# WORLD BUSINESS CULTURES AND PRICING STRATEGY

**Baozhai Ai, University of Iowa**

## ABSTRACT

*In order to earn from your export sales, you must price your product correctly, provide thorough and accurate quotations, choose the conditions of sale, and choose the payment method. Due to varied market pressures and pricing structures around the world, pricing can be the most difficult. The price at which a product or service is offered directly impacts your company's revenues, just as it does in the domestic market. All aspects that may affect the price range for your product or service should be evaluated as part of your company's market research. The product or service will not sell if your company's price is too high. Export efforts may not be adequately pro-active if the price is too low. Costs, market demand, and competition are all traditional factors in deciding proper pricing. Each component must be weighed against your company's goal of accessing the international market. Export pricing may differ from domestic prices based on a study of each component from an export perspective.*

**Keywords**: Foreign Exchange Market, Transact Business, OTC Trading.

## INTRODUCTION

Additional charges are incurred by the importer in most cases. Tariffs, customs fees, currency fluctuations, transaction expenses (including shipping), and value-added taxes are all examples of these (VATs). These fees can significantly increase the importer's ultimate price, resulting in a total that is often more than double the price offered in the United States. Products from the United States frequently outperform those from other countries. The assessment of market objectives is an important part of your company's pricing study. Is your organisation, for example, trying to break into a new market, looking for long-term market expansion, or looking for a place to sell excess inventory or obsolete products? Marketing and pricing goals can be broad or specific to specific international markets. For instance, marketing goals forThe exporter adds administration, research and development, overhead, freight forwarding, distributor margins, customs duties, and profit to the local production cost using the cost-plus approach. However, if exporting costs are factored in, this pricing strategy may cause the export price to rise into an uncompetitive range. A more competitive approach of pricing a product for market entry is marginal cost pricing.

The direct out-of-pocket costs of producing and selling products for export are used as a floor below which prices cannot be set without suffering a loss in this strategy. Additional expenses may arise as a result of product modifications for the export market, for example. However, if the export is successful, costs may be reduced. Per capita income is a good indicator of a market's ability to pay for most consumer products. Some products (for example, well-known American fashion labels) have such high demand that even low per capita income has little effect on their selling price. In markets with low per capita income, simplifying the product to lower the selling price may be an option for your organisation. It's also important for your firm to keep in mind. When a company's primary focus is on its domestic operations, it employs an export strategy.

It has no plans to expand internationally, although it does export some products to



**Citation Information**: Baozhai, A., (2021). World Business Cultures And Pricing Strategy. Journal of International Business Research, 20(4), 1-2.

capitalise on international markets. It makes no effort to tailor its products to overseas markets. It has no desire to respond to specific conditions in other countries or to build an integrated global system.

## REFERENCES

Bartels, R. (1988). The history of marketing thought (3rd ed.). Worthington, OH: Publishing Horizons.

Shaw, E. H., & Jones, D. G. B. (2005). A history of schools of marketing thought. *Marketing Theory, 5*(3), 239-281. Bahmani O. M., Sohrabian, A., (1992). "Stock Prices and the effective exchange rate of the dollar. *Applied Economics, .24*, 459-464.

Merican Marketing Association . (1985). The definition of marketing. Marketing News, March 1, 2.



**Citation Information**: Baozhai, A., (2021). World Business Cultures And Pricing Strategy. Journal of International Business Research, 20(4), 1-2.