

The Optimal Pricing Strategy of The Bundling Sale of Retail Enterprises Under the Dual Ability

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Abstract: With the refinement of the division of production and the increasingly fierce market competition, the product market has become an important factor in the formation of industrial competitiveness and competitive advantage of enterprises. More and more enterprises attach importance to and apply the product strategies such as bundling and joint pricing. However, with the rapid development of science and technology and the rapid promotion of global integration, the supply chain has been extended all over the world and gradually evolved into a complex network system all over the world. In such a practical context, the research of product supply chain has attracted more and more attention. The purpose of the research is to use the product correlation to study the optimization of operation decision-making in the supply chain, such as pricing, inventory and sales, so as to improve the performance of enterprises and supply chain. This paper takes the product sales enterprises as the research object, aiming at improving the sales profit and the performance of the supply chain, and studies the product bundling and pricing decision-making based on the perspective of supply chain.

1. Introduction

In the expansion and globalization of production and consumption as well as the increasingly fierce market competition, perfect product strategy has become one of the important decision-making contents of industry and enterprise. From the perspective of supply chain management, other strategies based on complementary product price, bundling and complementary product correlation are used to improve the enterprise profit and supply chain performance. To cope with the market competition and upgrade the products is the top priority of supply chain management[1]. Therefore, from the perspective of supply chain, to improve product solidarity and price determination, in order to carry out relevant research has great theoretical significance and application value, enterprises provide scientific decision-making standards in the implementation of reasonable and effective complementary product strategy. And, please improve the benefits and market competitiveness.

2. The Significance of Bundling

In order to get consumer specific tools and more than two products at the same time, if it is necessary to buy such products, computer hardware and software, DVD player, DVD, toothpaste, toothbrush, household products, expansion services are called waiting and other supplementary products. Different from the usual substitutes, because of the complementarity of product functions, the sales of complementary products promote each other[2]. Facing the same target market, the needs and interests of complementary product enterprises are also interrelated. Therefore, their decision-making behavior will affect the market behavior and performance of other enterprises. Those products in the business practices, perfect product strategy to provide new profit growth and competitive advantage. In the initial development process, Lenovo established technical and brand defects through perfect product strategy. From the perspective of consumers, consumers can get their complete set of questions through the bundling of perfect products provided by enterprises. It

is reflected in the increase of comprehensive experience value of products. However, the complementary product mix may bring the increase of product experience value to consumers, but it will affect the company's product demand and operational decision-making. Perfect product bundling and price strategy blur more complex effect. In the supply chain of complementary products, many suppliers and retailers participate in it[3]. Alternative competition and complementarity may exist between suppliers and retailers. Therefore, the determination of complementary product supply chain is more complex than traditional supply chain. The enterprise's strategy of taking orders needs to consider the structure of the supply chain, the competition among the members, the cooperative relationship and the characteristics of the final demand of the supply chain.

Table 1 Classification of bundle sales

Classification Perspective	Category	Classification Perspective	Categories
Seller's perspective	Inside the enterprise	Product related Perspective	Binding of the same kind of inner Japanese
Consumer perspective	Invisible binding		Same product bundling
Brand Perspective	Sales of the same brand	Marketing mode	Unbundling
Visual angle	Sales of pure and strict embroidery		Bundling sales

3. Research on the Optimal Pricing Strategy of the Bundling Sale of Retail Enterprises

In the increasingly fierce market competition, pure price strategy can bring more and more limited profit growth to enterprises. Growth points such as GM and Verizon mentioned at the time of introduction. However, the binding and additional price of complementary products will not change frequently. There are also many complementary products sold in our life, such as records, movie tickets, popcorn, etc. Based on the description of the impact of complementary product bundling, this chapter discusses the bundling and pricing of complementary products under different supply chain qualification structures, and analyzes the impact of beneficiary structure on the bidding structure. And provide management recommendations for improving enterprise performance and supply chain management[4]. In recent years, the bundling of various complementary products has been constantly tried by businesses, which has become a regular operation mode in many industries, but the benefits of different sellers in different fields are still mixed. Suspicious. Therefore, bundling is not necessarily effective, and the realization effect may be affected by many factors such as product characteristics, enterprise management system, market environment, etc. Effect, the size of bundling effect is one of the important factors to determine the success of bundle sales. The relevance and bundling effect of complementary products (the bundling of complementary products will bring the total increase of product consumption utility and value-added products to consumers) is an important motivation and basis for the development of enterprises. Then, when making a decision, that's the initial consideration of the company's bundle sales. The value of product experience is improved, the utility of consumers is improved, enterprises get more price setting space, can not affect market competition, get more consumers, and the product life cycle can also be expanded[5]. Then, the goal of increasing benefits will be achieved. Of course, the bundling of complementary products, as a means of monopoly power expansion, may be monopolized by the market. It cannot be ignored.

