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PRICING STRATEGY DEPENDING ON ENTERPRISE INVESTMENT ATTRACTIVENESS

ABSTRACT

The article is devoted to the choice of pricing strategies depending on the evaluation of the investment attractiveness of the company. Assessment of investment attractiveness was held on the example of Ukrainian railcar using the following indicators: P/E-ratio; figure PEG; PSR ratio. Analysis of investment attractiveness of the shares of indicators allowed to identify the main objectives of the investor, which is formed according to the investment strategy. In the context of investment strategies have been proposed to use pricing strategies that are correlated with the pricing objectives. The result of the study was to develop a matrix interconnection pricing strategy with the investment objectives of the enterprise.

KEYWORDS

investments, investment attractiveness, pricing strategies, pricing targets

Introduction

The problem of pricing in the context of globalization is influenced by factors such as attracting foreign direct investment, the level of innovation implementation, transfer pricing and the involvement of national enterprises in global value chains, which in turn depend on the country's place in the international division of labor. The issue of transfer pricing methodology has been widely discussed in scientific studies, but the analysis of the impact of investment on pricing has hardly been reflected in the scientific literature on these issues.

Studies conducted in this direction on the basis of machine-building enterprises make it possible to conclude that the degree of attractiveness of shares of enterprises have a certain impact on price. Indeed, the stock price directly affects the valuation of the intangible assets of the enterprise. Nowadays, financial management has many methods of valuation of intangible assets, which aim to estimate the value of any intangible asset, brand, know-how and so on. However, when attracting foreign investment, one of the main indicators for investors is the attractiveness of the company's shares, as this indicator affects the degree of return on investment. At the same time, the return on investment is directly influenced by the price of the enterprise's products, in the

structure of which the required profitability accrues. For this reason, research into the direct relationship between the chosen pricing strategy and the stock price of an enterprise that is part of its intangible assets is of scientific interest. The issue of pricing at the global level faces the problem of valuation of tangible and intangible assets and their degree of participation in the price structure. This aspect is of particular relevance when it comes to cross-border investments in the transfer of intangible assets, both within transnational corporations and between different national enterprises. Thus, the question arises of the choice of pricing strategy, depending on the assessment of the investment attractiveness of the enterprise.

The aim of the study is research into the evaluation of the investment attractiveness of companies and the impact of its results on the pricing strategy.

The methodological basis of the research.
Research on various scientific problems of pricing, including the impact of intangible assets on the price of brands and brands has been reflected in the scientific works of leading foreign and domestic scientists, which can be attributed to: D.Aaker [1], T. Burtsev [3], I. Gvozdetska [7], K. Keller [9], F.Leple [10], D.Joseph [10], M. Oklander [11,12], S. Pashutin [13], G. Studinskiy [14], K Walsh [6] and others. Today, there are no scientific papers on the impact of investment analysis and investment attractiveness of the company to choose pricing strategies, despite the significant contribution of these scientists in the development of the concept of pricing. In the context of the concept of marketing pricing, scientists have not explored this aspect of pricing at all.

Result of the study.
Of practical interest is the question of the influence of the degree of attractiveness of the shares for investors on the growth of the value of the brand of the enterprise and the change in pricing methodology for the products of machine-building enterprises.

Studies conducted in this direction on the basis of machine-building enterprises make it possible to conclude that the degree of attractiveness of shares of enterprises have a certain impact on price. Indeed, the stock price directly affects the valuation of the intangible assets of the enterprise. Nowadays, financial management has many methods of valuation of intangible assets, which aim to estimate the value of any intangible asset, brand, know-how and so on. However, when attracting foreign investment, one of the main indicators for investors is the attractiveness of the company's shares, as this indicator affects the degree of return on investment. At the same time, the return on investment is directly influenced by the price of the enterprise's products, in the structure of which the required profitability accrues. In this context, in the case of machine-building enterprises, the innovative goal of „leadership of the seller in terms of" investment attractiveness based on brand value „can be used in the formulation of product pricing policy. For this reason, research into the direct relationship between the chosen pricing strategy and the stock price of an enterprise that is part of its intangible assets is of scientific interest. The issue of pricing at the global level faces the problem of valuation of tangible and intangible assets and their degree of participation in the price structure. This aspect is of particular relevance when it comes to cross-border investments in the transfer of intangible assets, both within transnational corporations and between different national enterprises. Thus, the question arises of the choice of pricing strategy, depending on the assessment of the investment attractiveness of the enterprises.

