

# [Marketing management](https://assignbuster.com/marketing-management-essay-samples-8/)

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Survival- it is a short- term objective and for the long run, the company must be able to add values or face extinction.
Maximum current profit- here marketer estimate the demand and costs associated with alternative prices and choose the price that produces a maximum current profit, cash flow, or return on investment (ROI).
Maximum market share- here marketer thinks that higher sales volume will lead to unit costs and higher long-run profit. So they set the lowest price.
Product quality leadership- providing high-quality services at a higher price especially targets premium customers. Here marketer believes in perfection with no compromise and thus offers his service at a higher price.
Decrease Demand- With the decrease in demand at the time of economic crisis and recession, the price has to be set relatively low. It is a signal that the price may be too high so the marketer has to modify the attributes of the marketing mix.
Social responsibility- There must be a standard to meet social responsibility.
Maximum market skimming- Generally, the demand-price graph has an inverse relationship, higher the cost lower the demand. But there are a few products for which the price-demand graph does not hold true. The exception is generally applicable to luxury products or the products that are related to expressing the social status of an individual. For instance higher the price of a luxury Sedan car, the better the chances of it attracting a higher income bracket customer. A marketer for such commodities sets a high price to ‘ skim’ the market. Companies whiling unveil a new technology for the elite customers, favor setting a high price for that product in order to skim the market.
So the Market skimming makes sense when:
a) There is enough scope of market penetration in the high-end segment; b) there is not much threat of new entrants or competitors to the company; c) the high price is perceived as the image of a superior product. Sony, in the electronics segment, is considered to be a key player operating on market skimming pricing.