

DOI: <https://doi.org/10.32782/2524-0072/2024-66-55>

UDC 658.8.01

MARKETING PRICING POLICY OF A RETAIL BUSINESS ENTERPRISES

МАРКЕТИНГОВА ЦІНОВА ПОЛІТИКА ПІДПРИЄМСТВА СФЕРИ РОЗДРІБНОЇ ТОРГІВЛІ

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Pricing policy is a core element of marketing strategy for any business, especially in the retail sector. In the context of high competition and changing consumer preferences, iterative price adjustments for goods and services become a critical factor for the success of a retail business. Therefore, the article aims to define the basic principles of forming the marketing pricing policy for a retail business. The authors highlight the fact that the marketing pricing policy of a retail business uses price as a tool to achieve specific marketing objectives. It has been proven that such a policy is based on processes and actions involving the continuous analysis and adjustment of prices for goods to balance several core marketing indicators. Future research prospects may focus on analyzing the effectiveness of specific pricing tools and methods of their implementation in the rapidly changing retail market, as well as on developing new approaches for integrating these tools into comprehensive pricing management strategies.

Keywords: dynamic pricing, marketing, price reduction, promotions, sales, discounts, new collections, product batches.

Актуальність дослідження зумовлена тим, що цінова політика є одним з ключових елементів маркетингової стратегії будь-якого підприємства, особливо у сфері роздрібно́ї торгівлі. В умовах високої конкуренції та мінливості споживчих уподобань саме ітераційне коригування цін на товари та послуги стає вирішальним фактором успіху торговельного бізнесу. Відтак, метою статті є визначення базових засад формування маркетингової цінової політики підприємства у сфері роздрібно́ї торгівлі. Звернено увагу на те, що маркетингова цінова політика підприємства у сфері роздрібно́ї торгівлі використовує ціну як інструмент для досягнення певних маркетингових цілей. Доведено, що процеси встановлення та коригування цін на товари та послуги в роздрібно́ї торгівлі є динамічними, що відбиває сутність маркетингової цінової політики підприємства у сфері роздрібно́ї торгівлі. Базові засади формування такої політики орієнтовані на динамічний підхід до ціноутворення, що дозволяє підприємствам ефективно адаптуватися до змін ринкових умов та поведінки споживачів і безперервно балансувати ключові маркетингові показники. Констатовано, що для формування та корекції маркетингової цінової політики підприємства роздрібно́ї торгівлі застосовується динамічне ціноутворення та ряд супутніх інструментів, таких як знижки, акції, диференційоване та психологічне ціноутворення. Використання цих інструментів сприяє досягненню таких цілей, як збільшення обсягу продажів, підвищення прибутковості, створення лояльності клієнтів та зміцнення позицій бренду. Доведено, що успішне застосування інструментів ціноутворення залежить від глибокого аналізу ринку. Констатовано, що для підтримки та фіксації фокусу маркетингової цінової політики використовується різноманітний арсенал методів ціноутворення. А саме такі методи, як визначення ціни на основі витрат, аналіз цін конкурентів, готовність споживачів платити та психологічні прийоми, допомагають підприємствам не лише реагувати на ринкові зміни, але й проактивно формувати свою цінову стратегію. Успішне застосування інструментів ціноутворення залежить від розуміння специфіки пропонованих товарів або послуг. Перспективи подальших досліджень



можуть зосередитися на аналізі ефективності конкретних інструментів ціноутворення та методів їх впровадження в умовах швидко змінюваного ринку роздрібної торгівлі, а також на розробці нових підходів для інтеграції цих інструментів у комплексні стратегії управління цінами.

Ключові слова: динамічне ціноутворення, маркетинг, зниження цін, проведення акцій, розпродажі, знижки, нові колекції, партії товарів.

Problem statement. Pricing policy is a core element of the marketing strategy for any business, especially in the retail sector. In the context of high competition and changing consumer preferences, iterative price adjustments for goods and services, as a fundamental component, become a critical factor for the success of a retail business. It is because, for most end consumers, price is one of the first and most important factors in purchasing. Specifically, for some consumers, a higher price is associated with higher product quality (especially with premium brands that emphasize the owner's status and prestige). In contrast, it is a deterrent due to the lack of an overall sense of value. Only if the consumer sees a direct correlation between the price and the benefit they will receive from the product will they be unable to refuse the purchase. At the same time, a retail business must always consider that if there are similar market products at a lower price, consumers might choose those if the benefits of purchasing are the same. Therefore, the marketing pricing policy objective is to set a price level that creates a sense of value for the customer and allows for achieving maximum market effectiveness.

