

The Effect of Pricing and Demand Valuation

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ABSTRACT: *The price effect is a term which explores the impact on customer demand of commodity prices. In setting the offering price of their products and services, the price impact may be an important analysis for firms. Usually, consumers will buy less as prices increase and vice versa as prices fall. The typical demand price curve illustrates this. The price you set for your product or service has an important influence on the behavior of the customer. If buyers consider that the price they charge is cheaper than rivals, they may create a substantial rise in revenue. However, if the price you set is even higher than expected, the answer may be misleading. In any situation, price increases may cause unpredictable effects in the purchasing behavior of consumers.*

KEYWORDS: *Consumer behavior, Demand curve, Effect on sale, Price effect, Economy, Balancing effect.*

INTRODUCTION

The price you set for your product or service has an important influence on the behavior of the customer. If buyers consider that the price they charge is cheaper than rivals, they may create a substantial rise in revenue. However, if the price you set is even higher than expected, the answer may be misleading. In any situation, price increases may cause unpredictable effects in the purchasing behavior of consumers. Pricing techniques are typically important since they act as a link between the business and its clients[1]. As for demand, the price policy of a company is simply the calculation of the perceived profit that the company produces for its consumers. On the offering hand, the price is a competitive and operational indication of how, in terms of its market model, the organization aims to compete and achieve sales. Therefore, a business wants a sound price plan to provide consumers with value-free commodities and to organize the corresponding price factors[2]. Indeed, in even less serious days, price policy is important because businesses have to make a profit to succeed. A lack of price strategy impedes profitability; while the limitations of cost-driven price approaches have been clearly demonstrated by examples from the past; many businesses still rely on pricing policies based on those methods.

Indeed, strategy and strategic ideas are trendy words and their use is not necessarily obvious. In contemporary culture, sadly, strategy is frequently referred to as a synonym for the less imposing, such as fascinating terms[3]. However, strategy in general and pricing strategy in particular remain an elusive phrase. Some scholars expand on the strategy definition with a focus on the variety of strategy meanings available; a. Strategy can be described as a strategy, strategies, a trend, a place and a view. The strategy is classified for the purposes of this article as a "Framework to guide those choices which determine the nature and direction of the organization." Pricing strategy, therefore, is defined as a pricing framework[4].

Despite the integral role of pricing in marketing, it has to be noted that it is a topic of little presence within business-to-business (B2B) marketing research, and research on pricing strategy is even rarer. This is particularly unfortunate given the rapidly increasing interest in value-based offerings and outcome-based solutions within B2B marketing in recent years, which has major implications on the pricing strategies of B2B companies. In fact, an even greater focus on new forms of value co-creation and the purchasing of outcome instead of products as distinct characteristics of future pricing practices. With this in mind, an assessment of the current state of B2B pricing strategy literature is particularly relevant and timely[5].

LITERATURE REVIEW

The existing literature reviews are either written from - or close to – a business-to-consumer (B2C) perspective, only considers a subset of pricing strategy. Because essential analysis work was carried out 15-30 years ago, the latest trends, such as increased pricing strategy research, are not covered in this area[6]. To

resolve these holes, the aim of this paper is to examine the history of pricing strategy research and its current state. In order to illustrate key, conflictive, and lacking viewpoints in accessible literature, pricing strategic analysis within B2B marketing will be evaluated and evaluated, along with exciting avenues for research.

It is the only factor that produces profits for a business as opposed to the remainder that spends resources. This is one of the most critical facets of the marketing mix. Pricing is the only part of the marketing mix that creates the company's profits, while all other components are linked to costs. Price is the agile marketing strategy factor such that price decisions in contrast to other marketing strategy components can be applied reasonably rapidly[7]. It will assess the market share and profitability of a business. If the seeds of success are successfully generated, marketed and dispersed, successful pricing can be harvested. Although effective pricing will never offset the weak performance of the first three, unsuccessful pricing can definitely avoid financial success."

In the literature on marketing, pricing methods typically consist of study of marginal costs. In comparison to different types of price breakdown methods used for marketing items as favorable as possible, this relates to consumer goods. Typically these consumer goods have cheap costs, which are charged instantly. Disaggregate pricing means paying in bits for instance reframing a ₦500 expense into ₦1.40 a day expense diminishes the enormity of the expense, and therefore, eases the decision process for the consumer[8]. However, this does not at all extend to manufactured products, so appropriate, aggregated price policies must be implemented in order to simplify consumer decision-making. By extension, conventional pricing approach cannot be paired with peace but has to be a more socially responsible collective activity. Companies should look past the mechanics of pricing that they find reasonable for a commodity which forecasts cost and benefit but which is still important but inadequate, realizing that harmonizing revenue-generating approaches will open up possibilities for added value. Therefore, this research seeks to examine how pricing policies affect consumer products and how internet prices conflict with the latter. This study thus has double objectives[9].

(A) Conceptual Framework

A key assumption in economic theory is that consumers tend to rather intensively process the prices of products they buy. Here we intend to intensively explain the various aspects of pricing.

(B) Pricing objectives:

Pricing objectives provide directions for action, to have them is to know what is expected and how the efficiency of operations is to be measured. Objectives can be short term and long term. A firm ought to decide upon the objectives of pricing before determining the price itself and some of the main objectives are as follows:

(a) To meet the objective of return on investment or net profits as a structure for pricing that offers a sufficient return on capital for individual goods in order to achieve a predetermined average return on sales for the whole business. This target is normally used by most businesses in brief cycles, which means a percentage rise in revenue. This set amount includes projected operating expenses plus the desired annual benefit[10].

(b) Stabilizing prices may also be another goal of market stability. This can be seen mainly in sectors that have leading economies where prices are always fluctuating. "Price leadership does not necessarily imply that the objective of stability is reached by having all firms in the industry charge the same price as that set by the leader. It only means that some regular relationships exist between the leader's price and those charged by other firms"

(c) Maintaining or improving market share the pricing goal of most businesses is to raise or retain market share. Market share. The successful long-term pricing policies contribute to higher market shares. Any firm with this as a pricing policy must be able to work on a long-term basis and prepare. That is very different from a goal return and can be frustrating so a business can earn but eventually lose market share.

(d) Corporations may attempt to compete by lowering or even stopping costs by following the so-called 'master' strategies (a strategy whereby businesses market goods depending on the price of their competitors).

(e) Maximize revenues numerous businesses make use of this pricing target. The problem with this is that it also ties benefit, rising prices, and monopolies in the public interest although little can be done wrong if profits are high and there is a lack of demand-related production absorbs new money.

C) Importance of Price Decisions:

One of the essential decisions made by management is the price of a good or service. Pricing has also been considered to be the principal control point for management decision-making. Munroe analyzed the stresses on the environment, which caused the pricing importance to be improved. Further innovation in technology, emergence of new technologies, increased service demand, increased global competitiveness, a shifting regulatory climate and economic instability will explore the value of pricing.

D) Three Levels of Pricing Management:

The pricing puzzle is more manageable when taken in pieces. Price management issues, opportunities, and threats fall into three distinct but closely related levels:

1. Industry strategy
2. Product/Market Strategy
3. Transactional Strategy

CONCLUSION

In a series of questions linked to price strategies and the procurement decision process, the study contributed to information. Price sensitivity issues have been examined because they affect both online and offline channels. If the customers consider it to be in line with their value in the product that is due to additional benefits derived from or enjoyed from product consumption, they will pay more for a product. Adequate pricing policies or a blend of policies also boost demand. Rapid technological growth has added more price forms and created a product orientation platform for our customers. However, future experiments in relation to individual companies may empirically investigate these.

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