Pricing Strategy in the Market Place

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INTRODUCTION

Price of product is crucial for the organization. An organization is defined by strategic pricing, where Instructions and characteristics are given according to its price. (Thepot & Netzer, 2008) understands that quickest and best way to get maximum profit is to select the price of product correctly. (Ratnatunga, 1985) checked the pricing policies and principles to get profitability but he analyzed that profitability is linked with few guidelines, area of pricing is depend on product and service related to general information. Percy and research on Brazilian Manufacturers, which was the industry of customized products. Research shows that only price is the factor which can increase the cells and orders in an industry. For increase profit, capture new market shares and get fame the information about product price is compulsory. Many authors defined the profitable pricing strategies by different aspects. Prices also important for showing good quality of the product to attract the customer.

(Cannon & Morgan, 1990) describes the pricing is important and it should be specific for price generation, therefore price is the fundamental component of marketing mix and other reaming components of marketing mix are related to cost. Researchers have been conducted and these are related to different perspectives of price related strategies (Noreen, 1997; Lere, 1979; Ratnatunga, 1987; Jobber and Hooley, 1987; Ratnatunga, et. al., 1994). (Sharma & Lyer, 2011) researched on British manufacturing companies and he concluded according to size of firm and competitors, the profit and price are different from each others. Another study have been done by (Jobber & Hooley, 1987) who noted the value of various pricing in British corporations and he analyzed at the time of setting price that motivating factors for both company and workers is basically profit.

Study explains that there is an evaluation criteria by which companies are standardize. Characteristics of companies and the level of companies in the market is measured by evaluation criteria. Literature reviews are available on different aspects of price issues and policies. (Ratnatunga, 1985) assumed that telecommunication industry can be successful and profitable if it maintained its prices and cost relationship. On the other hand global earning can be enhanced by the help of management accounting and it will be helpful for the managers to increase profit with complete management (Collins & parsa, 2006)

It helps managers to maintain conditions of firm with great profitability and cost maintenance. In this matter (Lucas, 2002)searched the books which can be helpful in management accounting and provide information about cost generation for the promotion of management accounting function. (Noreen & Burgstahler, 1997) concluded that the finance and the marketing are required by business strategies to develop pricing policies and procedure. Production areas should be observed during making connections between industrial firms (Balakrishnan & Sivaramakrishnan, 2002). (Lucas, 2002) keenly observed accounting books and their methods and started to explore the approaches by research different cost based systems of cost based pricing, the concern was to understand price planning related to management accounting under different conditions. (Drury & Tayles, 2006) noted that it have been globally observed by the past literature information that cost is helpful to find the offering price of the product. In this research (Hinterhuber, 2008)we will know about different pricing strategies with the help of value based pricing strategies different businesses got success like medicines, mining, internet services, agriculture, airline, automobiles.

So, the benefits of the value based pricing strategies are generally accepted (Monroe, Grewal, & Krishnan, 1998), but its implementation is limited because of some realistic practical problems, the main idea is to understand the need and purchasing capacity of the customers (Ingenbleek, 2007). Developing a pricing strategy for new product is tough task because of many competitors and multiple customers choices. Bass model (1969) is successful research like (Robinson, Bruce, & Lakhani, 1975), (Jeuland, 1981) (Dolan, Robert, Abel, & Jeculand, 1981), and (Kalish & shomo, 1983) they used general framework to create good pricing policies. But the problem is this model don't have price variable. So, now researchers are now trying to create price variable after that they will create pricing policy with the help of Bass models. Almost not much attention is used to search a complete way for creation of price variable in that Bass model; therefore optimal pricing patterns were floating. We used current generalized edition of Bass model by (Bass & Frank, 1969) that is now known as GBM. That provide a complete framework for the new product with different variables of marketing mix. Our aim is to explore the use of GBM because it is more easy and stable than other studied pricing patterns.

(Kalish s. , 1983), companies are divided into two forms: 1. Price makers .2.Price takers. Here price makers are the leaders who provides excellent products and services to the customers, these are trend setters in the market place for all small companies. Price takers are pro active about the customers care like they work and set price according to the buying behaviors and purchasing power of customers. On the other hand price takers are small companies or these are firms which work under the strategies of price makers. These firms set the prices according to the market place. Product cost and selling price are the factors that responsible manager always kept in mind at the time of set the offering prices.