The analysis of recent researches and publications. The issues of marketing pricing have been addressed by M. V. Lintur, M. G. Rega [4], N. O. Makarenko, and M. O. Lyshenko [5]. According to most economists, the most complex component of a retail enterprise's pricing policy is marketing pricing. In particular, M. V. Lintur and M. G. Rega [4] emphasize that this complexity is continually deepening and is shaped by the constant monitoring need of competitors' prices and the relentless adaptation of the business entity's prices to rapid market changes. Makarenko N. O. and Lyshenko M. O. [5] complement this idea by emphasizing that marketing pricing policy in retail is a multidimensional issue. When developing a retail business, it's crucial to consider external factors such as competition and market changes, as well as internal characteristics. According to these researchers, the complex nature of marketing pricing policy complicates its development and implementation. Given this issue, addressing the formation

of a marketing pricing policy for retail businesses is both relevant and timely.

Purpose of the article. The article aims to define the basic principles of forming the marketing pricing policy for a retail business.

The paper main body with full reasoning of academic results. Within the study, the authors emphasize that marketing pricing policy and pricing policy are not complete synonyms, although they are closely related. While pricing policy is a broader concept that encompasses all aspects of setting and managing prices for an enterprise's goods or services, marketing pricing policy is a more specific concept that focuses on the continuous use of price as a tool to achieve particular marketing objectives (which is illustrated by the data in Table 1).

In other words, marketing pricing policy is a subset of the overall pricing policy. In the retail sector, it can be defined as a set of principles and methods that a retail business uses to set prices for its products to achieve maximum effectiveness in the market.

In this regard, it is important to agree with Hoblyk V., Tiahunova N., and Maslihan O. [1] that the scope of responsibility of marketing pricing policy is determined by the effectiveness of the retail business in the market. In this context, increased effectiveness results from dynamic development driven by balancing several key marketing indicators. Among these indicators [2–3; 5]:

- Profitability is determined by the difference between the revenues and costs associated with selling a particular product.
- Sales volume is viewed through the maximizing lens of the quantity of goods sold over a specific period.
- Market share is considered through increasing the business's share of the overall market. In other words, it is the growth percentage of sales attributed to the enterprise compared to other players in the retail market.
- Customer loyalty is viewed through the indicator lens such as Net Promoter Score (NPS), Customer Lifetime Value (CLTV), customer feedback, and behavior analysis, reflecting their satisfaction and commitment to the business or brand.

Table 1

Analysis of contemporary approaches to defining the "marketing pricing policy" category

Author of the definition	Definitions of the category provided by various authors	Characteristics of the category
N. V. Butenko	A set of company measures that includes price formation, discounts, and payment terms for goods to address the enterprise's strategic objectives.	Focus on setting and adjusting prices for goods. Focus on achieving maximum efficiency in the market. Focus on adaptability. A focus on various pricing tools and methods.
S. I. Duhina	Actions related to price management and pricing, the art of setting prices for goods and adjusting them based on the market position to achieve the set goals.	
M. A. Oklander	The process of creating an optimal price level and structure for products and markets.	
M. V. Lintur and M. G. Rega	Actions aimed at forming a forecast price level and planning its effective use.	
O. F. Osnach, V. P. Pylypchuk and L. P. Kovalenko	A set of measures that includes determining prices, discounts, and payment terms for goods or services with the aim of satisfying consumer needs and ensuring the enterprise's profitability.	

Source: formulated by the author based on [4]

Competitiveness is viewed through the lens of the enterprise's ability to successfully compete with rivals and achieve its goals in the retail market under certain conditions, thanks to unique characteristics that distinguish it from competitors.

In this context, a retail business's effectiveness in the market is shaped by the continuous refinement of its marketing pricing policy through a series of actions related to setting and adjusting prices. Naturally, these actions must ensure the achievement of optimal results in core performance indicators. This process is iterative and involves continuous market analysis and price adjustments in response to changing market conditions (see Figure 1).

