UCT JOURNAL OF MANAGEMENT AND ACCOUNTING STUDIES 2018(03)

Available online at http://journals.researchub.org

E-commerce, Marketing Strategies and a Variety of Pricing Methods

***Saham Mansouri*[1] *, *Milad Hosseini*[2]**

[1]*Department of Executive Management, Persian Gulf Branch, University of Applied Science and Technology, Bandar-e Emam Khomeyni, IRAN.*
[2]*Department of Port Logistics Management, Persian Gulf Branch, University of Applied Science and Technology, Bandar-e Emam Khomeyni, IRAN.*

A R T I C L E I N F O

Article history:
Received 16 Jan 2018
Received in revised form 19 June 2018
Accepted 16 July 2018

Keywords:
E-commerce,
Marketing Strategies,
Pricing Methods,
Electronic Markets.

A B S T R A C T

Objective: Today, the phenomenon of the Internet and globalization have been raised as necessary, so that the intellectuals do not consider these two to be mutually exclusive and believe that they are mutually facilitating. **Methodology**: The internet is no longer a neglected or entertaining tool, but has become one of the essential elements of today's modern and evolving human life. The Internet and in general the electronics world have undergone a change in all aspects of life and human societies. **Results**: As a result, markets have changed in nature. These markets, which have been shaped by the influence of the electronic world, are called electronic markets. As the nature of the market has changed, it is foreseeable that other related affairs will also change. Among these are pricing strategies that should be adapted to the type of market. **Conclusion**: In this paper, pricing strategies in electronic markets have been introduced and briefly described.

1. Introduction

The growing use of IT has led to the emergence of e-commerce in the use of electronic markets in most industries. So, after the advent of B2B, B2C, and C2C, the e-government discussion and G2G have already been raised, which represents a new wave of business. Entering e-markets and trying to survive in these markets requires an overview of all aspects, issues, and business strategies in firms. One of these is pricing (Wilson & Abel, 2002). Price is one of the four factors of marketing mix, which by correct and accurate policy on those firms can in addition to affect the behavior of the target market in order to realize the goals of marketing, income and profits. Since price is one of the factors influencing consumer purchasing decision, inappropriate price determination in some cases results in irreparable effects on firms and leads to reduced profitability, reduced market share and reduced corporate credit. Therefore, firms should be aware of the pricing strategies in the new business sector, which is the e-market. Simply pricing means determining the price for a good or service. Pricing is an activity that needs to be repeated and is a continuous and continuous process (Shipley & Jobber, 2001). This continuity stems from environmental changes and the volatility of market conditions that necessitate price adjustments. Pricing aims to maximize profits, increase market share, lead quality, sustain life or raise market prices. The electronics market is the basis of e-commerce. Today there are information systems that connect companies, and these companies are treated as a single entity with their customers and suppliers (King, 2004). The electronic marketplace is an inter-institutional information system that allows buyers and sellers to exchange information about prices and products. This market acts as an intermediary and participants in this market can be buyers, sellers or third parties independent or consortia among several companies. Electronics markets are hubs and interactive shopping areas in which different companies come together to do business with e-commerce and other e-commerce activities. Hence, in this paper, the new pricing strategies in electronic markets are briefly described (Wind & Mahajan, 2002).

2. Materials and methods

2.1 Pricing in the electronics market

Market pricing is based on cost. In a vertical value chain, activities must be defined in a hierarchical way that cannot be done until the initial steps are taken. The next steps cannot be initiated. Because pricing in e-commerce is not vertical, pricing at the expense of another is not responsive to market

* *Corresponding author:* Mansouri@uast.edu.ir
DOI: https://doi.org/10.24200/jmas.vol6iss03pp55-59

demand. Vertical non-value chains lead to higher costs for goods that are less valued in the market (Rayport & Jaworski, 2002). Due to the low cost of searching the Internet, the price and margin of profit also diminish. Also, because retailers are eliminated in electronic markets, costs and, consequently, prices are reduced. By creating a variety of goods and services, e-markets provide a variety of prices, which customers receive, in proportion to their financial ability and their welfare, goods and services. Companies assume that if their products are lower than their competitors, they can take the market. Although this may happen in physical markets, it is not important in electronic markets.

