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Price and pricing on the example of a conditional enterprise

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Abstract

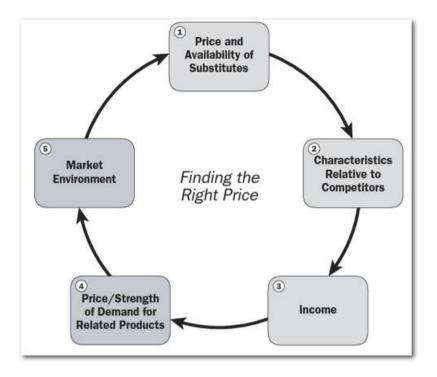
This article is devoted to the analysis of the essence, functions and types of prices. The object of research is the production activity of a conditional enterprise, expressed by the calculation of its production efficiency. The study of this direction in the modern market economy is relevant, as the price serves as one of the fundamental economic categories that regulate individual segments of the organization of production and sale of consumer goods, works, services in a market economy. Price is an objective indicator that is formed on the market as a result of the combined effect of objective economic laws: the law of supply and demand, the law of competition and the law of cost. It shows the quality level of the products produced, as well as the efficiency of the use of human and material resources by the enterprise for the production of this volume of products. The price of the product is the decisive factor directly influencing the results of production, financial activity and profitability of the enterprise's business, also has a great influence on the results of production and financial activities of the enterprise.

Keywords: Analysis of the essence, types of prices, conditional enterprise, production efficiency, modern market economy; economic laws; the law of cost; financial activity;

1. Introduction

Currently, there are four main marketing tools: price, product, marketing communications, sales organization. Over the past fifteen years, business has focused on development, primarily in three dimensions. Price is an objective indicator that is formed on the market as a result of the combined effect of objective economic laws: the law of supply and demand, the law of competition and the law of cost. It shows the quality level of the products produced, as well as the efficiency of the use of human and material resources by the enterprise for the production of this volume of products [2]. The price of the product is the decisive factor directly influencing on the results of production, financial activity and profitability of the enterprise's business; it also has a great influence on the results of production and financial activities of the enterprise.

All enterprises of different forms of ownership are faced with the task of establishing the price of their goods or services [2,4]. In order to sell a product or service on the market, the manufacturer must appoint the prices that would be acceptable to the buyer, otherwise they can not be successfully sold on the market. Therefore, correctly chosen pricing policy, competent tactics of price formation, economically verified pricing methods form the basis of successful activity of any enterprise [3]. The main goal, which is set in this paper is the problems of pricing enterprises in the modern economic market.



Based on the goal, you can create the following tasks:

- To analyze the essence, functions and types of prices;
- To identify the goals and objectives of pricing and pricing factors;
- To analyze the price policy for the enterprise
- To describe the basic mechanisms of product pricing;
- To consider the basic methods of product pricing.

The object of research is the production activity of a conditional enterprise, expressed by the calculation of its production efficiency.

The subject of the research is the methods of pricing at the enterprise.

In this work the following methods are used:

- Theoretical analysis of scientific literature;
- Graphic;
- Table;

2. Main price functions

In a market economy, prices perform a number of crucial functions.

The functions of prices differ due to the price mechanism of the economy-centrally planned or market type. These properties play an important role in the use of prices in modern economic practices and decide impact on the economic processes of social development. The following price functions are divided:

2.1. Accounting measurement or commensurate function

Prices are derived from the essence of prices as a monetary expression of the value of the goods. The price acts as a tool that allows you to measure the costs of certain types of products: how much labor, components, raw materials are used to manufacture and to sell a particular

product, how efficiently they are used, and what profit the entrepreneur gets [1]. Thus, the firm comes to the decision to choose the goods or to refuse from them.

In addition, the price serves as a parameter for calculating all cost parameters: national income, GDP, capital investment, turnover, labor productivity, profitability, capital intensity, and others. Therefore, in the accounting measurement function, the price is used to determine the efficiency of production and on this basis to make analysis, to plan its activities for the future.

2.2. Function of balancing supply and demand

Prices are the link between production and consumption, supply and demand. Price serves as a signaling instrument for achieving a balance of supply and demand. When market disproportions occur, the price begins to fulfill its balancing function. Equilibrium can be achieved either by a change in the volume of production, or by a price change, or by a simultaneous change in both.

2.3. Function of allocating capital and production

The function is manifested in the mechanism of resources and capitals (creation of new economic entities) in geographic regions, sectors of the economy, where a higher rate of profit is observed. Price can encourage the production and consumption of goods. By means of prices, it is possible to stimulate scientific and technological progress, to improve the quality of products, to increase the volume of production of goods and consumption

3. Factors affecting the price level

The price level is affected by a combination of price-forming factors, determined by the variety of conditions in which the structure and price level are formed. They can be divided into two groups - internal and external ones.

3.1. Production costs

Costs determine the minimum price for a product. They are an important factor to consider pricing. Under normal conditions for profit, the price of goods must be higher than the production cost: including the total fixed costs, the total amount of variable costs.

3.2. Level of competition of goods

The competitiveness of this product determines the consumer choice about its place in the market: marginal product substitutability, alternative costs and technologies of production factors.

The nature of demand and the relationship of supply and demand in the market: demand determines the price and depends on the tastes of different consumers, the quality of the goods and their usefulness [5]. Market research helps enterprises to capture demand and supply in the market, form a price, for which consumers are ready to buy goods. Demand is the first element that must be taken into account in pricing as prices directly affect the level of consumer demand for enterprise products.

3.3. Ability of the enterprise offer

It depends on the production parameters: the level of expenditure on natural resources, capital and labor, the quantities of goods entering the market, the received profits and investment processes.

The level of inflation is the number of goods and services purchased per unit of currency. In other words, the value of the currency is the reciprocal prices of the goods.

The price depends on:

- The final results of the activities of enterprises, including profit and profitability;
- Competitiveness of enterprises and their products;
- Redistribution of resources, overflow of capital and financial stability of the enterprise;

4. Conclusion

Price is one of the fundamental economic categories that regulate individual segments of the organization of production and sale of consumer goods, works, services in a market economy. For buyers, the price is the amount they have to pay for the right to use the product, and for the sellers, the price is the income that they receive by satisfying the customers' needs. However, the price is the most important element of the market mechanism. It is formed on the market as a result of the cumulative influence of a large number of economic factors that determine the state of the market and show the quality level of the products produced, as well as the efficiency of using human and material resources by the enterprise to produce the volume of output. The price of the product is a decisive factor directly influencing on the results of production, financial activity and profitability of the enterprise's business, it also has a great influence on the results of production and financial activities of the enterprise.

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