For example, through the use of specialized software, retail businesses can analyze market trends and adjust prices for goods and services in real-time (based on factors such as demand, time of day, day of the week, and others). Additionally, during holiday periods or discount seasons, they can modify prices for popular items such as food products, beverages, and gifts. It is important to understand that an effective pricing policy is not just about setting arbitrary prices but is the result of a comprehensive analysis of both the external and internal environment of the business.

To achieve effectiveness in the context of the marketing pricing policy of a retail business and its marketing component, a multitude of factors must be considered that shape the state of the defined environments, such as [2; 4–5]:

1. Costs of implementation (comprising all expenses related to delivering a product or service to the end consumer, including marketing, distribution, administrative, and other costs). The significance of this factor is due to the need to account for these expenses when setting prices to ensure business profitability.

2. Consumer demand (formed by the desires and ability of consumers to purchase a particular product or service at a specific price, influenced by changing fashion trends, consumer incomes, and competition). The significance of this factor is that understanding demand enables the business to set a price that will ensure the maximum sales volume.

3. Competitor prices (reflecting the pricing offers set by other businesses for similar goods or services). The significance of this factor lies in the ability to initiate comparisons between one's prices and those of competitors, which helps in crafting a unique selling proposition.

4. Marketing objectives (formed by the specific outcomes that retail business aims to achieve through marketing activities). The significance of this factor is that marketing goals influence the choice of pricing strategy. For instance, the pricing strategy may target a diverse customer base, possibly involving price reductions, promotions, and sales (such as offering substantial discounts on new collections or large batches of products at the beginning of the season). The pricing policy may also focus on increasing the average transaction value, which

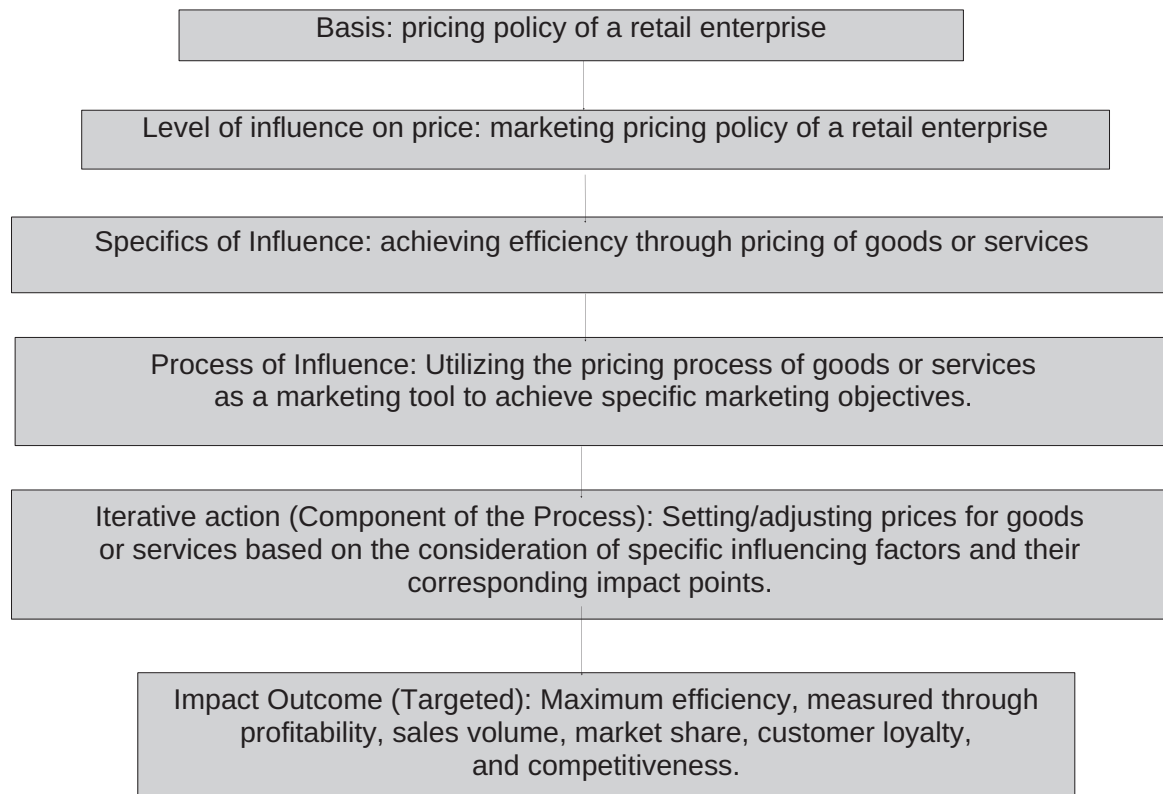


Figure 1. Algorithm for achieving maximum effectiveness of a retail business in the market

