

PRICE DISTINGUISHING FEATURES THE COMPETITIVE ENVIRONMENT AGRIFOOD

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Abstract

Progress, constantly changing economy and competition becomes more fierce market food products. Turbulent environment compel the appearance of Management - Marketing based on knowledge. Sustainable development changing business environment, the process of internationalization of finance and agricultural production, capital and labor.

Environmental complexity and competition in the agro-food company operates requires use of prices as a factor of supply and demand balance. Study prices through competition is a mandatory variable approach knowledge at a certain food markets, where low purchasing power of consumers determined that decisions are driven by price.

Key words: competition, changing decision, strategie, price, differentiation

Progress, constantly changing economy and competition becomes stiffer in the agro-food market. Turbulent environment constrain development based on knowledge management, marketing, sustainable business change, the process of internationalization of finance and agricultural production, capital and labor.

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MATERIAL AND METHOD

To make the work I have consulted some of the most important research literature, periodicals, scientific papers, technical and economic documentation and other sources.

RESULTS AND DISCUSSIONS

Distinguishing features of agrifood prices in the competitive environment

In economic theory come across many definitions of price. Whatever the form in which the content, find some common characteristics: price equivalent monetary exchange value of a good or service at a time, price distribution and redistribution of income and intercedes to transfer property from one consumed in another; price level is influenced by objective factors: usefulness, income levels, scarcity, cost, dynamic legal

framework, but also subjective factors such as motivation bidder and purchaser, the tendency of imitation, the urgency of the acquisition, consumer preferences, the emergence of novelties, traditional feasts and religious, etc., the price (money included), is obtained as a result of confrontation between the price demanded by the bidder and the buyer offered to market food products including quality and value built into the product. Relationship between price policy adopted by the firm and competitive phenomenon, is bi-univocal. First pricing competition could cause a reaction from food, on the other hand, dynamics of competition can influence the choice of strategies, tactics and price levels used by a trader. Although not a fully controllable variable, the price may still be objective strategic direction. Pricing is in close liaison with marketing strategy and other marketing mix components. Market strategy is the starting point for the whole marketing mix and product policy. For this price policy requires its inclusion in the company's overall strategy to market and to the objectives of the marketing strategy. Strengthen links with market strategy and policy of price matching with other components of the marketing mix. In fact, they mix all ingredients as a starting point market with its requirements, the attitude and response from the company take the form of certain strategies. They form a whole and not merely an arithmetic sum, just to have a common point of reference. Price most closely connected to other components of the mix are product, it also represents one of its basic components (Antohie, Eduard, 2006). Correlation

between pricing and distribution strategies be based on a common market. Nothing is more important today that strategy. Theoretically, there are good strategies management / marketing. Good strategies are bad. Good and bad strategies. Everything depends on who uses it. Marketing strategy and coordination are tops (Al.Ries and Jack Trout). These two components are mutually supportive, resulting combinations of the most successful in terms of economic performance. Often the right price is an object of promotional activity.

Selection criteria and through price differentiation strategies

Selection criteria for price strategy is not an easy task for agro-food company manager. Manager must consider several elements, (fig.1) Consider the role of marketing is to make firm offers of "some" cost in "something" convenient for the consumer "something" difficult competition.

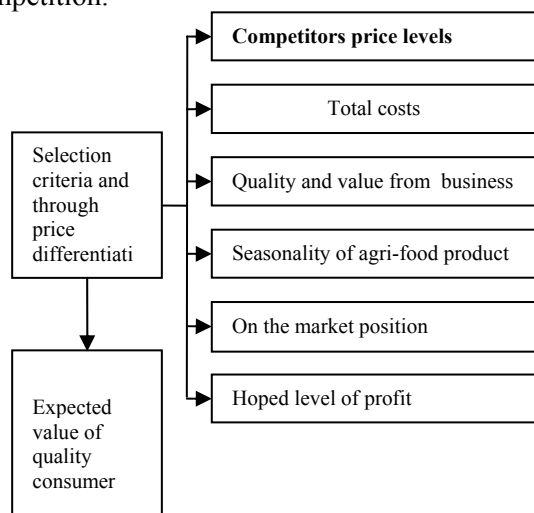


Figure 1 The main criteria influencing selection and price strategies possible attributes to differentiate from competition

Obtaining accurate information regarding the pricing of competitors is essential because the company will be able to identify shortcomings and strengths of competitors and will have sufficient time to choose the most appropriate strategy and method of response. As price-based strategy is most appropriate. In all cases between quality and price is established a direct link: quality requires additional costs the firm will want to recover and improve the quality increase of consumer perceived value. Pricing according to quality should be considered a certain correlation to be observed: the relative price increase is lower than the relative increase quality [Maxim, Emil, 2003] so we have: $i\Delta p < i\Delta k$; where: $i\Delta p$ - relative increase in prices; $i\Delta k$ - relative increase in quality.

