

- **PRICING MEANING:-**

Pricing is the process of determining the value of the product in terms of money before it offered to the market for sale.

- **PRICING DEFINITION:-**

According to Prof. K.C. Kite,

“Pricing is a managerial task that involves establishing pricing objectives, identifying the factors governing the price, ascertaining their relevance and significance, determining the product value in monetary terms and formulation of price policies and the strategies, implementing them and controlling them for the best results”.

SIGNIFICANCE / IMPORTANCE OF PRICING

1. Price is the pivot for an economy:-

Price is the prime mover of the wheels of the economy namely Production, Distribution and Exchange. It can determine the general living standards of people. In essence, by and large every face of our economy life is directly or indirectly governed by Pricing.

2. Price Regulates Demand:-

Price increase or decrease the demand for the product. The Marketing Strategy can be easily implemented to meet the rising demand for goods and services.



3. Price is the Competitive Weapon:-

The Marketers have to perform in a highly competitive market. Price is a very important instrument to fight competitor. Because of the immense competition and in meeting competition, Pricing decisions acquire their real importance.

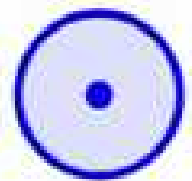


4. Price is the determinants of profitability:-

Price determinants the profitability of firm by influencing the sales revenue. Low price is not always necessary to increase profit. A right price can increase the profit. The impact of price rise or fall is reflected instantly in the rise or fall of the product profitability.

5. Price is a Decision input:-

Pricing is highly risky decision area and mistakes in pricing might reasonably affect the firm, its profit, growth and future.



6. Marketing Communication:-

Price plays an important role in marketing communication. If the product meets the expectation of consumers and their value definition at the price point, price is seen acceptable. Otherwise consumers tend to be dissatisfied. They may say that the product is overpriced and they may reject the offer.

7. Importance of Product Selection:-

Most of the customers give priority to price and analyze it. They try to select products considering their prices. Such customers minimize quality and utility. They can take decision to buy the products which contain relatively low prices.

8. Importance of Quality perception:-

Price plays an important role to meet customers needs. Similarly it is also equally helpful to assure them of the quality of products. If high price products make the customers realise high quality and low price products signifies low quality.