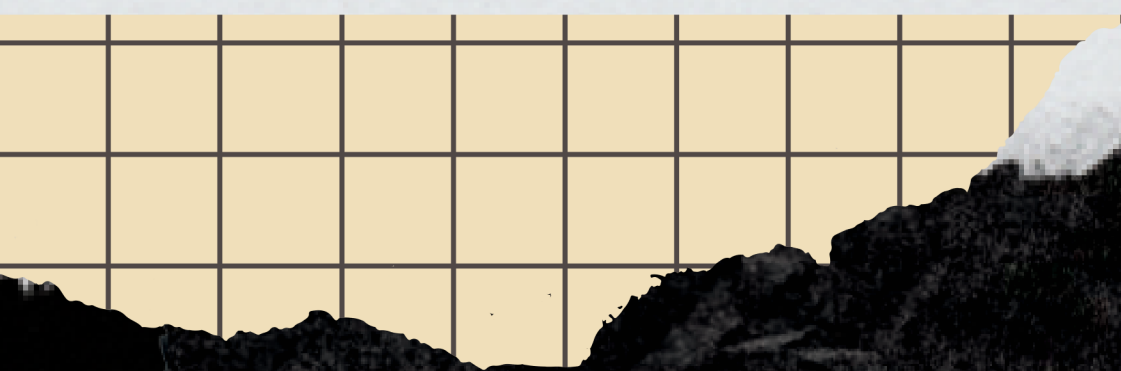




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PRICING STRATEGIES IN A GLOBAL MARKET: PENETRATION VS. SKIMMING



INTRODUCTION


It is significant to understand that pricing strategies are one of the most significant components of a company's success when working in the international environment. These are the penetration pricing strategies and skimming pricing strategies. Every strategy has specific benefits depending on the specific market situations and the goals that the business sets for itself. Comprehending these concepts will assist businesses in the proper positioning of their prices in order to produce competitive advantages and success.





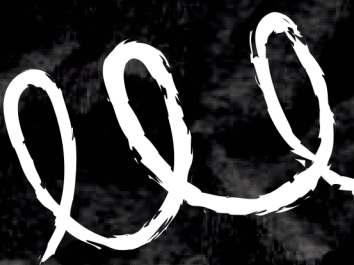
PENETRATION PRICING

The key strategic points that can affect the success of the plan depend on top management's awareness of four factors: The company's organizational culture is a critical point that can affect its market share and, in turn, its performance in the new environment. The following are some of the factors that can help to improve the market share of a company:



SKIMMING PRICING: MAXIMIZING PROFITS

Pricing skimming on the other hand, seeks to set a very high initial price in order to attract consumers who will be willing to pay the extra price for new or improvement goods. This strategy is most appropriate for products that are not very sensitive to price particularly for luxurious products or those that incorporate a lot of technology. This is a typical pattern from which the aim is to make as much cash from the early adaptors before bringing the prices down to the mass market.



CONCLUSION

That means that penetration and skimming pricing strategies have benefits and drawbacks that depend on the circumstances that cannot be changed and the goals of the business. These elements must be analyzed by the companies to ensure that the right strategy has been developed for their use in the global markets, thus making sure that they earn sustainable revenues, and guarantees maximum profitability.

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