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## THE FORMATION OF MARKET SEGMENTS AND PRICING POLICIES WITHIN THE ORGANISATIONAL STRUCTURE OF MARKETING

**Summary.** The term “marketing” is derived from the English word “market,” which pertains to the act of buying and selling goods in a marketplace. The direct translation of the term “marketing” from English into Azerbaijani is “market activity.” Marketing is a purposeful activity undertaken by enterprises and organizations with the objective of facilitating exchange and sales activities within the market. In order to guarantee the efficacy of exchange or marketing activities and to facilitate the sale of manufactured products in the market, it is essential first to ascertain the quality and quantity of products that are in demand from consumers. Following this, the production of products that can meet this demand must be ensured, in addition to the transportation, evaluation, warehousing and provision of supplementary services to consumers during both the pre- and post-sales periods. The responsibility for ensuring these matters is borne by marketing activities. Marketing activities are based on a policy that is designed to reduce uncertainty, monitor marketing decisions regarding competitors, the market, prices, consumers, and information about the internal resources and potential of the enterprise. The process of market segmentation entails the division of a market into distinct groups of consumers who exhibit similarities in their needs, characteristics, or behaviors. This enables the company to allocate its marketing resources in a manner that is both efficient and effective, thereby meeting the needs of a specific consumer group. The fundamental premise of a pricing policy in marketing is that prices are set on the goods of the enterprise with the objective of attaining a specific market share and the planned volume of profit. Furthermore, pricing strategies are subject to alteration, even contingent on the market position. The function of pricing policy as a factor influencing the success of an enterprise and as a component of the marketing mix is undergoing a period of significant transformation.

**Keywords:** marketing activities, pricing policy, the market, the product, consumption, profit.

**Introduction.** In the context of the challenging circumstances brought about by the confluence of crisis phenomena and the dynamics of trends in the modern market economy, as well as the evolving socio-political processes that shape the global landscape, the effective functioning and development of industrial enterprises hinges on the constant modernization and enhancement of their marketing activities.

**The extent of the problem.** In the contemporary era, the implementation of contemporary marketing tools represents a highly efficacious strategy for the organization of innovative and pertinent business activities within industrial enterprises. Consequently, the issue of the creation of efficacious application mechanisms for the management of marketing tools assumes particular importance in the context of the modern era. The theoretical and practical aspects of the management of marketing activities are explored in the works of leading Western economists: Aaker D. (2004) [1], Ambler R. (2004) [3], Batra R. (2004) [4], Werkman A. (2004) [17], Doyle J. (2004) [5], Evans J.N. (2004) [6]. The following individuals have also made significant contributions to the field: Kapferer [9], Keller [10], Kotler [8], Lambin [11], Nilson [12], Rice [13] and many others.

A mechanism for the creation of a dynamic pricing policy can be suggested in order to further the research

on the article's topic. It is crucial to remember that establishing a high price is not the only way to create a pricing policy. Current market developments suggest that pricing strategies need to be flexible. One creative way to deal with this issue is to implement real-time price adjustments that take into consideration consumer behavior, competition, and technical advancements.

Furthermore, the research process enables the identification of more accurate and effective market segments. In this context, a novel approach will be adopted, encompassing the formation of customer experience, new analysis methods, and so forth.

**Aim and tasks.** The purpose of the article is to improve the methods and models of forming pricing policies in marketing organization.

The relevance of this topic is due to the need to clarify the concept of market segments and form a pricing policy within the framework of the organizational structure of marketing, as well as the development of methodologies that facilitate the management of prices for marketing services as a factor in competitiveness. One of the fundamental characteristics of the market is the competitive nature of the interactions between the actors within the marketing system and the regulatory mechanisms that govern production. As a social phenomenon, competition is a prerequisite for the realization of individual economic interests, whereby

each subject engages in a struggle with one or more clearly or less clearly defined business rivals.

In accordance with the study of the article, the following tasks were set:

- to analyze the definitions of the concept of “pricing policy” of the enterprise and clarify modern interpretations;
- to study the state of the market in the organization of marketing and highlight its features;
- to reveal the problems of forming the pricing policy of its enterprise;
- to determine the set of factors affecting the pricing policy of its enterprise;
- to prepare the stages of the process of forming the pricing policy of its enterprise in the conditions of market activity;
- to develop a method of forming a pricing strategy of his enterprise, taking into account market characteristics;

**Methods.** The study employed a range of analytical and synthetic techniques, as well as inductive and deductive reasoning. Accordingly, the subject was subjected to a comprehensive and separate analysis through the lens of a method of analysis. The data were synthesized and incorporated into the economic system. The induction method was employed to collate, organize and examine economic data pertaining to the subject matter. The theoretical conclusions and general principles were determined on the basis of the collected facts through the process of deduction.

