of their formation, but also their practical application in changing competitive market conditions.

3. Pricing strategies in the context of forming product competitiveness and ensuring sustainable development of the enterprise

Modern enterprises often rely on cost-based pricing for product pricing. This approach offers simplicity and ease of implementation by calculating production costs and adding a desired profit margin. It ensures cost recovery and profit generation, making it suitable for enterprises with "cost plus" contracts. However, cost-based pricing has limitations. It overlooks market demand, potentially leading to missed revenue opportunities if consumer valuation exceeds production cost. Additionally, excessive profit margins can deter buyers, while the method fails to incentivize efficiency improvements. To address these drawbacks, enterprises should integrate cost-based pricing with diverse strategies to ensure long-term sustainability and product competitiveness. Effective pricing strategies involve comprehensive analysis, including financial assessment, competitive evaluation, and consideration of regulatory factors. By combining theoretical insights, economic research, and practical experience, enterprises can develop tailored pricing strategies to navigate competitive markets successfully.

Effective price decisions hinge on comprehensive accounting data encompassing costs, buyers, competitors, and legislative policies. Continual evaluation and adjustment of pricing strategy based on actual outcomes are essential for success.

Competitiveness of products is influenced by various factors, and pricing strategy plays a crucial role in determining how competitive a product is in the market. Here are some key points linking price strategy and competitiveness:

– *price perception:* the price of a product or service influences how it is perceived by consumers compared to competitors. A well-thought-out pricing strategy can position a product as more valuable or desirable than competitors' offerings, enhancing its competitiveness;

– *value proposition:* price strategy should align with the value proposition of the product. If a product offers unique features, superior quality, or better performance, a pricing strategy that reflects this added value can enhance competitiveness by justifying a higher price point;

– *market positioning:* the pricing strategy chosen can impact the market positioning of a product. For example, premium pricing can position a product as high-quality or exclusive, while discount pricing can appeal to price-sensitive consumers. Aligning pricing with the desired market positioning can strengthen competitiveness;

– *price flexibility:* in competitive markets, the ability to adjust prices in response to market dynamics is essential for maintaining competitiveness. Flexible pricing strategies such as dynamic pricing or promotional pricing can help a product remain competitive by responding to changes in demand, competitor actions, or other market factors;

– *cost management:* effective pricing strategies take into account not only customer perceptions and market positioning but also the company's cost structure. Managing costs efficiently allows a company to offer competitive prices while maintaining profitability, which is essential for long-term competitiveness;

– *differentiation:* pricing can be a tool for differentiation in competitive markets. Offering unique pricing structures, such as subscription-based pricing, pay-per-use models, or bundled pricing, can set a product apart from competitors and enhance its competitiveness by providing additional value to customers;

– *customer value:* ultimately, the goal of any pricing strategy is to provide value to customers. Competitiveness is achieved when the price of a product is perceived as fair and justified based on the benefits it delivers. Understanding customer needs and preferences is crucial for developing a pricing strategy that enhances competitiveness.

In summary, the link between price strategy and competitiveness of products lies in how pricing decisions impact customer perceptions, market positioning, value proposition, cost management, and differentiation. By carefully crafting and implementing a pricing strategy that considers these factors, companies can enhance the competitiveness of their products in the marketplace.

Developing a price strategy involves more than just replicating successful experiences from other companies. Each combination of goods, enterprise, competitors, buyers, and state regulations is unique, making it nearly impossible to directly transfer experiences. Therefore, it's essential for companies to develop their pricing strategies independently, taking into account their own costs, pricing experience, and the specific market dynamics they operate within. The effectiveness of a company's pricing strategy is constantly tested by competitive market conditions.

To formulate effective price strategies, it's advisable to consider modern approaches based on various classification features. These features help characterize the advantages and disadvantages of different pricing strategies to a certain extent. By understanding these classifications and evaluating their applicability to their own circumstances, companies can tailor their pricing strategies to maximize their competitiveness and profitability.

Price strategies by the level of formed prices include strategies of high, medium and low prices (Table 1).

The strategy of high prices ("premium pricing", the strategy of "removing the cream") involves selling the product at high prices relative to the consumer value of the product, even at the beginning of its introduction to the market, with a further reduction in price as it becomes saturated.

Such a strategy is applied primarily to novelty products that are protected by patents at the stage of implementation.

