

CULTURALLY MOTIVATED PRICING: CONSIDERING THE MICRO AND MACRO LEVEL FORCES THAT IMPACT GLOBAL PRICING

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Abstract

Pricing a product appropriately for international markets is an important factor that has direct and indirect implications for a firm's profitability. Moreover, when engaging in global pricing it is important to consider micro level consumer behaviors that are market-specific and macro level factors that are region-specific. We build on such area-specific consumer behaviors to build a game theory model of pricing in an international and domestic markets. Using this theoretically motivated model we advance the field by examining how merchandizing competition between two retailers, one in an emerging market and one in a developed market, compare on pricing strategies. We believe our paper can provide strategic cues for MNCs operating across various markets as they engage in differential pricing tactics.

Keywords: *Global pricing; cultural differences; analytical models*

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