In general theory, contribution margin and product cost should be checked by the variable costing techniques for making profits. The current study shows that strong impact is derived by the per hour use of contribution margin. The research analyzer by checking the benefits of the two factors. Following are the factors which are based on price analysis and price related information in industrial companies. 1. Contribution margin per hour. 2. Percentage contribution margin PCM. In previous studies this question has not been pointed out in detail.

To summarize the study, not much questions will be explained like limitations and planning of price methods related to cost plus approach and other concepts. The study gathered literature related reviews by a company of Brazilian manufacture which is addressed with keen observations. The research is providing concepts and practices for the contribution margin which has been the part of pricing theory.

LITERATURE REVIEW

CUSTOMER VALUE-BASED PRICING

In value based technique the product price is determined by customers feedback, where demands and needs of customers are important for the edition in the products features by which customers attract, its focuses on customer rather than market place or competitors because the product is utilized by the customers and they pay according to their purchasing power and need (Busacca, Costabile, & Ancarani, 2004) So, value based pricing is defined as an approach in which a firm wants to get information about customers and take advantage of that available information, through the available information firm adjust the product price. So the consumer can easily attracted by the product. By different sources (Cannon and Morgan, 1990); (Monroe, 2003); (Ingenbleek et al., 2003), (Docters, Reopel, & Sun, 2004), it is proved that customer value based pricing strategy is more beneficial than other pricing strategies because in this strategy customer is preferred while assuming the product offering price. Knowledge related value based pricing is taught in different fields because all the sectors of the country can maximize their profit with the help of keeping consumers in mind.

To increase profit, we should check the demand of the customer and provide those features in our product. So by this technique we can enhance sells and ratio of profit (Hinterhuber, 2008). It is important to understand and implement customer value based pricing. So, the first reason is with the help of customer value analysis we can judge the purchasing power of different groups of customers and what they want from product. The solution after analysis, company should be minimized the selling price but price should not be less than actual cost. We should set the margin for the optimal profit. Second reason is related to those firms who kept in view the value based profit these can get more benefits than other firms. These firms can understand the customers point of view which will be helpful at the time of collecting profit (Monroe, Grewal, & Krishnan, 1998) After knowing and memorize the customer demand then company can produce such kind of products with suitable pricing. Hence it has been proved (Piercy, Cravens, & Lane, 2010), that not only price but consumers value based strategies are also important. Because with both factors an organization can get maximum profit as well as maximum market share with maximum sell. So, for starting a new business the use of these strategies are most important (Stamer & Diller, 2006).

At the point of setting the price, different markets should be visited, which must having different consumers and different perspectives, after visiting the markets we should get various pricing ideas to set the favorable price of our new product. This process is crucial to attract the customers for product. (Ingenbleek, Frambach, & Verhallen, 2010), explained in a model of structural equation that we should keep in mind the wants, needs, willingness and desires of the customers at the time of setting price. If customer's point of views noted then our product will more satisfying for customers and give us favorable profit.

Customer value based pricing is beneficial to increase profit but businesses do not give importance to this strategy and therefore this strategy is used less than other pricing strategies. In early times, six different sectors of services were surveyed in Greece; it is shown that price is directly linked with market forces, competitors and cost. These factors directly affect price. On the other hand, customer's perspectives also influence the offering price. Another survey (Carricano, Trinquecoste, & Mondejar, 2010), conducted in 28 multinational companies, result was gathered by companies managers that addition of value by customers perspectives is done according to the need of customer and this strategy also captures good market share but for the implementation in the company it is a tough activity.

The pricing through value perspective is a technique by which customers are attracted to the product. If market divided in different parts and studied the each part in depth then price of product can be effectively and accurately determined. By another point of view through cited information it has been researched that price is not determined by market conditions because price is basically linked with the actual served cost. Few studies analyzed that keeping price constant and stable is an important task for the company. A research was conducted by (Cockrill & Goode, 2010) on small scale of DVD market, where the previous year's information so given by shops about price stability and fair pricing. Survey was conducted on few shops for checking the differences in prices, which was occurred due to old movies stocks. Gathered information shows that the survey was conducted on six shops. Purpose of the survey was to check the price floatation due to stocks condition (Dickson & Kalapuraka, 1994); (Huang, Chang, & Chen, 2005); (Bolton & Alba, 2006); (Choi & Mattila, 2009). So, the experimental stocks were old DVDS and those were sold on discount just because of less attraction in stock. Hence it is proved that old stock gained less value by the customer than the new stocks. Next step was how to stable the prices, how to face or understand the pricing strategies and how to control fluctuations. In short, we can understand if the cost is maximum then the offering price should also be maximum. But all time cost must be high it is not compulsory.

