



PRICE FORMATION IN MARKETING: A TOOL FOR PRICE FORMATION AND CHANGE

Abdulloev Asliddin Junaydulloyevich
Head of Department(PhD)

Kadirova Nozima Rasulovna
Student, Department Of Economics, Bukhara State University,
Bukhara, Republic Of Uzbekistan

ANNOTATION

Price and price formation is one of the key elements of a market economy. Price is a complex economic category. It intersects almost all the main problems of economic and social development. Primarily, this applies to the development and sale of goods, the formation of their value, the creation, distribution and use of gross domestic product (GDP) and national income. A pricing strategy is a long-term decision about the basic principle of price formation, the probability level, direction, speed, and periodicity of price changes in accordance with the company's market goals.

Keywords: goods, price, strategy, customer, "Entrance fee" strategy, The "get the cream" strategy, Average market prices strategy, initial price, target market, competition, demand.

Annotation

Price and price formation is one of the key elements of a market economy. Price is a complex economic category. It intersects almost all the main problems of economic and social development. Primarily, this applies to the development and sale of goods, the formation of their value, the creation, distribution and use of gross domestic product (GDP) and national income. A pricing strategy is a long-term decision about the basic principle of price formation, the probability level, direction, speed, and periodicity of price changes in accordance with the company's market goals.

Keywords: goods, price, strategy, customer, "Entrance fee" strategy, The "get the cream" strategy, Average market prices strategy, initial price, target market, competition, demand.

As you know, when you buy a product or service in the market, the price determines how much you have to pay for it. Price is the monetary value of a commodity. Price is one of the important pillars of a market economy.

Price formation is influenced by the following factors: value, competition, demand, supply and demand. Costs play an important role in pricing. It is the common basis of any price. Because no product or service can be created without cost. The role and influence of supply and demand in the formation of prices is incomparable. So, if demand increases, the price increases, if demand decreases, the price falls. Conversely, when supply increases, prices fall, and when prices fall, prices rise.

There are two basic theories of price.

According to the proponents of the first theory, the price of a commodity represents its value.



Proponents of the second theory believe that the buyer is willing to pay for a product that has a certain usefulness. Hence, price is a monetary expression of the value of a commodity.

Price performs the following functions:

1. Market equilibrium. In this case, the price balances the supply and demand in the market by influencing the volume and composition.
2. The calculation serves as a measure. Expenses incurred, profits and losses incurred, and the volume of work performed are all calculated on the basis of certain prices.
3. Acts as an economic regulator. A change in price reflects the state of the market, which depends on the ratio of supply and demand.
4. It is a means of competition. The most important type of competition is the struggle through price. Firms change prices to beat their competitors and squeeze them out of the market. Price is a competitive tool because it is a very important economic tool. Firms have a policy of changing prices to take over the market and squeeze out competitors.
5. Performs the function of social protection. Price serves to protect certain categories of the population or the population from value. In this case, subsidized prices (reduced at the expense of the budget) do the same.

Competitive environment plays an important role in price formation. When competition is determined by price, it affects the market. The more competition there is, the lower the price. If competition is limited, prices will rise. The government's economic policy also plays an important role in shaping prices. State price policy means measures to liberalize prices and bring national market prices closer to world market prices in the transition to a market economy.

You can hear the ideas about the “importance of a strategic approach” and “the importance of strategic decision-making” applied to every area of human activity ... Being a strategist may seem more important than tactics ... Of course, strategic mistakes in terms of the consequences of tactical mistakes it is impossible to compare with. But when it comes to a well-defined strategy, the issue of a tactical program becomes a crucial one. Of course, there is also a dilemma about the level of responsibility of managers who make marketing decisions on prices.

A pricing strategy is a long-term decision about the basic principle of price formation, the probability level, direction, speed, and periodicity of price changes in accordance with the company's market goals. The pricing strategy, as a rule, defines the principles of pricing of new as well as "old" goods when a company enters new markets or changes in price conditions. The importance of choosing a pricing strategy is reflected in its direct impact on product placement. Price placement is determined by the capabilities and needs of the target market. Its essence is that using any level of price (price segment) an opinion is formed about the level of exclusivity or quality of the model.

Price strategies today are absolutely diverse in terms of content in terms of the important criteria chosen by experts for company policy.

Let's look at each strategy group in order. This means that when a company launches a new product or tries to enter a new market segment with a classic product for the company, it has at its disposal a group



of strategies to form the initial level of the product, which is the strategy of "entry price", "get the cream". strategy includes the "average market price" strategy.

"Entrance fee" strategy

The essence of the strategy		significantly reduce the cost of goods
Purpose		capture the mass market
Terms of use	Client	mass, low or average income, price effective, low elasticity of demand for quality
	Goods	widely used, recognized, no substitutes (conditions that allow further price increases)
	Company	existing production capacity, able to meet increased demand (due to low prices), a strong firm with the ability and experience to solve the problem of price increase
Advantages of the strategy		reducing the attractiveness of the market to competitors by allowing the enterprise to have time stability in the market
Disadvantages of the strategy		there is a serious problem of further price increases while maintaining the market size occupied

The "get the cream" strategy

The essence of the strategy		short-term price increase
Purpose		increase profits
Terms of use	Client	non-price target market segment; innovators or experts who want to own a new or fashionable product
	Goods	a brand new or high demand that has no basis for comparison, a product with elastic demand, a patented product, a product with high and constantly increasing quality and a short shelf life (in order to limit production from competitors)
	Company	conducts a campaign to promote sales with a popular and high-quality image or unrecognized and when using the product; has competitors who are able to replicate the life cycle of the product, which makes it difficult to recoup the cost; provided that the production process is undeveloped and that demand and risks are difficult to assess, costs may exceed expected levels
Advantages of the strategy		if the market has "accepted" the product at a high price and the product has good prospects: if it is easier to reduce than to increase the price, it will cover marketing costs in the short term and free up capital
Disadvantages of the strategy		the high price attracts competitors without giving the firm time to consolidate its position in the market



