

## **METHODS AND APPROACHES OF PRICING IN UKRANIAN BUSINESS ACTIVITY**

The price and pricing are central elements of marketing complex. The prices serve all turnover of acquisition and realization of goods, pricing is a key tool at the disposal of firm or organization. By choosing the correct method of pricing depends the activity and enterprise development. The established price of goods or service reflects the marketing program on how correctly was it developed and realized.

In a marketing complex pricing represents very difficult process subject to influence of many factors.

The decisions made by the management of firm in the field of pricing, concern to the most difficult and responsible as they are capable not only to worsen the indicators of financial and economic activity, but also to result the enterprise in to bankruptcy. Pricing is especially actual in present Ukrainian conditions when owing to decrease in consumer ability and the increasing competition in the market for successful activity of the enterprise the greatest value needs to be given to a right choice of pricing method.

At the same time, the price policy of many companies, especially in Ukraine, quite often are insufficiently qualified. Most often the following mistakes meet: pricing is excessively focused on expenses; the prices are poorly adapted for change of a market situation; the price is used without communication with other elements of marketing; the prices are insufficiently structured by various options of goods and market segments. These lacks are caused in many respects by heritage of a planned economy when the prices were defined in a directive way or only on the basis of expenses, insufficiency knowledge of the Ukrainian heads in marketing.

The problem of pricing takes a key place in system of market relations. Pricing problems gradually gain character not so much internal problems, but international. Different countries differ from each other not only a standard of living and distribution systems, but also reactions of buyers to the prices. Therefore it would be favorable for a company to differentiate prices on goods. Unfortunately, legislative restrictions and parallel import considerably complicates the implementation of given strategy [1].

Definition of competitive price can be for a businessman quite a simple task, and can represent a certain complexity. In this context it is possible to consider two methodologies of determination of the price – classical and marketing. In classical approach to determination of the price the businessman first of all proceeds from his expenses (prime cost), the current competitive offer in the market, and only in the last turn is guided by estimated advantage of goods for the consumer. The marketing method of pricing assumes to consider first of all existence in goods required benefits for the consumer and also his availability to pay for these benefits. From the point of view of marketing approach, there are various technologies of market research, allowing to determine the "correct" price. These techniques allow to calculate an optimum level of the prices in a context of the current market situation, to predict a share of the market and its possible change depending on fluctuation in prices (competitors and yours). It is possible to formalize classification of pricing methods [2]:

- Interpolation method which is based on econometric modeling and forecast of consumer behavior.

For these purposes, usually use, data of panel researches on products (services). Unfortunately, such method is badly applicable to modifications of products, which have even not so different differences from presented "equivalents", because the importance of these differences for the consumer isn't used for price calculation.

- Operated market tests, when in real (or approached to real) conditions consumers acquire new goods.

Such method also is based on the current consumer behavior, though to a lesser extent. This method is more expensive, and it can test both products which are already presented in the market or their prototypes. One of versions is so-called "game in purchases".

- The modeling of the purchases representing simplified marketing models.

As a result turn out rather exact straight lines or the generated (latent) estimates of the price. Demands from the respondent some "trust level" to the researcher.

Far not each of the listed methods of research can be suitable for the certain organization. One methods can seem to a company too expensive, others – not too exact, the third – too difficult in preparation and carrying out. Each of them has lacks and advantages [2].

Thus, pricing are an integral part of any business activity, especially those its forms which assume the offer on the market of any goods or service.

The system of pricing is a key in market economy. As for pricing, generally, that can be believed that, judgments of modern economy concerning the mechanism of pricing, can be considered completely settled. The mechanism of market pricing is very important, therefore state intervention in this organic mechanism has to be made under supervision of the most experienced economists. In the conditions of the market, pricing is a difficult process, subjected in influence of many factors. Choice of the general orientation in pricing, approaches to determination of prices of the new and already let out products, rendered services for increase in volumes of realization, commodity turnover, increase of production level and company strengthening's of market positions are carried out within marketing. Price establishment is one of the important elements of marketing, directly influencing marketing activity, because the level and ratio of the price on separate types of production, especially on competing products, have defining impact on volumes of purchases made by clients. The prices are in close dependence with all components of marketing and company activity as a whole. Real commercial results in many respects depend on the prices, and the right or wrong price policy makes long-term impact on position of firm in the market.

References:

1. Kotler, F. Bases of marketing: translated from English, 2003. - 932 pages.
2. McCarthy E. J. Basic Marketing: A Managerial Approach /E. J. McCarthy Homewood, IL: Irwin, 1960. – 291 pages