There are not just many researches but also practices are available relevant to customer value based pricing strategy. Some studies provide us information about good pricing techniques and their implementations for the understanding of this factor. There was a visit conducted in home appliance factory, the reason of the visit was to check the relationship between buyers and different market prices. So in this matter the past data of the selling items were checked to kn0w the customers purchasing power and behavior.

DYNAMIC PRICING METHOD

To obtain the maximize profit, in case of dynamic pricing change the price according to change the demand (McGuire, 2015). Dynamic pricing take over the gut feeling approach because they are based on facts and analytical (Bodea & Ferguson, 2014)in which price are dependable with change of product or service (Fernadez, Gerrikagoitia, & Alzua, 2015) on different customer or product and service this type demand e approach basically developed by airlines (Chiang & Chen, 2006) but the approach are now used in car rental and hotels they are heavily depend on this approach fixed capacity, change the demand, prepaid booking by customer, change the demand, short potion of the market, high fixed cost in compare to variable cost and all those factor that make ideal situation for dynamic pricing (Ivanov & Zhechev, 2012)

The big issued face by companies when they implemented the dynamic pricing, in way of technical and human cost. In the sense of technical, companies spend a lot of money to the purpose of developed a system which can gather the data in different then analyze those data and tell the pricing over the time. In some cases analytical changes used for updating the pricing and in other case human intervention (Bodea & Ferguson, 2014)highly trained people required for the purposed of implementation of dynamic pricing in hotel industry also face biggest challenges when the purposed identified and qualified stuff of (Wang, Heo, Schwartz, Legoherel, & Specklin, 2015) Large number of literature issued to related to set of price but there is hug lack for set of dynamic pricing by hotel ((Marketing & Viglia, 2016).

Now a day's hotels are adopting to dynamic pricing (Aziz, 2011) but not much research are conduct on the field of hotel and use to set the price for the purpose of arrange the demand, increase the market share and booking (McGuire, 2015)In addition, hotels adopt their dynamic pricing strategy on a number of factors, including down payment, date of stay, group size, seasonal special offers, special events, weekdays (weekends and weekends). , User attributes (such as corporate or leisure travelers, hotel rewards), lessons (e.g. temporary, group and contract) and distribution channels (Marriott International, 2014). One of the problems when considering pricing is that the prediction model is owned by a hotel or software developer, making it hardly to collect empirical research (Ivanov and Zhechev, 2012).

MULTI-CHANNEL PRICING

There are many researchers have been done for the Online, brick and mortar retailer. The first is appeared Smith, it show the online price products are 9-16% lower than traditional brick. (Dolan & Moon, 2000) say that the internet is most acceptable or useful for multichannel retailers. Baker and Kung research show that the internet is not too much control device which low the price mechanism. (Brown & Goolsbee, 2000) have given us idea that the price the dispersion is lower than the traditional channel. (Tang & Xing, 2001) have the same view above. (Scholten & Smith, 2002) say that the price dispersion for e-or-retail market is precious for market. Now the internet becomes more advance and global for the commerce, retailers, and multi-channel sales strategy. Even than our style of purchasing is changed, like paper to online and prescription to email, a game theory, chooses prices. The traditional channel announces their price and the other competitor also make change in its price for sale their products. Finally, we can also judge the price situation, based on now practical result.

MULTI-CHANNEL RETAILING

Indicates that multi-channel retailers accounted sale the 50% of internet sales, compare to the 31% gained by retailers who sell online exclusively. The increasing popularity show the benefits and relation of the consumer and retailer. The utilitarian value of online stores by Nobel is less, because he think physical, catalogs stores is best than online, he think it is useful for consumer because they have the variety to purchase products. But the portfolio service give output that the customer strength also increase for use online purchasing. (Wallace, Giese, & Johnson, 2004) Suggest that the customer satisfaction is important because there are several managerial problem behind, also turned our view towards manufacture problem, addressed issue, the new price dynamics will also affect the relationship channel. Hugs researches also show the inner problem of retailing.

MULTI-CHANNEL FIRMS

The traditional marketing system have also another problem but the internet have also examined a variety of issue. The competition between direct and traditional retail channels from a strategically view. Marketers show the information, the author show the market mechanism control. there are two distinct consumers.