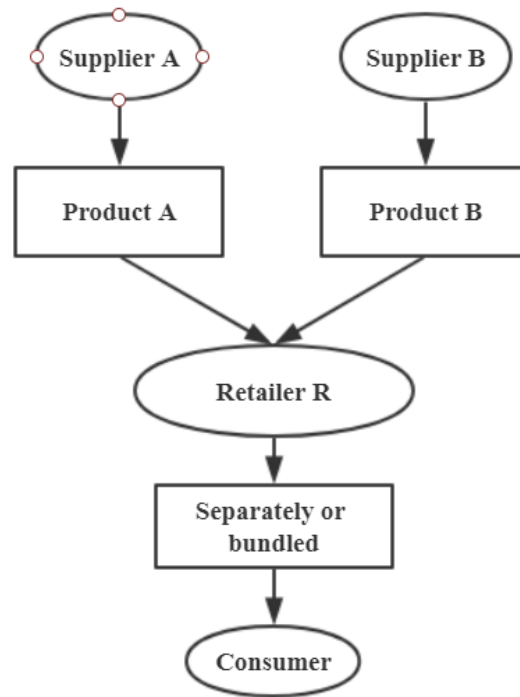


Figure 1 Decentralized supply chain

4. Early Research on Bundling Strategy

Early literature research on Bundling Strategy summarized GUI, defined bundling products and two or more independent integrations and products or services at a new sales price, and believed that bundling usually brings at least some added value to consumers, such as technical problems to be overcome, one-stop service, risk reduction, etc., and added value will increase the consumers of bundling products Retention value, which is greater than the sum of retention values of each individual product, has binding effect[6]. Law On (2001) 11151 studies the binding effect of human resources. Through the measurement of human resource advantages brought by the combination of various human resource practices, it is found that the impact of each human resource practice on enterprise performance is different, and the effect of binding together will be greater. Lawson further points out that the binding of human resources can produce synergy effect, that is, the combination of multiple practices is greater than the sum of multiple practices. This paper holds that the complementary degree of complementary products and the size of constraint effect together determine whether the constraint of complementary products of monopoly enterprises is conducive to the improvement of profits. In this paper, a profit maximization model is established to study the optimization strategy of bundling product mix and enterprise pricing[7]. The results show that bundling product mix and pricing strategy are the most selective. In the bundling strategy, enterprises should choose products with strong complementarity and offer lower pricing. Article studies the impact of product complementarity and advertising investment on the Bundling Strategy of enterprises, and finds that when the product complementarity is high, advertising investment is conducive to improving the profit income of enterprises under the bundling strategy. Therefore, based on the analysis of constraint effect of firm and pricing decision, this chapter studies the influence of constraint effect on constraint decision and firm performance.

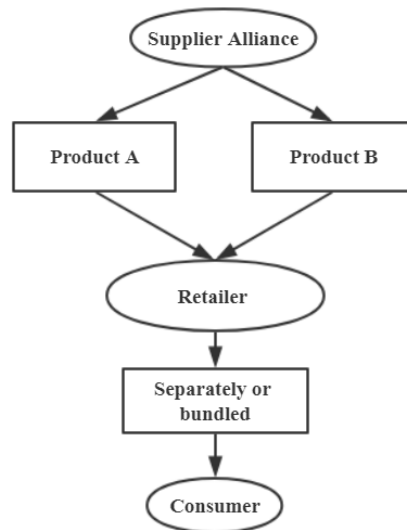


Figure 2 Supplier alliance

5. Bundling in Centralized System

From the perspective of sales and supply chain management in the centralized system, the business decision-making of an enterprise is affected by the characteristics of the supply chain and the behaviors of its members. The power structure between enterprises in the supply chain is one of the important characteristics of the supply chain. In the traditional supply chain, suppliers occupy the dominant position in the supply chain through price, brand strategy, inventory transfer and other ways, and due to the different intensity of negotiation, there is a strong party among suppliers[8]. The rise of Wal Mart, best buy, Carrefour and other large retailers has made them the main force in the supply chain. The situation of suppliers and retailers is changing, and the power structure in the supply chain is also changing accordingly. Therefore, the second problem considered in this chapter is the supply chain where the company is located and its power structure. Based on the combination effect of complementary products, we establish a distributed supply chain model composed of two complementary suppliers and retailers to study different rights. The bundling and pricing under the structure will affect the combination strategy and supply chain performance of the supply chain right structure.

6. Binding Sales and Pricing Decision of Retail Channels

Bundling strategy can get more consumer surplus and reduce transaction cost through the influence of scale. Therefore, as a common promotion method of other retailers, it is widely used. However, the bonds of all products are not suitable for the strategic portfolio. For example, considering the negative cross elasticity of demand, individual sales of complementary products is also a way to improve profit level. In addition, in the case of selling supplementary goods, although the market cost caused by the influence of scale can be exerted, the negative elasticity effect of demand between products is also excluded[9]. Therefore, how to choose the appropriate sales strategy according to the product characteristics, and how to influence the scale and the negative elastic profit level is an important decision-making problem that retailers need to face.

7. Conclusion

With the increasingly fierce market competition, more and more enterprises begin to pay attention to and implement the perfect product strategy. Some research documents analyze and study the related business decisions of the company, such as pricing of complementary products, market access, competition, etc. However, due to the related characteristics of complementary products, the production, operation and sales of complementary products interact[10]. Also, the

complexity of complementary product supply chain. In order to consider the combination of complementary products, improve the research effect of product unity and price decision from the perspective of supply chain management, the right structure of supply chain, the competitiveness and cooperative action of supply chain members, and the context of consumer action at the end of supply chain, it is very important and meaningful for enterprises to improve the rational use of bundling and price strategy for sales interests.

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