Table 1

Price strategies by the level of formed prices

The high price strategy	The medium price strategy	The low price strategy
The high price strategy is primarily employed in the following scenarios: – novelty goods or innovative products; – goods protected by patents or intellectual property rights; – goods characterized by low production losses, enabling significant sales volumes at higher prices; – markets with limited competition or niche markets; – markets experiencing high demand exceeding available supply; – markets with substantial entry barriers, such as high initial investment requirements or regulatory hurdles.	The medium price strategy is implemented for the following purposes: – ensuring stable positions in the market without being positioned as either a low-cost or high-end provider; – formation of consistent and sustainable long-term profits; – avoidance of involvement in "price wars" by maintaining competitive but not overly aggressive pricing; – prevention of competitors from easily entering the market by establishing a pricing equilibrium that discourages price-based competition.	The low price strategy is employed for the following purposes: – minimizing risks in competitive battles by mitigating unpredictable consumer reactions to new products; – penetrating foreign markets by offering competitive pricing that appeals to cost-conscious consumers; – expanding market share in the domestic market by appealing to price-sensitive consumers and targeting the mass consumer market.

The high price strategy proves beneficial when:

– most consumers exhibit increasing demand;

– consumers display price insensitivity;

– closest competitors are unable to offer similar products at equivalent high prices;

– consumer perception associates high product prices with superior quality;

– low production costs generate additional benefits from high pricing.

This strategy is suitable under conditions of low demand elasticity, where market responsiveness to price reductions is minimal, and economies of scale have limited impact on production costs.

Conversely, the low-price strategy, also known as "market penetration," involves initially selling goods at prices below their economic value to attract buyers, displace competitors, and capture a significant market share. However, after market dominance is achieved, gradual price increases may follow. This approach is unsuitable for markets with low demand elasticity.

The low-price strategy is justified when:

– swift market penetration or conquest of promising segments is necessary due to significant production volumes, with less emphasis on product quality;

– large-scale production decreases production and sales costs, rendering low prices economically viable;

– enterprise survival depends on effective operational price management to avert bankruptcy threats;

– market unattractiveness to competitors due to the product's low price, potentially overshadowing competitors' emphasis on prestige and quality.

This strategy is most effective when:

– a large number of buyers swiftly transition to a new, lower-priced product;

– cost increases represent a small portion of the manufacturer's goods price, with substantial specific profits;

– competitors are unable to replicate similar pricing tactics.

However, the low-price strategy may prove unprofitable for enterprises producing:

– essential goods, as planned sales expansion may not materialize as expected, reducing profits;

– prestigious goods targeted at high-income buyers seeking specific brands, as price reductions may tarnish brand quality and image perception among buyers.

The average price strategy, often referred to as the "neutral pricing strategy," aims to establish prices that align with the prevailing market rates and the perceived value of goods for buyers. This strategy prioritizes the attainment of consistent profits while avoiding attracting aggressive competition from new entrants.

Neutral pricing entails setting prices that are perceived by the majority of buyers as fair relative to the economic value of the product. This approach is commonly adopted by new businesses seeking to establish themselves in the market. However, caution should be exercised as buyers may interpret average prices as indicative of lower product quality, potentially undermining brand credibility.

Pricing strategies based on the 'price-quality of goods' concept directly reflect the perceived quality of manufactured products, encompassing characteristics that are significant to buyers and fulfill their needs. The establishment of prices should primarily mirror product quality and bolster the company's reputation among consumers. Buyers commonly associate companies renowned for producing high-quality goods with higher prices, as market prices serve as indicators of product quality. This association becomes particularly evident when buyers lack firsthand experience with different product models or are uncertain about their quality.

Therefore, when introducing a new product to the market, it is advisable to employ ***pricing strategies that align with the 'price-quality of the product'*** ratio (Table 2).

Table 2

Pricing strategies "price – quality" of the product

Product quality	**The price of the product**		
	High	**Medium**	**Low**
High	1. Strategy of high prices (premium pricing)	2. Strategy of increased value of the product	3. Strategy of low prices (deep market penetration)
Medium	4. Strategy of increased price ("removal of the cream")	5. Strategy of neutral pricing	6. Quality and market penetration strategy
Low	7. Strategy of deceiving the buyer	8. Fake business strategy	9. Low value product strategy

Strategies 1 and 9 are opposite, however, adequate in the characteristics of the "price-quality" ratio of the product. They are addressed to polar consumer groups by income level. Strategy 1 rewards the seller with a premium for product quality, limited to only high-paying buyers. Strategy 9 targets low-income buyers because most buyers do not buy products at very low prices.