Source: formulated by the author based on [2–3; 5]

could involve selling more expensive products, additional services, or premium brands.

5. Existing constraints (formed by various limitations that may affect the enterprise's pricing policy – legal, ethical, or internal). Considering these constraints helps avoid legal issues and maintain a positive market reputation.

The effectiveness of a retail business's marketing pricing policy is directly dependent on the enterprise's ability to adapt prices for goods to changes in the external environment.

The considered factors impact pricing, giving price the role of a strategic or tactical marketing tool. Each factor affects the price through specific influence points (see Table 2). Note that the point of influence in the context of marketing pricing policy is a specific element, factor, or aspect that directly affects the formation of the price of a product or service [2; 6]. In other words, it is a kind of 'lever' that allows price manipulation to achieve certain marketing objectives.

Thus, attention to the aforementioned points of influence in their unity forms the basis of marketing pricing policy, which acquires a specific focus, set of tools, methods, and range of tasks.

The outlined principles regarding points of influence have allowed for the establishment of the basic foundations for forming the marketing pricing policy of a retail business (see Table 3).

Considering that setting and adjusting prices for goods are not static but dynamic. They are adjusted according to the focus of the marketing pricing policy of the retail enterprise [1].

Dynamic pricing is utilized to shape and adjust a retail enterprise's marketing and pricing strategy. This approach helps achieve goals such as increasing sales volume, enhancing profitability, building customer loyalty, and positioning the brand [1; 5]. It involves various tools used, including discounts, promotions, differentiated pricing, and psychological pricing. For example, if a clothing store chain plans to increase the average transaction value and enhance profitability, it might use differentiated pricing. It is possible to develop a product line across various price segments (mass market, premium), offer personalized deals for loyal customers, and provide additional services (such as individual styling) for a separate fee. The successful application of pricing tools depends on a thorough market analysis.

Table 2

**Points of influence of factors on the effectiveness of a retail business's operations
in the market (in the context of pricing policy)**

Factors of influence	A specific element, factor, or aspect that directly influences the formation of the price of a product or service in the retail market	Influence on the formation of marketing pricing policy
Costs of implementation	Marketing costs (advertising, brand promotion, trade show participation should be factored into the price).	Consideration when setting prices for goods to ensure profitability
	Distribution costs (delivery, storage, sales representatives' wages should be factored into the price).	
	Administrative costs (expenses related to business management should be factored into the price).	
	Other costs (service maintenance, warranties should be factored into the price).	
Consumer demand	Price (as prices decrease, demand increases, and vice versa).	Consideration when setting prices for goods to ensure the maximum level of sales.
	Consumer income (as consumer incomes rise, their ability to purchase more expensive goods increases).	
	Fashion and trends (changes in fashion trends can significantly impact demand for certain products).	
	Competition (the presence of competitors and their offers can influence demand).	
Competitor prices	Assessment of competitiveness (identifying the enterprise's strengths and highlighting them in marketing communications).	Comparing one's own prices with competitors' prices, which allows for the creation of a unique selling proposition*
	Determining the optimal price level (enables the creation of a unique selling proposition that differentiates from competitors' offers based on additional parameters such as quality, service, and delivery conditions).	
	Making strategic decisions (data on competitors' prices enable informed decisions regarding pricing, promotional activities, new product development, and more).	
Marketing objectives	Goals related to increasing sales volume (typically require more aggressive pricing strategies).	Impact on the format of pricing strategy development
	Goals related to improving profitability (usually necessitate a focus on high margins)	
	Goals related to customer loyalty (often involve a combination of elements from both sales volume and profitability strategies).	
	Goals related to positioning (generally require a clear, consistent pricing policy that highlights the brand's uniqueness).	
Existing constraints	Legal constraints (antitrust legislation, price restrictions on certain types of goods)	Allows for avoiding legal issues and maintaining a positive market image.
	Ethical constraints (corporate social responsibility)	
	Internal constraints (financial business resources, production capacities).	