Stages to be completed in this case are: customer-value-price-cost products. It is in addition to quality services and expenses necessary for the entire period of use of the product.

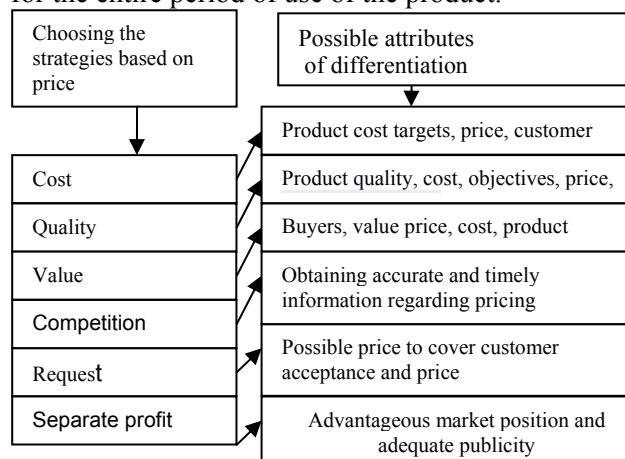


Figure 2 Comparison of price strategies and possible attributes of a differentiation agri-food companies (Adapted by: Matei Gherman, Corina, 2010)

Selection and differentiation strategies based on price request

Orientation strategy involves setting a price level where demand that the market can bear. Decisions on price must be subordinated to the decisions on marketing strategies of food business, which means in practice adopt a linear model, progressing step by step until a final price level. Perception and evaluation process expected by the consumer price is influenced by a number of variables that characterize consumer behavior and can be classified as follows (Baker, J. Michael, 1991) situational variables: price association with another variable, method of payment used, time pressure, observing competing products and prices, the complexity approach to acquisition, price fluctuations, how, when and where to use the product, the buyer's financial situation of the moment, image and ambience of shops, etc., cognitive variables: the ability of consumers to compare prices, consumer ability to recall prices versus experience consumers to purchase agricultural products - food, consumer confidence in furzor, consumer self-confidence, safe in the purchasing decision, etc. motivational variables: level of emotional development consumer, the importance of social recognition that feels, consumer convenience in buying, you need quality products etc.. Taking into account these variables, we must take into account the type of buyer that we address. From the perspective of competitive price points to the demand, quality and value of existing competitive offerings that will lead to their acceptance or rejection by consumers. Can use the following methods: Method value and perceived value (Kotler, Philip, 1999), or the method of

matching the amount of competition. Also be known factors affecting the process of measuring the sensitivity of demand to price, factors which mainly takes the following forms / effects of conditioning (Pricop Oliver, 2006): the single value: the more differentiated product the other, with both buyers become less price sensitive, the possibility of substitution effect: the more aware consumer can replace with another product with the more price sensitive, difficult to compare the effect: the more difficult a direct comparison between products, the consumer sensitivity to price is lower, the effect of spending total: the expenditure represents a larger share of personal income, the consumer sensitivity to price increases, the effect of the final benefit: the final share of the benefit resulting from consumption, use or operation of property or service is greater sensitivity to both consumer the price is lower, the effect of investment earlier: if the product is used in combination with a good purchased, consumer sensitivity to price is lower, the effect of cost sharing: the price sensitivity is lower if the expense is supported by several parties, the effect of price-quality ratio: if this report is highly positive when consumer sensitivity to price is lower, the effect of immediate utility: the consumer needs faster product concerned with both sensitivity to price decreases, the effect of inventory: the product can not be stored, maintained use and consumption takes place immediately, reduces price sensitivity. Differentiating on price is a way of using price as economic and financial leverage.