Strategy 2 attracts significant attention of buyers to the branded product, but its implementation requires additional commercial costs for advertising its essential advantages, usefulness for buyers and their profit when buying.

Strategies 3 and 6 reflect the desire of the manufacturer to take a leading position in the market or take a significant share of it, but strategy 3 provides higher growth rates.

Strategy 4 promotes quick payback of production costs and effective introduction of goods to the market. However, the high price of goods of average quality can become a significant barrier to customer demand.

Strategy 5 is the true "golden mean" of the "price-quality" ratio of the product, which is advisable to use for consumer goods, creating a reliable market image of the enterprise.

Strategies 7 and 8 are questionable in view of the market image of the enterprise, but are possible under the condition of its monopoly position.

Competitive pricing strategies are tailored to the behavior of market competitors and become increasingly relevant in highly competitive environments where numerous competitors offer similar products (Figure 1).

Product concentration strategy focuses on targeting specific consumer segments, directing company efforts and resources towards meeting their needs.

Market penetration strategy involves setting low prices for new products, particularly when entering price-sensitive market segments, aiming to boost sales volumes and secure long-term profits through cost reductions, increased production, and market experience accumulation.

The "curve of product mastery" strategy combines elements of "cream skimming" and market penetration, launching new products at high prices and gradually lowering them as production scales, costs decrease, and market experience grows.

Price signaling strategy relies on buyers associating high prices with high-quality goods, emphasizing the importance of limited quality information compared to price information. This is particularly effective for premium products like expensive vintage wines.

Price leadership strategy entails large enterprises actively setting prices either slightly below average for consumer goods or above average for prestigious, high-quality goods. They are quick to adjust prices, innovate, and influence market dynamics.

"Following the leader" strategy involves closely monitoring and imitating the pricing actions of market leaders, sometimes even forming secret agreements with them. However, prices for new goods with improved quality and technical advantages may differ from the market leader's prices.

In the face of competition, a *price advantage strategy* can be deployed by setting prices lower than competitors', provided the enterprise maintains

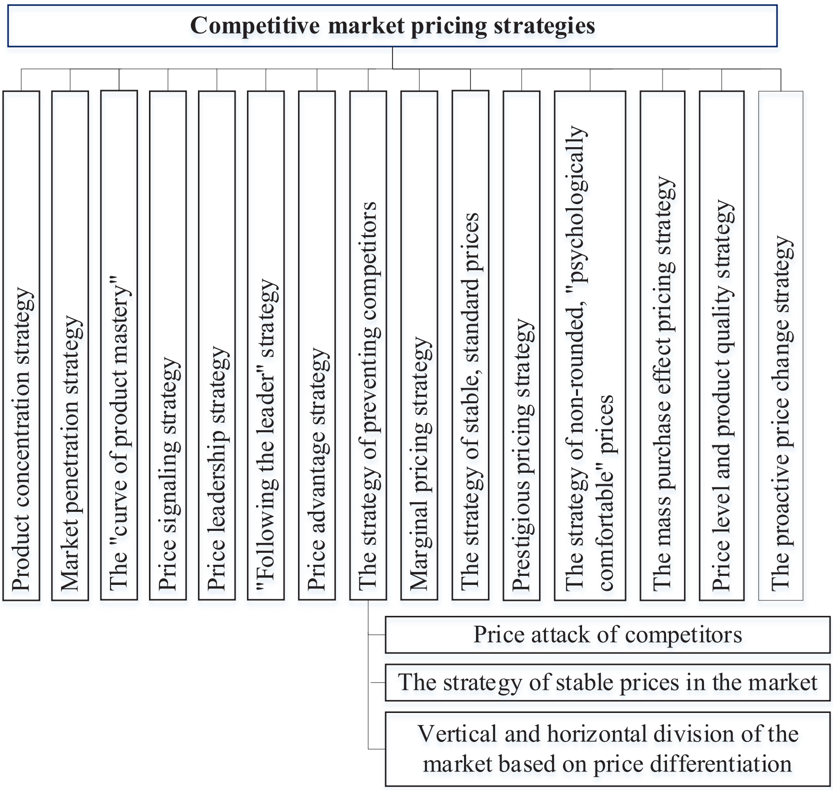

Figure 1. Competitive market pricing strategies

control over costs and offers higher-quality products recognized and valued by consumers.