1. A price-sensitive segment
2. A service-sensitive segment

They showed that multichannel is best for use retail service. in the study the profit of physical, online, and hybrid store. They give us information that the hybrid stores in future can get more profit than others. (Geyskens, Gielens, & Dekimpe, 2002) found that the powerful companies with a few direct channels achieve better financial performance than less powerful companies with border direct market offering. King used a game theory approach impact of web-based e-commerce retailer channel strategy. This policy is not possible for short-run outcome. (Cattani, Gilland, & Swaminathan, 2006) argued that traditional or online channel can control, pricing behavior and may be to reduced the wholesale price.

VALUE INFORMED PRICING

Value informed pricing is based on customer focused which means what the customer think about the value of certain product in general term ,value perception is basis on purchase purposed what customer think price against quality (Grewal, Monroe, & Krishnan, 1998) The word value has different (Woodruf, 1997) claim that customer value is commonly see that the customer consider , rather than something that the seller reasonability determines these ideas unusually include what the customer receives and the transaction between what he give u and uses.

The perception are made when comparison with different offering and different price value informed pricing now defined that firms for the purpose of getting advantage they used the price factor and offer that.

COST PLUS PRICING METHOD

Through the study (Noreen & Burgstahler, 1997), most manger rely on cost plus pricing in which markup all with cost as compare to additional unit method or cost pricing method they reported that about 56% American companies in the situation when they face problem to estimated demand they used cost based pricing method and many similar other study have same result.

By (Drury, 2006), conceptual management accounting are not suitable for cost plus pricing because because they are non classical theory (Lucas, 2002) they compared and made supporting document between cost plus and non classical method. (Lucas, 2002) support that whose criticized the approach of non classical theory.

Through the (Diamantopoulos & Mathews, 1994) they criticized that and literature of neo classical theory by the reading of (Hall and hitch, 1939) they say that firms general not cover the principal of no classical theory they not set price according to marginal income is equaled to marginal cost but they set the price of total product cost by adding a margin instead they the price by adding a difference to the total cost of the product. (Lucas, 2002) pointed that in the 19940s and 19950s, economists became involved in marginal disputes and eventually formed string argument to counter the neoclassical model the result of the study.

Cost plus pricing method should be less important because this method does not understand customers buying behavior, even it does not uses its own pricing techniques and measurements. In this method not only cost is added but also expenses like direct expenses and indirect expenses are also included, after addition of expenses the price noted as cost and after adding some profit price noted as selling price. But this selling price is higher than average purchasing power of customer. Inspire of that it has been checked that cost plus pricing is used by many old companies.

(Indounas, 2006), conducted a research on pricing strategy at many companies of Euro zones and these companies are more than 1100 in numbers. Research was conducted in 2003 & 2004, under supervision of Euro Central Bank. Research examined that the pricing method which mostly in cost plus pricing method with mark up rate. More than 54% companies are using cost plus pricing strategy and their offering prices are having mark up rates plus actual cost. We can conclude that the successful products of the market does not consist cost plus pricing approach. These companies check the consumers purchasing needs and behaviors. Customer based pricing is based on all expenses including shipping and other.

After that the actual cost is determined with much profit. In global competition, the survey shows us the companies which are not using cost plus strategy are much successful. Other researches by (Lere & Saraph, 1995), (Lere, 2000) and (Cardinaels, Roodhoof, & Warlop, 2004), he wanted to select activity based costing like a tool for planning price but the empirical study about the ABC was failed and no research gave good result. Hence it has been proved that activity based costing is not suggested for price planning. (Lere & Saraph, 1995), have said, studies describes that the competitors who are using absorption costing method are more successful than the users of other pricing methods.

(Banker & Hansen, 2002) said that it's an old discussion in management to add fixed cost in offering price of the cost. Some authentic discussion noted that if variable cost is used as marginal cost then sells can be increased with minimum actual cost. But if offering prices are low then companies even can't get back the actual cost by customers and recovery of cost will be stuck for long time. On the other hand if managers determined price by total cost then each product will cover its cost and the high prices can disturb company's investments in the market for long term.

Described by (Banker & Hansen, 2002), managers of companies should select one method from direct costing or total cost. If a manager is able to take decision he should choose a method which should be beneficial for company and customers both. He should select according to customers wants and needs and must be according to the production of company.