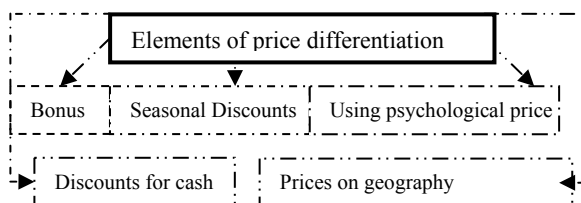


Figure 3 Distinguishing features of the price according to demand

Selection and price differentiation strategies by bidders in the market perspectives

The main elements underlying the selection of bidders pricing strategies remain production costs, the purchase and the size of profits. Training arrangements vary depending on the price level at which the company lies in the distribution channel. In literature and in practice using several methods for calculating the price such as: addition method at cost, to recover the investment orientation, profit-oriented approach. The agri-food company's activity in terms of resource acquisition process work, there are two ways to obtain a competitive price advantage: attracting the most suitable

supplier selling price of food, which requires the convenient payment terms, payment method - quality. Limitations of these methods are theoretical but also applied nature. Achieving cost method - involves an overview as well coordinated procurement policy. All steps shown were as purposeful minimize acquisition costs and gaining a leading position in terms of price in the market.

Selection and differentiation strategies based on price competition

Competition is a key engine for economic development of society. Knowledge of price competition is a mandatory step in any competitive examination are the most popular methods: the market price method requires the company to establish and limit the prices at levels close to those of competitors in the field, sealed bid method or requires a competitive framework of the auction held on strict bidding rules and the contestant wins that provide the most affordable price. Depending on the subject suggested by the marketing firm can choose the maximum or minimum price to achieve a greater market share or calculating an average price ratio as an expression of total value-price competitive. Michael Porter says: "competition is deeply rooted in economic structure and behavior is not determined by existing competitors. Criteria for selection of competitive strategies:



Variants strategic differentiation and can be considered as existing change in products and markets but followed by a food company in terms of: product innovation, product repositioning, brand repositioning, product changed in terms of technology, a product relaunch, resale, non-obvious replacement, improvement of products, maintaining the current strategy. Pricing strategies are an important element of differentiation in the competitive environment of the food business and

will always be linked to business marketing strategies taking into account the objectives.

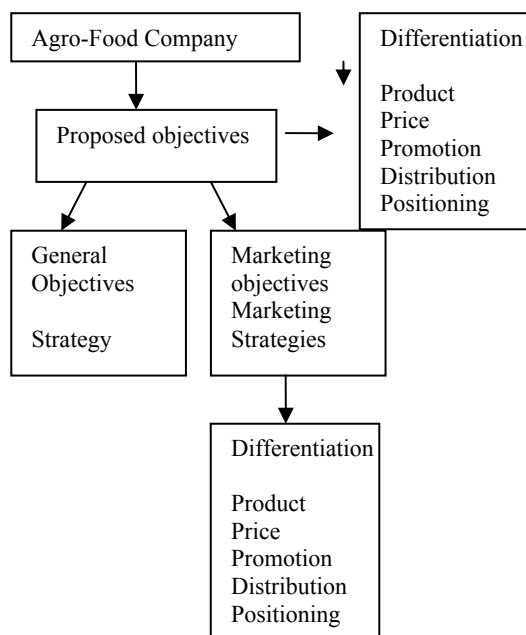


Figure 4 The link between objectives and strategies of food companies

Always exists a close relationship between price and product differentiation, but agri-food firms can choose by price competition and differentiation.

CONCLUSIONS

Each pricing method has advantages and disadvantages and are effective in certain conditions of payment. The disadvantage of some of them in terms of competitive analysis is that it provides sources of competitive advantage to some competitors emphasize this perspective. The company will be able to identify alternative methods to facilitate obtaining the most effective strategic responses. In this case differentiation factors related to pricing of a company include: the type of price, the price level correlated with the quality, payment methods that can differentiate a product by product competition, payment and relief to such as: discounts, loans, bonuses that can be effective tools for differentiation from competitors. In Romania, product differentiation and price competition are the main strategies used by firms. Economic change determines social change, cultural, economic and political causes

significant changes in purchasing behavior, the principal element, makes it difficult to predict the marketing department right elements that make product supply and demand, applying a strategy to the detriment of another requires a lot caution and a high adaptation capacity of the firms. Product differentiation on price is a way to achieve competitive success if based on good knowledge of consumer requirements for a lucid analysis of business opportunities to create and protect the quality and value, if its good and reliable specialists and a force skilled labor that will enable the continuation and development activities in a choppy economic environment and ongoing transition.

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