2.2 Dynamic pricing in the electronics market

Market pricing is based on cost. In a vertical value chain, activities must be defined in a hierarchical way that cannot be done until the initial steps are taken. The next steps cannot be initiated. Because pricing in e-commerce is not vertical, pricing at the expense of another is not responsive to market demand. Vertical non-value chains lead to higher costs for goods that are less valued in the market. Due to the low cost of searching the Internet, the price and margin of profit also diminish. Also, because retailers are eliminated in electronic markets, costs and, consequently, prices are reduced. By creating a variety of goods and services, e-markets provide a variety of prices, which customers receive, in proportion to their financial ability and their welfare, goods and services. Companies assume that if their products are lower than their competitors, they can take the market. Although this may happen in physical markets, it is not important in electronic markets. Dynamic pricing is a pricing strategy that changes prices at any moment for the sake of customers and consumers or because of the set of products and services provided. Although such a pricing strategy existed in physical markets, in electronic markets, the difference in the value chain is different in nature. Dynamic pricing is one of the most important gifts of the Internet. Dynamic pricing is pricing in an environment where prices are not fixed, but flexible (Gregory et al., 2007). Dynamic pricing can be used to buy and sell marketable goods and services, which prices can easily and quickly rise in response to market conditions and supply. Dynamic pricing is a mechanism in which prices and terms are determined based on the price of market participants. Price pricing is tailored to the costs, customers and competitors. When any of these variables change, the best price may also change. Correct pricing requires information. In a complex and highly competitive market, forecasting and quantifying demand is difficult and sometimes impossible. Therefore, the Internet as a complex market causes a high price sensitivity. Another problem with internet vendors is that different customers are paying different prices. Pricing in these markets should also be responsive to disparities among different strata of the customer and support and encourage the groups to buy. Because electronic markets are complex, the use of fixed prices may be problematic. So, some companies use dynamic pricing. When conditions change with such a rate, only pricing approaches will be dynamic pricing. Due to the possibility of rapidly obtaining information from the amount of demand, competitors and customers, dynamic pricing is possible, and sometimes the price of a commodity can change several times a day. Price is one of the most important elements of marketing mix and should consider pricing as an effective marketing strategy for the company, because pricing influences many other factors in the company, including positioning, distribution channels. In fact, there cannot be a single and specific instruction for pricing, and this depends entirely on the circumstances, but it is suggested to go through the following steps for product pricing (Chen & Wang, 2009).

In general, there are 3 general approaches to pricing, a pricing approach based on costs, which adds a percentage margin after calculating the finished price. The second approach is pricing for the customer, which determines the price on the seller, based on the forecast of the amount the customer is willing to pay for the purchase of the product, regardless of how much the finished product is. And the third is the pricing approach based on competitors 'prices, in which the seller, by observing competitors' prices, determines a competitive price at the competitor's level. But apart from the three approaches mentioned, pricing strategies are the main point:

2.2.1 Premium Pricing

When our product or service is unique and in a less similar market, this pricing method can be used. Determining a high price for a product with a high profit margin is when the product or service is deluxe and has a special advantage over other market products.

2.2.2 Penetrating Pricing

Prices are artificially lower than usual to attract customers and influence the market. Once we reach this goal, prices will gradually increase.

2.2.3 Economy Pricing

In this way, unlike intrusive pricing that artificially lowers prices, the price is really low. That is, in the production and sales we use methods that have the lowest costs, and thus provide a cheaper product to the customer. In stores, if you look at it, it's usually the product that can be the best option for people looking for economic purchases.

2.2.4 Price Skimming

In fact, this strategy is exactly the opposite of pricing intrusion. In this way, we first set a very high price for the product and we will sell the product and then, after gradually reducing the price of competitors due to the high price and attractiveness of the market and the product, the price is gradually reduced. It's obvious that this method is relevant when our product is unique in the market. Naturally, with the arrival of competitors, we will have to use one of the other strategies mentioned in this article.

You will also learn about some of the other sub pricing strategies.

2.2.5 Psychological Pricing

This method is used when the client decides on a sense to make a logic. For example, pricing $ 4.99 instead of $ 5 is an example of this pricing method.

2.2.6 Product Line Pricing

Here, pricing is based on a line of products or services we have, and when added to the service, the price goes up.

2.2.7 Optional Product Pricing

Companies are always trying to increase their sales by adding more features to their product or service. For example, add passengers from the plane for a guarantee of $ 20 per seat! Or, for example, selling a printer with an extra cartridge for $ 10 more!

2.2.8 Captive Product Pricing

It is a very interesting and popular method. I have no doubt that you have experienced it. In this way, you sell a very cheap product at an affordable price. For example, a very cheap operating system. But after that, only the software you run on it yourself is designed. Now the client has been captured by installing your operating system and will have to buy your peripherals at a great price. Or design and sell a very cheap razor. But the blades have the design that you only produce and do not follow the standard design of the market. Now you are fortune by selling rags (Yannopoulos, 2011).

3. Discussion and results

3.1 Other types of pricing

3.1.1 English auction

The most popular types of auctions are English auctions. At these auctions, buyers will raise their prices, so that, in the end, only one buyer will remain. In these auctions, sellers can determine the minimum price for sales, which, if not minimized in price, cannot sell the product. Of course, depending on the type of auction, this minimum price can be announced or not announced to price takers (Baker, 2014).