While "following the leader" strategy may seem appealing, it can lead to loss of initiative, errors, or deception by the market leader. Many enterprises have abandoned this strategy in favor of more flexible pricing approaches [9, p. 388–397].

In situations where the threat of competitive intrusion looms, *leveraging price advantages can be strategic*, but it requires strict cost control and superior product quality compared to competitors, recognized and appreciated by consumers as unique, reliable, prestigious, and worthy of higher prices.

The strategy of preventing competitors from entering the market is primarily employed for new products introduced to the market. Similar to the low-price strategy, it involves selling the product at reduced prices to undermine competition. However, such prices are unsustainable for competitors as they fail to yield adequate profits. Subsequently, as product sales grow and competitors lose ground, the company can recoup lost profits by raising prices.

Implementing an *aggressive price strategy* to oust competitors from the market requires a stable financial position, significant advantages in production costs, product quality, and a strong brand image among buyers. This strategy encompasses three approaches:

– *price attack* aims to increase the company's market share by compelling competitors to match or even lower prices. This tactic is viable in markets with highly elastic demand, where significant cost reductions and high demand elasticity make it perilous for competitors to lose market share;

– maintaining unchanged prices in response to competitors' actions is feasible in markets with inelastic demand. despite potential negative reactions from buyers to price increases, the company can preserve profit margins even at the cost of losing market share;

– price differentiation involves setting different prices for vertical and horizontal market segments, a concept that merits further exploration in a separate classification group.

Among competitive strategies, the *marginal pricing strategy* warrants consideration. If initial high prices and sales volumes cover costs and yield minimal profits, subsequent product pricing can vary widely, potentially even reaching extremely low levels. For instance, enhancing overall enterprise efficiency may involve selling goods at reduced prices, thereby stimulating buyer demand and increasing profits while keeping costs unchanged. However, the outcomes of implementing such a pricing strategy can be unpredictable, as accurately predicting buyers' reactions to price reductions is challenging. For example, in the houses of the French camping company Chaletsky, during the ski season there were free places. The company's marketing strategy for using marginal prices was the offer to rent houses at a significant discount at the end of the season. However, one year all the clients agreed to a special offer without consulting and came at the very end of the season, and the entire season, during the period of normal prices, the houses were empty, so the company went bankrupt [9, p. 168–175].

Therefore, an effective marginal pricing strategy should consider the nuances and sales conditions, leverage practical enterprise experience, and utilize insights from market research to guide flexible operational decisions aligned with competitive market trends.

The strategy of stable, standard prices entails selling goods at fixed prices over an extended period, commonly observed in markets with numerous competitors selling homogeneous consumer goods, such as private transport services or periodicals sold at kiosks. Regardless of the sales location, prices remain consistent for an extended duration.

Prestigious pricing strategy involves selling goods at premium prices, targeting market segments with low demand elasticity, particularly those emphasizing product quality and brand prestige. Consumers in such segments are less inclined to purchase goods at lower prices due to the perceived prestige associated with higher prices.

The strategy of non-rounded, "psychologically comfortable" prices involves setting prices slightly lower than round figures, such as pricing a product at $295 instead of $300. This approach capitalizes on psychological pricing, where slight differences in price perception can influence buyer behavior, creating an illusion of savings and enhancing perceived value.

The mass purchase effect pricing strategy aims to stimulate consumer demand by offering perceptible discounts on bulk purchases, while also clearing warehouses of slow-moving inventory.

A close connection between *price level and product quality strategy* involves setting high prices for goods with limited mass demand, emphasizing product quality, prestige, brand reputation, and offering special guarantees. Enterprises with established reputations for producing high-quality products often adopt this strategy to align with consumer perceptions that higher prices equate to superior quality.

The proactive price change strategy involves independently adjusting product prices over the long term based on the enterprise's flexible strategy, unaffected by competitors' actions. This approach allows for both price increases and decreases but may result in unpredictable and varied consumer reactions.

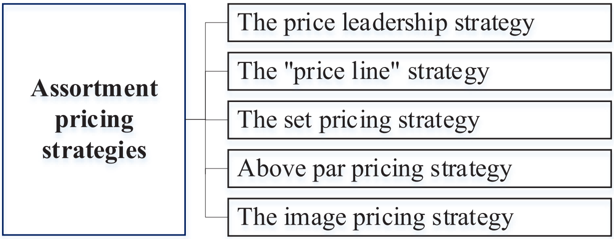

Figure 2. Assortment pricing strategies

Assortment pricing strategies stem from the reality that most enterprises offer a diverse range of products in the market. Consequently, tailored strategies need to be developed to effectively manage this diversity (Figure 2).