Average market prices strategy

The essence of the strategy		launch new products at an average price
Purpose		use the existing case
Terms of use	Client	a middle-income, price-driven target market segment
	Goods	standardized, widely used with a normal life cycle
	Company	average network production capacity
Advantages of the strategy		relatively calm competitive situation
Disadvantages of the strategy		difficult identification of the goods

Hence, the initial price level was chosen. If each company operated in a different vacuum, it would be possible to stop it. But the market reality is different. Companies can act in a way that senses the influence of different forces and regulates their activity (e.g., the behavior of their customers and competitors) to the best of their ability, and sometimes to them (i.e., companies in their activities inflation, threat, demographic situation). , will not be able to influence the level of income of its target segment).

In addition, the stages of the product life cycle change, and each stage, as you know, requires a certain additional "edge" of the previously defined marketing actions.

It was speculated that the company had launched a brand new unique brand to the market. The product will be sold at a high price in the market until competitors find and master the technology of its production. But when similar products appear on the market, it is necessary to change the previously established pricing strategy. After some time, the company, which produces unique products, decides to expand its range. In this case, he will have to adapt his pricing policy to the changing rules of the game. After a while, the company notices a decrease in demand for its products, which means that the price needs to change again.

The company is able to set different prices that are appropriate and inappropriate for the quality of the product, with a strong influence on the placement of the product, with the ability to properly assess the quality of the product (obviously, taking into account consumer perception). In this way, the relative price level strategy becomes more relevant.

A strategic approach to price changes and level formation ensures long-term profitability from the sale of goods. But a single price level requires a change depending on certain conditions (local market conditions, the consumer's willingness to pay extra or the desire to save a little).

Tactical price formation is a short-term measure that stimulates demand in terms of market conditions, service capabilities, and the characteristics of customer behavior, which does not contradict the chosen pricing strategy.

The set of methods for changing prices can be classified into several categories. So, taking into account the economic dependence, there are different tactics of discount, sale of goods on credit, surcharge, "harmful price for ancillary goods", "variable prices". The criterion of perception by the consumer of the "price-quality" ratio allows to distinguish between tactical pricing methods as a tactic of "price gradation" and unreasonable increase in price on quality.



References

- 1) Niyozova, I. N., & Xalimova, D. R. (2021). Development of the competitiveness of industrial enterprises during a pandemic. *International Engineering Journal For Research & Development*, 6(ICDSIIL), 3-3.
- 2) Junaydulloyevich, A. A., Furqatovna, O. N., & Baxtiyorovich, A. B. (2021, March). Training highly qualified staff in development of uzbekistan. In *E-Conference Globe* (pp. 288-292).
- 3) Umarovna, T. M. (2020). Impact of covid-19 virus on tourism in uzbekistan. *Вестник науки и образования*, (23-2 (101)).
- 4) Таирова, М. М., Абдуллаев, А. Ж., & Гиязова, Н. Б. (2016). Особенности маркетинга в агропромышленном комплексе. In *Современное экологическое состояние природной среды и научно-практические аспекты рационального природопользования* (pp. 3871-3873).
- 5) Таирова, М. М., Кайимова, З. А., & Болтаев, Ш. Ш. (2016). Влияние социально-экономических факторов на развитие рынка труда в республики узбекистан. приоритетные направления развития современной науки молодых учёных аграриев, 1130.
- 6) Mubinovna, R. F., & Nutfulloevna, N. G. (2020). The importance of trade policy in the economic development of the country. *Economics*, (1 (44)).
- 7) Giyazova, N., & Ostonov, M. (2017). Analysis of food production in bukhara region. *Academy*, (7), 40.
- 8) Turobova, H. R., & Kodirov, A. A. (2016). The role of small businesses to improve the export potential. *Academy*, (12), 21-23.
- 9) Oripov, M., & Davlatov, S. (2018). Current status and development prospects of livestock in Uzbekistan. *Asian Journal of Multidimensional Research (AJMR)*, 7(12), 165-173.
- 10) Mukhtorovna, N. D., & Mukhtorovich, N. M. (2020). The important role of investments at the macro and microlevels. *Economics*, (2 (45)).
- 11) Abdullayevna, Q. Z., Anvarovich, Q. A., & Muxtorovna, N. D. Theoretical foundations of enhancing the competitiveness of the national economy. *gwalior management academy*, 87, 54.
- 12) Mukhtorovna, N. D. (2021). Importance of foreign investments in the development of the digital economy. *ResearchJet Journal of Analysis and Inventions*, 2(04), 219-224.
- 13) Muhammedrisaevna, T. M., Bakhriddinovna, A. N., & Rasulovna, K. N. (2021, March). Use of digital technologies in marketing. In *E-Conference Globe* (pp. 281-284).
- 14) Muhammedrisaevna, T. M., Shukrullaevich, A. F., & Bakhriddinovna, A. N. (2021). The logistics approach in managing a tourism company. *ResearchJet Journal of Analysis and Inventions*, 2(04), 231-236.
- 15) Giyazova, N. B., & Zayniev, A. A. (2020). Types of marketing communications and their classification. In *International scientific review of the problems of economics, finance and management* (pp. 32-38).
- 16) Bayazovna, G. N. (2020). Marketing communication strategy and its essence. *Вопросы науки и образования*, (1 (85)).