### Main part

#### Market segmentation strategy

In this context, “market segmentation strategy” refers to a strategic process that consists of (1) identifying the bases for segmentation, (2) using the bases to identify potential market segments, (3) creating portfolios of segments that are strategic alternatives, (4) determining the resources required for each strategic alternative, (5) evaluating existing resources, (6) choosing an alternative that targets a specific market segment or segments, (7) securing the resources required for the target(s), and creating marketing mixes suitable for each segment [15].

Public policy and marketing strategy are significantly impacted by the controversy over the nature of market sectors, namely whether they are manufactured or natural. Because demand homogeneity necessitates supply homogeneity, companies in the same industry should all create precisely the same market offerings if market segmentation is artificial, as neoclassical economic theory holds. Market offerings will be essentially the same if businesses create them to meet uniform industry demand; any perceived variations would either be the product of irrational consumer preferences or ignorance on the part of the customers, or they would be the product of firms' fictitious creations [11].

Market segmentation is the process of dividing the market into distinct groups based on their similarities in needs, characteristics, or behaviors. This enables the company to allocate its marketing resources in a manner that is both efficient and effective, thereby meeting

the needs of a particular group of consumers. From a methodological perspective, market segmentation can be understood as a process of identifying and targeting specific market segments with tailored marketing activities. From a managerial standpoint, it represents a systematic approach to decision-making within an enterprise's market context. The objective of market segmentation is to satisfy consumer requirements for a range of products and to rationalize the costs of the enterprise for the development of production, production and sales programs. The subjects of market segmentation are consumers. A market segment is defined as a group of consumers who exhibit similar consumption patterns and characteristics, and who demonstrate a similar response to marketing offers [4, p. 176].

The concept of segmentation can be applied in a number of ways, depending on the specific circumstances of its implementation and the nature of the consumer of goods or services in question.

Macro segmentation involves the division of markets into regions, countries, or degrees of industrialization. Micro segmentation, on the other hand, involves the formation of potential groups within a country or region based on more detailed criteria.

Deep segmentation begins with a broad group of consumers and then deepens in stages, depending on the classification of the final consumers of the product or service.

Segmentation in width begins with a narrow group of consumers and then expands depending on the purpose and scope of use of the product.

The segmentation of consumers of consumer demand goods and consumers of production and technical goods is distinguished, depending on the type of consumer of goods or services.

The pricing of goods and services is a significant challenge faced by a vast array of organizations, both commercial and non-profit.

The selection of the principal methodologies for ascertaining the general trajectory of prices, the costs associated with both new and existing products and services, is conducted from a marketing perspective with the objective of enhancing sales, revenue generation, increasing production and fortifying the enterprise's market position [6, p. 212]. Prices and pricing policy represent a significant aspect of the organization's marketing strategy. Prices are inextricably linked to other aspects of the company, and the commercial results obtained are largely contingent on the price level.

An inappropriate pricing policy can have a significant impact on the overall functioning of an organization, whether it is a result of incorrect pricing decisions or not. The essence of a targeted pricing policy is to set prices for goods in a manner that allows for the attainment of the highest possible market share, the achievement of the planned volume of profit, and the ability to adapt prices in accordance with market conditions, thereby facilitating the successful completion of strategic and tactical tasks.

The price is a key factor in the development of marketing policies, forming a significant component of

the broader marketing complex. In the event of alterations to product policy, planning and the implementation of product promotion, or in instances where the creation of new promotional channels necessitates a lengthy period of time, it is possible that prices may undergo a significant change in response to shifts in internal and external opportunities and conditions [1, p. 158].

In the event that the purchasing power of consumers is limited and the enterprise in question has restricted possibilities for differentiating its products through advertising, distribution, packaging, or the creation of a brand, the primary responsibility for achieving the desired outcome will fall upon the price of the product. As revenue increases, the role of pricing policy declines in conjunction with an enhancement in the capacity to modify products. In certain circumstances, the role of the price is assumed by other marketing tools [5, p. 253].

New competitors with the same product quality are attempting to gain market share by offering lower prices [7]. In many industries, increased competition is based on excessive strength and stagnant market volumes, with price reductions playing a significant role in maintaining market position. Subsequently, as time progresses, the potential for product differentiation diminishes, resulting in a convergence of product quality [3, p. 125]. Consequently, the product policy is superseded by the pricing policy. In recent times, a number of countries have witnessed an uptick in price perception among consumers, largely driven by a decline in real income.

#### **Marketing assessment methods**

There are a number of methods that can be employed in order to determine prices. These include cost-based methods, competition-oriented methods, student-oriented methods and marketing methods of value education.