While some companies may opt for a unified pricing strategy across all product lines to enhance market success, others may adopt more nuanced approaches based on the specific characteristics and demands of individual products.

The price leadership strategy, commonly employed in retail, aims to drive consumer traffic to stores by advertising and selling key products at reduced prices, often resulting in lower-than-usual profits. This approach benefits both retailers and manufacturers, as increased attention to key products often translates to heightened interest in the entire product range.

There are two variations of the price leadership strategy: selling goods below cost (dumping) and selling goods above cost but below typical market prices. It's essential to note that selling goods below cost is illegal in many countries and subject to strict regulations.

The "price line" strategy involves setting upper and lower price limits to delineate quality levels within a specific product group, such as mobile phones. Successful implementation of this strategy relies on clear price differentiation, distancing prices within the upper range, profitability for manufacturers and sellers, and providing consumers with a wide assortment to choose from.

However, drawbacks of the price line strategy include potential consumer perception of significant price differences, challenges in maintaining price differences across the entire range amidst cost increases, and potential disruptions to the balance of the price line due to discounts and special sales.

The set pricing strategy is employed when purchasing one product necessitates buying another (e.g., car and spare parts, printers and cartridges). In this scenario, part of the price of the primary product is allocated to the secondary one, with the primary product often sold at a lower price while the additional products are sold at a higher price.

When determining the minimum price of a product, it's crucial to consider the risk of buyer refusal to purchase complementary products, which could reduce profits.

Above par pricing strategy is utilized for interchangeable models, where profits from expensive prestigious models offset losses or low profitability from cheaper models.

The image pricing strategy, a variant of the above par strategy, relies on buyers' focus on the image of a well-known company and recognized product quality. It involves introducing similar variants of existing models to the market at higher prices, signaling increased product quality. However, practical application often reveals its advantages to be more perceived than real, especially in industries like cosmetics, soaps, and wines.

Consumer ***differentiation pricing strategies target specific consumer groups*** and are successful when there is a wide assortment, diverse consumer segmentation, and extensive geographic coverage. These strategies encompass vertical, horizontal, demographic, geographic, and other forms of price differentiation (Figure 3).

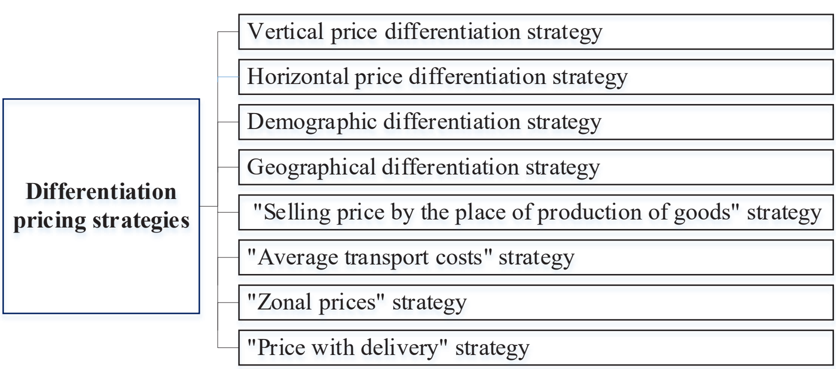

Figure 3. Differentiation pricing strategies

Vertical price differentiation involves selling highly elastic goods at varying prices across unrelated markets with different consumer demand dynamics. However, implementing this strategy in inadequately segmented markets may lead to accusations of price discrimination and violation of antitrust laws.

Horizontal price differentiation, a mild competitive strategy, operates on the premise of various buyer groups with differing purchasing power coexisting within the same market. Practically, this strategy involves offering the same product in different configurations (minimum, standard, and prestigious), resulting in significantly varied prices that may not necessarily align with production costs or product attributes.

Demographic differentiation strategy categorizes consumers based on age, gender, income, education, marital status, etc., with different prices set for each group without altering product features. For instance, airline ticket pricing often follows this strategy, offering first class, business class, and economy class tickets with varying services but lower costs.