Problem between cost and price relation is actually a relationship which is based on the price planning and product features. (Balanchandran & Radhakrishnan, 2007) protect the idea of combination about understanding the total cost of price planning and the role of total costing in these manners. Research by (Banker & Hansen, 2002), to check cost and price of product and optimization model was developed.

In short, Bierley, (Bodea & Ferguson, 2014) because of the overhead rate the use of the budgeted capacity is criticized. The statuses of the products like these are not under or over casted is checked through the usage of practical or normal capacity. (Balanchandran & Radhakrishnan, 2007), a framework is developed for the measurement of capacities and finds unused capacity without hiding it in actual cost. Applying reduction approach, product price is divided in two parts: product cost and margin. Calculation of product cost is by total costing, direct costing and absorption costing. Due to the costing method parts of products price are vary from each other. From the information noted that selling prices changed because of different costing methods.

(Christensen & Demski, 1997) have discussed about this regard, it is not adequate for decision making to use total cost for product study and profit abilities. (Noreen & Burgstahler, 1997) draw a model to study the cost plus method related with price. Research has been conducted in multi product firm, research explains that the pricing techniques create hurdles between offering prices and can disturb profits at the time of achievements. (Balakrishnan & Sivaramakrishnan, 2002) said, if the cost plus method used in tactical price decisions then it will create losses.

COMPETITIVE PRICING STRATEGY

The company gets competitive advantages over its rivals by the long term plan of specific company. The creation of defensive place in an industry and a superior return on investment are designed by it. Two normative pricing schemes that have been developed based on both analytical game theory and tournament studies are drawn by us. By joint defection, both efforts to earn balance profit in repeated games superior to profit earned in two schemes. They complete both these schemes set prices and align to the set of competitors against. Linear reaction function on the part of rivals is presumed as the basis for accommodation in the first strategy. The monaural competitiveness of its rivals is based on the index, adjust and its prices in the second strategy.

The (Fader, 1987) discoursed the four key prices which are seen by us based on both schemes, before drawing the two normative pricing schemes. The combined profit of all three organizations in the cooperative price is maximized by the cooperators. To select the same price, to maximize the profit of the two of three organizations in the two-person cooperative price. The divergence between an organization's profits and the profit of any other individual is maximized in the envious price Generalized Tit-for-tat type scheme called Look-Ahead, which framework rivals as having one dimensional reaction functions, use those linear reaction function to forecast future prices and chooses a current price that would optimizing un fluctuating profit is drawn by (Fader, 1987) in the Look-Ahead pricing strategy.

A measureable one-dimensional reaction to competitor's price has been firmed by rivals that is presumed in the Look-Ahead pricing strategy. The organization can choose the price that will result in high profit has estimated in response function by using revision techniques. The source comprises mathematical points of this scheme is used able by an appendix. A computing device program is offering the index pricing scheme by an enforced Bayesian pricing scheme. Competitor index, which it modifies from round to round integrate the knowledge of the rivals in this scheme. The competitiveness of a firm on a piecewise separation scale from 0 to 1, where 0 is very non rivalry and 1 is very rival is standard by the rival index. The source provides usable numerical evaluation of the rival index which is included a numerical addition.

PSYCHOLOGICAL PRICING THEORY

Adaptation level theory (Halson, 1964) and transaction utility theory (Thaler, 1985) are the basis of the explicating supposition of the psychological prices that we will utilize. Percept of new input are formed similar to a standard or adjustment level is stated by the adjustment level theory. Old and current stimuli to which a person has disclosed to find out the adjustment level. Consumer demand is similar to how consumers comprehend psychological prices relative to prices perceived as fair for the happening of give up in a potential theory (Friedman, 1968); (Schindler, 1991). Monetary units such as dollar, pound, mark are comprehending unmatched prices for rounding by the consumers.

Odd prices as being considerably lower than even priced items, even though the original difference is very little being perceived by the consumers .Instead of $2 the cost item is at $1.99 (Hanna & Dodge, 1995) The offered psychological price of $1.99 is that the comprehend outset price, e.g. $2.00, a fair price to be a consumer's reaction used by speculation, that perceived the deduction is found by the reasonable price (Friedman, 1968) Consumers receive more wrathful portion of content from consumers limited capability for stock and those are the initiative figure a number, according to (Brenner & Brenner, 1982) advised. The first and second 9 is less crucial than the figure as information by reaching the cost limit is $1.99.

