

CHOICE OF MARKETING STRATEGY OF PRICE DETERMINATION

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The enterprises, which work under the conditions of severe competition very often have a question: what measures need to be taken in order for the policy and tactics of price-fixing to provide a profit in the market. Price-fixing, which would suit both the buyer and the seller, requires of the last, the usage of marketing approach by means of which integrated evaluation of goods or service can be received. The first what directors should pay attention to it is the definition and a clear understanding of the aim, which is pursued by the enterprise. It is known that there are three main groups of the purposes in price determination: value-driven focused on the sale and connected with the competition. After the choice of a strategic aim, the analysis of demand for products, expenses, the prices of business rivals, the choice of a pricing method it is necessary to proceed with the choice of price strategy [1].

It is established that factors of the internal and external environment of the enterprise and also directly marketing strategy which is chosen by the enterprise exert a significant impact on the choice of price strategy. In practice of price determination methods of cost-based pricing which are seamlessly implementing into marketing price strategy are used. In most cases, the enterprise sets not one price, but a set of prices for different market decisions. Choosing a flexible price strategy, the enterprise seeming to adapt to the interests of buyers who are unequally sensitive to the change in price. The different prices in certain geographical regions, seasons, in segments of consumers can be variants of such decisions.

One of the sales promoting elements is the usage of policy on price reduction. But there are some restrictions. First, the existence of a broad demand for goods is necessary. Secondly, tactics of application of such a strategy has to have a short time interval, otherwise, it threatens the enterprise with significant losses of profit.

The opposite option of the previous strategy is the strategy of the price increase. Such option of strategy is used at the growing or excessive demand for goods when production capacities do not cope. Here the enterprise has to be precisely sure that competitors will also raise the prices.

The strategy of price leadership is used in the markets of an oligopoly where the leader of the market makes all decisions connected with the change in price.

Price-fixing of new goods is one of the most disputable options for price strategy. There are two options: either the usage of initially overestimated prices of goods or the usage of obviously the lowest price in the market segment.

It is not dependent on what price strategy will be chosen by the enterprise, success in the market will be achieved only if the enterprise pursues the active marketing price policy.

References:

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