Geographical differentiation strategy divides consumers based on location, with prices adjusted to reflect transport costs. This strategy encompasses several approaches:

"Selling price by the place of production of goods" involves selling goods at production cost, with consumers bearing transport costs. While advantageous for manufacturers, distant enterprises may face a disadvantage due to higher transport costs.

"Average transport costs" strategy sets a uniform price for all buyers, incorporating average transport costs. This strategy enables additional profit from closer deliveries, compensating for transportation to distant buyers and attracting geographically dispersed consumers.

"Zonal prices" strategy segments the market into zones, with buyers in each zone paying the same price. Prices are higher in remote areas, but significant differences at zone boundaries may challenge buyer trust and lead to market share loss.

"Price with delivery" strategy sells products at cost, inclusive of transportation costs to the consumer's location. This approach offers convenience to buyers but necessitates careful monitoring of transport costs to avoid losses, especially when entering new markets. Flexible transport cost adjustments may be advisable in such cases.

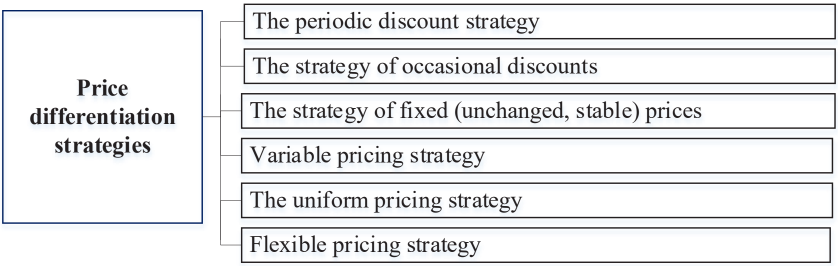

Figure 4. Price differentiation strategies

Price differentiation strategies encompass price discrimination, wherein the same product is sold at various prices (Figure 4).

The periodic discount strategy is prevalent, involving temporary sales of goods at significantly reduced prices. For instance, seasonal discounts of 30-50-70% on fashionable items at the end of the season, targeted discounts on cinema tickets for specific consumer groups (such as students, seniors), special prices for advance bookings of tourist trips or air tickets, etc. These discounts aim to stimulate consumer demand during specified periods.

The strategy of occasional discounts or variable pricing involves initially setting a high price for a product followed by a reduction. This discount is applied randomly, capitalizing on the varying search costs among consumers, attracting the attention of the most informed buyers. While all consumers are aware of price differentiation, those with higher incomes may not always seek the lowest price due to time constraints. Conversely, lower prices can significantly impact savings for other buyers. The specifics of discount formation will be discussed separately.

The strategy of fixed (unchanged, stable) prices is favored by enterprises aiming to maintain price stability over time. Despite production costs fluctuating in market conditions, companies maintain stable prices by reducing product weight or altering composition rather than revising prices directly. For instance, reducing the weight of a cereal package from 1 kilogram to 800 grams while maintaining the same price. Under this strategy, consumers may prefer a change in weight over price adjustment.

Variable pricing strategy enables enterprises to swiftly respond to market dynamics, adjusting prices in response to changes in production costs, demand levels, competitor policies, and sales volumes. This flexibility allows companies to maintain profitability and respond adeptly to market fluctuations or competitor maneuvers. Moreover, companies can implement other price differentiation strategies, setting different prices in diverse market segments.

The uniform pricing strategy entails setting a single price for all buyers regardless of their characteristics or purchase volumes. While easy to implement and fostering buyer trust, this strategy leaves competitors room to offer special prices under different circumstances. Additionally, this strategy is constrained by time, consumer geography, and product attributes.

Flexible pricing strategy involves adjusting prices based on a consumer's purchasing power and bargaining ability, often leading to further reductions. Buyers are presented with varying price levels during negotiations, with the company aiming to set the highest possible price for each order. While common in the industrial market, this strategy can lead to buyer skepticism, prolonged negotiations, and potentially inflated prices. However, economic practice suggests the possibility of price erosion if the producer readily concedes to the buyer's demands.

Overall, price differentiation strategies allow companies to attract or deter individual buyers, stimulate or temper sales volumes across different markets.

Progressive price strategies primarily prioritize enhancing customer service efficiency. Consequently, their implementation involves significant emphasis on service quality (Figure 5).

