**Global Business Plan Project**

**14. Selecting an International Pricing Strategy**

**Learning Goals**

1. To assess influences on pricing activities for global business operations
2. To recommend a potential global business pricing strategy

**Purpose**

Prices are most commonly influenced by production costs, potential demand, actions of competitors, and government regulations. In this module, your goal is to obtain information related to various factors influencing international pricing activities.

**Resources**

Web links:

* Global Edge CyberSite: <http://globaledge.msu.edu/>
* Business Around the World Atlas: <https://highered.mcgraw-hill.com/sites/0078137217/student_view0/business_around_the_world.html>

**Conduct Research**

Based on the country (or countries) you are analyzing for your global business enterprise, research information related to the following areas:

1. THE ECONOMIC ENVIRONMENT

Identify economic factors (personal income level, inflation rate, taxes) that might influence pricing decisions in this country. (In many countries, people may not be able to afford products that are considered minor purchases in industrialized nations.)

1. COST ANALYSIS

Estimate production costs and other business expenses that would be encountered when offering this product or service. (The total cost of providing an item must include both direct production costs as well as administrative and overhead expenses.)

1. DEMAND ANALYSIS

Analyze the potential demand for this product (or service) based on the current and expected market. (As a product gains in popularity or a country’s economy improves, demand for various items is likely to expand.)

1. COMPETITOR ANALYSIS

Compare your pricing plans with those of any competitors that may be providing identical or similar products or services.

**Supplementary Activity**

Conduct an interview with a person who has worked, lived, or conducted business in another country. Obtain information about economic conditions, production costs, and other factors that influence pricing.

**E-Commerce Application**

Compare prices for similar (identical, if possible) products that are available both online and in traditional retail settings. What differences exist? What may account for these differences? How do online pricing strategies differ from traditional settings?

**Prepare Summary**

In a separate Word document, prepare a summary report consisting of the following components:

1. An overview of economic factors that could influence pricing strategies.
2. A synopsis of costs that would influence the price of the good or service being proposed for global business operations.
3. A description of demand factors, competitor actions, and government regulations that might affect pricing activities.
4. Recommend a pricing strategy (including specific prices) for the proposed enterprise. Provide evidence to support your proposal.

**View Sample Report**

The following project segments are EXAMPLES and SAMPLE MATERIALS. Please note:

1. These samples were selected from several student team projects at one school and are not intended to represent a particular level of quality, and DO NOT represent a complete project.
2. The accuracy of content, data, and clarity of writing are NOT guaranteed; and
3. These samples may NOT BE DUPLICATED.

Buen Salud makes every possible effort to keep our prices competitive. Prices will, though, be significantly higher in urban areas, such as Buenos Aires, where people tend to make higher salaries and can, therefore, afford to pay the higher price. The excess money made in these urban areas will help fund our continued presence in the more underprivileged areas of Latin America. The price of one bottle of multi-vitamins in these poorer areas will be approximately $5 (US) for a bottle of 500 vitamins. This amount of vitamins will supply a family of five (adults) for 100 days (the supply within families with children will last even longer since children only take half a pill a day). This means the family will only have to buy, at the most, four bottles a year, adding up to $20/year. This should not interfere with the “bread-basket costs” of most of our consumers. Furthermore, if our consumers do not have the money up-front, we will have a payment plan whereby they can pay for their vitamins in monthly installments. The prices for our products have been developed by researching vitamin prices in the US (through the Osco drug company).

International marketing costs will include the price of translating services to market our product across the globe. The increasing demand for exporting across the globe will increase the popularity of our services worldwide. To make our harbor services worthy of a government’s purchase, we must offer competitive prices and an increased technology compared to the other harbors currently located in Peru and throughout the world.

Whirlpool will determine its prices first and foremost by competition with other luxury resorts. They will strive to make customers feel that US $200 a night is well worth the price. Whirlpool is dedicated to providing tourists with an ultimate vacation experience that they will never forget.