In demand-oriented methods, consumer demand is determined at varying price points, with prices set at the level that optimizes profit. This method is predicated on the anticipated evaluation of the product's value by consumers, that is, on the amount they are willing to pay. A common practice in determining demand-oriented prices is the establishment of a relationship between prices and the volume of output by the enterprise. This relationship is then used to select a price that will enable the enterprise to achieve its desired outcome. This method is implemented through a variety of tests, questionnaires, experiments, and observations of actual data [14, p. 1075]. To illustrate, in the case of a price determination method based on an expert survey, the primary objective for the specialists is to evaluate the relationship between price and demand volume. Additionally, experts are requested to provide three estimates: the lowest actual price and the projected sales volume at that price; the highest actual price and the projected sales volume at that price; and the projected sales volume at the average price. The conditional results of the survey can be presented in tabular form and, if necessary, expressed graphically [17].

In cost-oriented methods, the full costs are first determined, and then a margin or estimated rate of

return is added to establish a price. The profit margin is contingent upon the rate of profit that is accepted at the time of pricing, which can be determined by the full cost or the target price. The magnitude of the profit rate is contingent upon the objective of the enterprise, market conditions, and the traditions that have been adopted in this particular field, the type of product, the sales volume, the inventory turnover, and the ratios between the brands of manufacturers [15, p. 7].

These methods are the most commonly used for several reasons. Firstly, they are relatively simple to implement. Secondly, they are less risky, since they are based on a single factor, namely costs. Thirdly, they help to establish more stable prices. These methods are employed in industries where there is a reliable demand for purchasing and intense competition. In such instances, it is advisable to focus on the costs, given that the demand and competitive response are already known. In the context of competitive-oriented pricing strategies, the pricing of a product or service is informed by the actions of competitors in the market. The application of competitor-centric pricing is also pertinent in instances where the enterprise is engaged in closed offers. In this instance, the company's pricing strategy is primarily informed by competitor pricing proposals, with less emphasis placed on its own costs and demand indicators [2, p. 377].

Marketing assessment methods may be broadly classified into two categories: those focused on the marketing strategy and those based on the perceived value of the product for consumers. In a method focused on a marketing strategy, pricing is determined by a number of factors, including the strategic goals of the enterprise, the placement, distribution and promotion of goods on the market, their differentiation, and so forth [16, p. 22].

In order to determine the most appropriate price, a number of considerations must be taken into account. In establishing a price based on perceived value, the primary consideration is the purchaser's perception of the purchase, rather than the seller's costs. This method is challenging to implement due to the difficulty in objectively determining the cost of the product for the buyer. The final price setting is informed by psychological perception, the influence of other elements of the marketing mix on price, the impact of price on other market participants, discounts, non-circular pricing, and other factors [8, p. 252].

**The result.** Appreciating the contribution of scientists to the development of the research topic, it should be noted that the problems of adapting the methods of forming a pricing policy for various service industries have not yet been solved, since there is currently no clear definition of pricing policy; existing methods in the field of marketing are not used.

Marketing activities are employed as a strategic instrument with the objective of developing efficacious measures in response to alterations in market conditions. This is achieved through the identification of market segments and the subsequent development and positioning of a product offer tailored to the needs of these identified markets.

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### ФОРМУВАННЯ СЕГМЕНТІВ РИНКУ ТА ЦІНОВОЇ ПОЛІТИКИ В ОРГАНІЗАЦІЙНІЙ СТРУКТУРІ МАРКЕТИНГУ

**Анотація.** Термін «маркетинг» походить від англійського слова «market», що означає купівлю-продаж товарів на ринку. Прямий переклад терміну «маркетинг» з англійської мови на азербайджанську – «ринкова діяльність». Маркетинг – це цілеспрямована діяльність підприємств і організацій з метою сприяння обміну і збуту на ринку. Щоб гарантувати ефективність біржової або маркетингової діяльності та сприяти збуту виробленої продукції на ринку, важливо спочатку визначити якість і кількість продукції, яка користується попитом у споживачів. Після цього має бути забезпечено виробництво продукції, яка може задовольнити цей попит, на додаток до транспортування, оцінки, складування та надання додаткових послуг споживачам як під час передпродажного, так і післяпродажного періодів. Відповідальність за забезпечення цих питань несе маркетингова діяльність. Маркетингова діяльність базується на політиці, яка спрямована на зменшення невизначеності, моніторинг маркетингових рішень щодо конкурентів, ринку, цін, споживачів, інформації про внутрішні ресурси та потенціал підприємства. Процес сегментації ринку передбачає поділ ринку на окремі групи споживачів, які виявляють схожість у своїх потребах, характеристиках або поведінці. Це дає змогу компанії розподіляти свої маркетингові ресурси ефективним і дієвим способом, таким чином задовольняючи потреби конкретної групи споживачів. Основна передумова цінової політики в маркетингу полягає в тому, що ціни встановлюються на товари підприємства з метою досягнення певної частки ринку і запланованого обсягу прибутку. Крім того, стратегії ціноутворення можуть змінюватися, навіть залежно від позиції на ринку. Функція цінової політики як фактора, що впливає на успіх підприємства та як складової комплексу маркетингу, переживає період суттєвої трансформації.

**Ключові слова:** маркетингова діяльність, цінова політика, ринок, товар, споживання, прибуток.