In the modern market landscape, competition for customers has escalated, extending beyond technical prowess and pricing tactics to

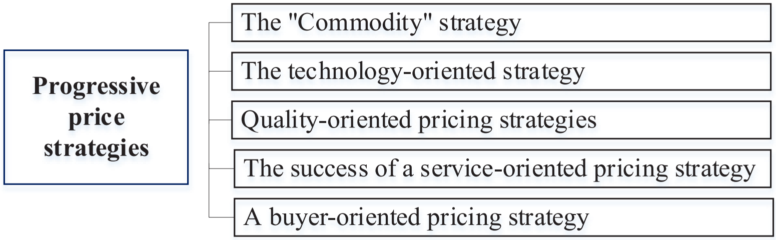

Figure 5. Progressive price strategies

encompass dedicated buyer-focused business strategies. As such, several progressive strategies have emerged.

The "Commodity" strategy, tailored for personal consumption items, centers on producing and selling goods across expanding markets. Its effectiveness hinges on non-price competition, meticulous attention to product quality, scale expansion, and cost reduction.

The technology-oriented strategy prioritizes leveraging cutting-edge industry technologies, particularly in sectors like mechanical engineering, electronics, chemicals, information, and biotechnology. Its implementation demands substantial investment in research and development. This strategy often emphasizes technological uniqueness, yet consumer willingness to pay a premium isn't always guaranteed.

Quality-oriented pricing strategies are anchored in the intimate link between product price and quality, ensuring high product standards, reliability, safety, comfort, and functionality. Adherence to internal and international quality standards, along with robust warranty commitments, characterizes this strategy.

The success of a service-oriented pricing strategy rests on consumers valuing not just the product itself, but also its utility and service benefits. Comprehensive product support, prompt maintenance, and spare parts availability during operation bolster consumer loyalty, yet the risk of misjudging consumer needs persists.

A buyer-oriented pricing strategy, especially lucrative in saturated markets, amalgamates quality and service advantages with robust buyer and supplier engagement. It involves maintaining close relationships with stakeholders, striving for top-notch product quality and service, and fostering personalized interactions at every touchpoint.

These strategies only scratch the surface of the diverse array of modern market pricing strategies, which also include discount pricing, wholesale pricing, surge pricing, and more.

4. Conclusions

The pricing strategies discussed are rooted in the outcomes of marketing research and the practical wisdom accumulated by enterprises. It is imperative to formalize these insights into a flexible framework that can swiftly respond to shifting market dynamics. Pricing decisions must be tailored to real-time market conditions, which often catch sellers off guard. Hence, it is advisable for enterprises to adopt a nimble pricing policy that aligns with evolving market trends, particularly focusing on "active strategies."

Enterprises have the latitude to deploy specific strategies aimed at survival, bankruptcy prevention, or leadership attainment in quality benchmarks and new product introductions. However, the selection of a pricing strategy demands meticulous attention, as alongside effective strategies, there exist several non-recommended ones:

– *monopolistic pricing strategy:* entails setting and maintaining monopolistically high prices to accrue excess profits;

– *price dumping strategy:* deliberate reduction of prices by the company relative to the market level to gain competitive advantages;

– secret agreements strategy: involves covert agreements among market agents to divide territories, prices, or other aspects, thereby limiting access to the market for other entities.

Moreover, it's essential to recognize that the application of one pricing strategy often undermines the advantages of other effective strategies. Hence, these strategies are rarely employed in isolation. For instance:

– *dynamic pricing:* involves real-time price adjustments based on market demand, competitor prices, and other factors, enabling revenue maximization by capturing consumers' willingness to pay at different times;

– *segmented pricing:* offers varying prices in different market segments to maximize income from diverse customer segments;

– *subscription-based pricing:* provides customers ongoing access to products, fostering revenue streams and customer loyalty;

– *value-based pricing:* ensures higher profitability by aligning prices with product value and consumer utility;

– *freemium model:* offers a basic product version for free with premium features available for a fee, attracting a broad user base and increasing the perceived value of premium features;

– *package offers:* increase sales volumes and consumer interest by bundling products at attractive prices;

– *psychological pricing:* influences consumer perceptions by creating the illusion of a lower price;

– *competitor-based pricing:* ensures product competitiveness while maximizing profits by considering competitors' pricing strategies.

Combining various pricing strategies enhances the effectiveness of the pricing process in dynamic market conditions, facilitating more targeted segmentation and market offerings, thereby maximizing enterprise income and profitability. Thus, enterprises should adopt an integrated approach to pricing that leverages the strengths of multiple strategies to navigate the complexities of the modern market landscape.

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