Integer portion of the digit has been stocking by rounding up the affect additional conclusion aquiline. Consumers can implicit presented a reasonable cost, to raise their opinion of a cost cut regarded in the dealing through psychological pricing. The higher cost savings existence perceived than in the example of an expressed of a price deduction may be tracked by such explicit demonstration of a fair price. Explanation for the gain in demand at the psychological price level is provided by the transaction utility theory. The total utility of a transaction to a consumer is the sum of the acquisition utility and the transaction utility is suggested by (Thaler, 1985).The value of the item to the consumer; it gains monotonically with cost across the total price-range. Through this acquisition utility is derived.

BEHAVIORAL PRICING MODEL

The effect of odd prices on consumer demand and a number of other matters, both also describe in behavioral pricing model. On this respect, the following issues are relevant ((Rao, 1993).

1. The consumers expected the shaping of price.
2. Indicator of quality as like the function of price.
3. Price sensitivity depends on the heterogeneity of consumers.

PRICE EXPECTATION

The expectations are product and individual specific, through which the consumers have expectation about price and these expectations are known as consultation price. Reference price levels of consumers' usage for support depends on prospect theory and is supported on large number of survey in the pricing literature (Winer, 1986), (kalwani, Yim, Rinne, & Sugita, 1990). Consumers respond more powerfully losses than to profit, relative to a reference; a loss/gain meaning that the discovered price is higher than the mention price; this theory is given by the Prices losses appearing to be larger than gains can explain the belief of asymmetrical reaction above and below the mention price. Various studies gives the supporting evidence for price loss-aversion (Kalwani, Yim, & Sugita, 1992) and (lattin & Bell, 1993). (Tversky & Kahneman, 1991) has prolonged the belief of reference habituation to other dimension than price. Loss aversion is looked by (Hardie, Johnson, & Fader, 1993) with respect to others quality.

A symmetric reaction with respect to a reference point for quality shown by them. Quality gains are looked smaller than quality losses also explain here. As the ordinary price of same product, reference price has been usable in the empirical survey (Emery, 1999).

PRICE AS AN INDICATOR OF QUALITY

The role of function of price complicates the function of price as a purpose of buying intention and existent quality. In the quality of procedure of consumers who are unsecure about the quality of product of price (see e.g. Monroe, 1973, Steenkamp, 1989, p.37). positively affect purchase chances have shown the higher prices of a brand (see e.g., Erickson and Johansson, 1985). Price seeking has referred the associated conducted of consumers.

A durable role of price in consumer's decision making which we have known is reason out by us. Relationship between actual price and perceived monetary sacrifices modeled the classic economic effect of price on quality behavior. To buy the product and the lower the buy purpose must be sacrificed the more by increasing the price. Sensed quality and to high buying intention have been convinced by the high price. This trade-off known as the perceived sacrifices perceived quality trade-off (Steenkamp, 1989, p.195) or the price +perceived quality trade-off.

HETEROGENEITY

Different price segments may be find by us. Within a price segment the consumer's reaction to price alteration and these market segments in the term of price reaction, heterogeneity is present. A prior definition of segment on the ground of socio-economic and demographic characteristics has control the early price-response models heterogeneity. Elord and Winer first employed a post-hoc approach. Price-elasticity estimated at the single level was grouped consumers into segments by them. A latent class model that improves upon the old approaches by at the same time estimating segments and price-response function within to each one segment is suggested most recently.

OPTIMAL PRICING STRATEGY

(Bass F. M., 1994) most recently developed a generalized edition of the Bass model is used by us and hereafter, analytical framework for improving explicitly the issue of marketing mix variable on new product dispersion. Optimum policies that are more insightful and logical with detected pricing structure are preceded by using some fluctuation of the GBM specification that is our aim to prospect. The rise and fall structure of the product sales curve mostly determine the optimum price. That for zero discount rate, the optimal price should increase up to the prime sales and drop off thereon and for positive discount rate the optimal price should increase as long as the sales increase.

(Bodea & Ferguson, 2014) seems to nearly follow sales diffusion way derive numerically the optimal price. The product diffusion structure should be the base of optimal pricing strategy according to old research advises. If the discount rate is very high i.e. the future extremely wild, optimum the monotonically declined pricing policy according to few studies advise. May new products be fined by us by monotonically declining prices but it is not clear.

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