3.1.1.1 Reverse pricing at English auctions

Many companies use reverse pricing as a policy at their auctions to save on company costs. In such sites, a request for a price or a request for a price announcement is initially made by a company to launch an auction. At this auction, the company will win the lowest price to provide that product or product and service (Denguir-Rekik et al., 2009). Such free markets are well known today, especially in B2B businesses, because they reduce the cost of providing companies to their requests. Of course, these types of auctions are not limited to B2B businesses, but some sites use this kind of auctions to deliver products and services to customers.

3.1.2 Dutch style auction

There is a difference between the definition that economists offer from the Dutch-style auction and what is used in the Netherlands to buy and sell flowers. In this style, the auctioneer will first declare the price for the sale and slowly lower the price so that the individual finally accepts the price, which is quite contrary to the English style auction. There are two major issues in the Dutch style auction (Mohapatra, 2013):

- The process used at this auction does not allow purchasers who are seeking to acquire this product. While in the English auction, when buying a high interest in the product with its pricing, other buyers also re-evaluate the value of the item and increase the price.
- Pricing is done at a Dutch auction at a price that is higher than the real price of the market, and otherwise it will not profit from the seller's profit.

3.1.3 eBay style auction

On eBay, the seller sells several identical items. The seller first identifies the minimum price and quantity of the item. Then buyers start pricing at the same minimum price or above. At the end of the auction, the highest bidder at the lowest price, the winner of the auction, bought the goods. For example, suppose we have two spellers and the seller has asked for $ 20 for each. Person A and B offer $ 20 each. In this case, each of A and B will get a spoof for $ 20. Now if A and B offer $ 20 for a $ 20 person and $ 21 for C, then A will give the first price, and C reaches $ 20 for two spellers, and does not get to B.

3.1.4 Auctions in the style of pricing with the first fixed price

In this type of auction, the information is clear and clear. Sellers provide buyers with evaluation, evaluation and pricing on it. Before the deadline, potential buyers have the opportunity to offer a definitive price for the product. One of the conditions for this auction is that, as long as the fixed price continues and the time has not elapsed, buyers will not be able to get information about the price of their competitors. After this time, the product is sold to the highest bidder. Sellers are also entitled to specify a minimum price and cannot sell the product below the price. Price line has created a new economy based on these auctioned deals with the first definitive price. In this model, the price maker pays a price for a plane ticket on a particular day and agrees that the price line can be used for any airline that was able to pay for it and tickets are irreversible. After this, the Price Line checks whether the airline offers this ticket price or is willing to offer such a service at that price (Ghose & Sundararajan, 2006). Price line earns its revenue through this process in two ways. Because of the availability of this site, airlines have agreed to provide their services on this site. It also receives a nominal fee for charging the customer from the customer.

3.1.5 Group buying

In group buying, a site begins to collect demand for a specific item to receive more discount through more purchases. In this case, each buyer will benefit from a discount, and vendors will also largely sell their products and benefit. In this way, there is a difference between someone who is the first member of this collection to buy a product and the last one does not exist. Web sites that use this pricing model collect customers' demand and receive discounts from major suppliers.

3.1.6 Exchange Pricing

Electronic exchanges are markets that bring buyers and sellers together. These markets act as brokers. On these sites, vendors offer their products to potential buyers to sell at a specific time, and so on, buyers can also declare their need for a product so that potential vendors of the product announce their price for the product and then select the buyer. One of the advantages of these markets is for shoppers that they have access to a large number of vendors and based on economic theories, whenever the number of vendors increases, competition will increase and the price of the product will be lower, and so, if the number of buyers increases, vendors will also receive higher prices for selling their products.

3.2 Advanced pricing strategies

3.2.1 Discriminatory pricing

The term discriminatory pricing implies that different prices are used by different individuals based on their willingness to pay. Discriminatory pricing raises the question of whether such tactics are appropriate or profitable for the community. Pricing strategists categorize discriminatory pricing into three categories:

A- First-rate discrimination

In this type of pricing, vendors charge consumers the same amount they are willing to pay for buying something. For this reason, companies should be aware of the demand curve of any consumer, which is, of course, impossible. In addition, while a customer tends to pay a high price for a company's product, other companies may offer this product at a lower price. In this case, shoppers will be attacking these vendors for non-payment of higher prices. But what really seems to be is that companies are looking for more information from customers to use this information to measure customer willingness to pay when bargaining for a price.

B- Second-rate discrimination

This kind of pricing is also very similar to pricing discriminatory degrees. With the difference in pricing, they are looking to know how much a customer is at the maximum price they are willing to pay for a product. In this way, they are looking to know that the customer will pay not only for a unit but also for more units.

