

# Potential obstacles in international pricing



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Marketing is a process which starts from the identification of customers' needs, and goes up to fulfilling them profitably in order to capture and retain customers' loyalty and grant them utility. This whole process includes four Ps and: Product, Price, Promotion and Place. All these elements are vital to carry out the marketing, selling and even manufacturing processes. Price is one of the most crucial elements of marketing process which need just as much consideration as other elements do.

It is described as the payment or compensation by a certain person for the utility that is obtained by utilizing a certain product. This price can be in the form of monetary value or a certain object. For example, \$20 paid for a certain object will be considered as compensation in the monetary form while, flour exchanged for wheat shall be taken as the compensation in the form of commodity. Price plays an important part in manufacturing, selling and appraising the product.

The importance of pricing can be gauged from the fact that it helps the organization in attaining its main objective which is the profit. By pricing the products perfectly the company may be able to make profits and later even maximize them. Various ways of pricing have different impacts on the consumers. Lower prices may emphasize a bargain to the consumers while by pricing a product higher the company would be setting a higher perception for the product by portraying it as a premium product. Pricing has a very strong impact on the sales which is the only way by which the company can make profits.

The marketing objectives could be realized by pricing a product properly. The pricing is though a very critical factor in the 4 p's of the product which

has a direct impact on the sales and other objectives of the company. (Importance of Marketing to price, 2009) Pricing decision may at times become very crucial for a company specially when entering into new markets. The company needs to understand the pricing strategy of the new market and then mark its prices accordingly. The Role of Pricing in Marketing

The role of pricing is seen as an important aspect in every field. It affects the consumers' perception about the product as well as appraises the products in terms of their positioning. Consumers are seen building their perceptions on the prices of the product. According to a general notion products that are priced higher are seen as of superior quality while those with lower prices are generally seen as inferior products. • The price is the most important segment of the product mix. It confirms consumers' expectations about the product quality.

By consumers, more expensive products are thought to be and considered better than other cheaper products in quality (Engage Research, n. d. ). • During manufacturing stages, it is advisable and wise to keep pricing criteria in view. This helps the producers to have an idea about the costs incurring and strategies to cover them up. Good pricing enable the manufacturers earn good profits and avoid losses or at least break-even. • The pricing should be kept better in comparison to the competitors. This helps the product create and retain its value in the eyes of the customers.