Note

* by analyzing competitors' prices, one can identify unmet market niches and create a unique selling proposition that distinguishes itself from competitors' offerings.

Source: formulated by the author based on [3; 5–6]

Table 3

Basic principles for forming the marketing pricing policy of a retail business

The process of setting the price of a product	Direction – formation and adjustment of the focus of marketing pricing policy		Direction – supporting and maintaining the focus of marketing pricing policy	
	Focus	Toolset*	Range of tasks	Set of methods **
Points of influence of factors on the effectiveness of a retail business's operations in the market. Directions for iterative price adjustment.	The specificity lies in concentrating on how to use price to influence consumer behavior	Main Tool: Dynamic pricing ⁽⁵⁾ Related Tools: Discounts ⁽¹⁾ Promotions ⁽²⁾ Differentiated Pricing ⁽³⁾ Psychological pricing ⁽⁴⁾	The specificity lies in the focus on maintaining the marketing emphasis through the lens of specialized tasks, including increasing sales volume, enhancing customer loyalty, and brand positioning.	Cost-based methods ⁽¹⁾ Competitive methods ⁽²⁾ Demand-oriented methods ⁽³⁾ Psychological methods ⁽⁴⁾

Note

* A set of actions that enterprise uses to determine and regulate the prices of its goods or services: (1) Temporary price reductions to stimulate sales; (2) Comprehensive measures including discounts, gifts, and bonuses; (3) Setting different prices for different consumer segments or sales channels; (4) Using price as a marketing tool to create a specific perception of the product among consumers; (5) Constantly changing prices based on demand, time of day, day of the week, etc

** A set of ways that an enterprise uses to determine, establish, and adjust the prices of its goods or services: (1) Setting prices based on production costs and markup; (2) Setting prices based on competitor price analysis; (3) Setting prices based on consumers' willingness to pay; (4) Using psychological techniques to influence consumer decisions.

Source: formulated by the author based on [2–3; 5]

A wide range of pricing methods is used in retail to support and maintain the focus of the marketing pricing policy. Among these methods are cost-based pricing, where prices are determined based on production costs and markup; competitor-based pricing, which involves setting prices based on the analysis of competitors' prices; demand-based pricing, based on consumers' willingness to pay; and psychological pricing techniques designed to influence consumer decisions (for example, pricing children's products at \$10.99 or \$149.99 to create the impression of a lower price). The successful implementation of pricing tools depends on understanding the specifics of products and allows businesses to proactively shape pricing strategies. For example, if a retail enterprise sets a low price on a new product to quickly capture a large market share, this reflects the focus of its marketing pricing policy.

Conclusions from this study and prospects for further exploration in this direction. The authors emphasize that a retail enterprise's marketing pricing policy uses price as a tool to

achieve specific marketing objectives. The following conclusions have been made:

1. The processes of setting and adjusting prices for goods and services in retail are dynamic, reflecting the essence of the marketing pricing policy of retail enterprises. The fundamental principles of developing such a policy are based on a dynamic pricing approach. This approach enables businesses to effectively adjust to market changes and consumer behavior while continuously balancing key marketing metrics.

2. To shape and adjust the marketing pricing policy of a retail enterprise, dynamic pricing and a range of supplementary tools are used, such as discounts, promotions, differentiated pricing, and psychological pricing. Utilizing these tools helps achieve goals such as increasing sales volume, enhancing profitability, building customer loyalty, and strengthening brand positioning. Successful application of pricing tools depends on a thorough market analysis.

3. A diverse arsenal of pricing methods is used to support and maintain the focus of a marketing pricing policy. Methods such as

cost-based pricing, competitor price analysis, willingness to pay, and psychological techniques help businesses react to market changes and proactively shape their pricing strategy. Successful application of pricing tools depends on understanding the specifics of the products or services.

Future research prospects could focus on analyzing the effectiveness of specific pricing tools and methods of their implementation in the context of a rapidly changing retail market, as well as developing new approaches for integrating these tools into comprehensive pricing management strategies.

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