C-Third-rate discrimination

In this pricing, customers are categorized according to their willingness to pay. Price discrimination based on customer age is also a way to sell cinema and theater tickets. Theater ticket is cheaper for children and children than for other ages. Companies offer different prices for different customers for a product, because these different customer segments tend to have a different desire to pay for a product. To the extent that it is easy for vendors to understand the characteristics of customers such as their age, it's not easy to resell these products. Based on the principles of economics, the lowest price that must be requested for a product should not be the lower cost of changing the product or product.

3.2.2 Pricing based on discounted amount

As a theory, if a vendor can estimate the amount of demand for his product, he can consider and plan for selling his products based on the volume of purchased goods. This method determines how much each customer is willing to pay for a product and how much more it is willing to pay for it. In these price-pricing strategies, which reduce the price based on the volume increase, the inverse relation between the price and the number of sales of the product is created. Pizzeria restaurants use this method for advertising. Understanding this pricing structure is difficult and difficult, and this has a repercussion on sales.

3.2.3 Bid pricing

Companies are using bid bids to better understand how much customers are willing to buy a product. This strategy consists of two parts. A fixed pricing segment and another variable price that depends on the purchase price of each gender. From an economic point of view, the fact that the variable price is the same with the variable cost of goods is equally important. To maximize profits, this strategy needs to be designed to restrict consumers to buy a product at a variable price, lower than the cost of producing the product.

3.2.4 Package pricing

There are two types of packing pricing strategies: one-piece packages and mixed packages. In the net packaging, the products of a company form part of that package along with the previous company's products, and the buyer will inevitably purchase the entire package of products. For example, Ovitz, if it wants to introduce a new star as an artist, puts it next to other prominent stars, helping slowly slow down its popularity and growth. Also, some companies use this method to promote their new products. They also offer their new products with their old products, which are known as a package for a range of customers, helping to identify the new product. At the same time, customers are happy to get this new product for free or discounted. Companies should keep in mind that these complementary products should be provided to satisfy customers. But in mixed packaging, one of the most famous marketing strategies, the products are presented individually as well as in bundles, and the buyer has the flexibility to choose. In this package, the package price is less than the sum of the price of each individual product. This pricing method is one of the most cost-effective and cost-effective methods for pricing internet services. One of the key benefits of using discriminatory pricing is that companies can offer a variety of products at different prices to different customers.

3.2.5 Discriminatory pricing over time

Using this method is one of the commonly used methods for selling a product at a different price. This strategy is easy for retailers. When a new product is introduced to the market, the price of this product is high and slowly decreases first. In this case, some customers, whose time is more important to them than the price, will provide this product at the very beginning of the market, and customers will wait for the price to go down and buy. So, using this strategy, consumers choose their own cost-per-time basis. Some retailers use cassette tapes and CDs reverse this strategy. When new cassettes are offered to the market, they will receive special discounts for those who buy in the first week or the first few days. In this way, the amount of demand for that product is known, if the demand is good, advertise it, and they will throw the customers inside the store or store to see other products as well.

3.2.6 Crazy pricing

Companies often use this method to lower their prices by looking for a significant demand for their product. This may occur for several reasons. Companies that are in excess of demand may keep their prices below the market to prove their goodwill, which makes them crazy. When the company introduces a new product to the market, it is uncertain about the market acceptance of this product by the market. If demand is unexpectedly high, some retailers and vendors are at low risk and sell some products at low prices due to an increase in prices. Customers often criticize companies for increasing their prices when they increase their demand for their products. Although rising prices can generate huge profits for companies, they hurt their reputation and reputation. Crazy pricing comes from the nature of customers who are madly looking to get that product. These customers go to each shop, priced at auctions to get this product in any way possible. In this case, crazy customers are creating a media outlet.

4. Conclusion

Although traditional pricing was done on a cost-based basis, this method does not respond to pricing in electronic markets. Due to the low cost of searching and the possibility of comparing prices, quality and other aspects of the goods, the use of the Internet in the everyday life of human beings has become increasingly widespread. Customers prefer to search for their products and services in electronic markets. In electronic markets, prices are affected by price sensitivity, product uniqueness, service awareness or alternative product, total cost, shared cost, price-quality effect, and inventory effect. Sellers can choose different strategies by examining these effects on their products and services in the electronic marketplace. These strategies provide the right pricing with regard to costs, customers and competitors and provide a reasonable margin for vendors.

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How to Cite this Article:

Mansouri S., Hosseini M., E-commerce, Marketing Strategies and a Variety of Pricing Methods, Uct Journal of Management and Accounting Studies 6(3) (2018) 55–59.