The actualization of the issue of taking into account the intangible and material components in the price structure necessitated the search for new approaches to the formation of pricing methodology. One of the areas of realization of this problem is to study the assessment of the investment attractiveness of companies and the impact of its results on the choice of pricing strategy.

Price, along with the finances of the enterprise are elements of a single system of cost economic categories. The place of price in the system of these categories as a monetary expression of value is due to the fact that it forms a real basis for the realization of financial relations. The relationship between price and finance is evident at all stages of capital reproduction. The price level largely determines the amount of net income, and its structure - the ratio of components: profit, VAT, social taxes. The pricing category is decisive both at the macroeconomic level and at the microeconomic level of the enterprise due to its direct impact on the level of profit. In recent decades, pricing has also become increasingly important in global markets as part of transfer pricing. At the macroeconomic level, the formation of finances depends on the price system. The revenues and expenditures of the state budget are largely determined by the level and dynamics of prices. Increasing wholesale and retail prices leads to an increase in state budget revenues, which is why the state budget always benefits from price increases. The formation of finance at the micro level have a significant impact cost and profit. The financial assets of the enterprise, in turn, divided into tangible and intangible are also formed under the influence of price. Since in a globalized investments are one of the factors influencing the formation of financial assets vital question evaluation attractiveness of intangible assets in the form of shares and their impact on the pricing strategy.

It was used indicators of attractiveness of shares of Ukrainian machine-building enterprises for potential investors to resolve this issue. An assessment of the relative attractiveness of stock prices in comparison to competitors' shares gives the company management an idea of the degree of ease of attracting additional investments, as well as the attractiveness of buying shares. If the stock price is low compared to the expected return, then the shares of such company are attractive to buy. Data for calculating and evaluating the attractiveness of shares of Ukrainian machine-building enterprises were obtained from accounting documents and information on current stock price quotations on the stock market from the Personal Investment and Finance Information Portal [5,8]. A comparative analysis was presented in Table 1.

The main indicators for assessing the investment attractiveness of the shares are the following: P / E ratio, which is calculated by dividing the current share price by the amount of profit of the company per one share; PEG, which is the ratio of the P/E - ratio to the company's profit growth rate; PSR ratio calculated by the ratio of the current share price to the company's gross earnings per year per share.
Profitability of shares (price / earnings ratio - P / E ratio) is the most popular in the analysis of investment attractiveness and reflects the relationship between stock price and company earnings. This index reflects the price that an investor has to pay for each dollar of revenue. Alternatively, it can be expressed in the time it takes investors to return the initial investment in the company, provided that the company receives income similar to income for the previous year. Thus, a high rate of return on shares indicates that an investor pays more for each unit of net profit or should wait longer for the return of their investments, so such shares are more expensive than a similar company with a lower rate of return.

Analyzing the performed calculations of the coefficient P / E - ratio for enterprises of Ukrainian machine-building enterprises, we will get the following results. Current stock market prices are different for all machine-building enterprises. The highest indicator of the market value of shares according to the PFTS index is observed in PJSC „Kryukiv Wagon Building Plant „ (UAH 8.68) in the period 2014-2016 years, with the P / E-ratio being 2.86 (in 2014) to 8.85 (in 2016), which means that investors pay from 2.9 UAH to 8,85 UAH for every 1 UAH of the profit the enterprise. In PJSC "Azovzagalmash" the market value of the shares was in 2014. - 0.65 at a P / E-ratio of 125. Thus, the investors of PJSC "Azovzagalmash" must pay 125 UAH for every 1 UAH the profit received by the enterprise. However, as early as 2015-2016 years this indicator gained negative values and amounted to 0.009 and 0.01 respectively.

In general, among the machine-building enterprises, this indicator was the highest in 2014 only at PJSC "Azovzagalmash". PJS "Dniprovagonmash" demonstrates the positive dynamics of this indicator. If in 2014 year the company had a market value of shares of UAH 1, and the R / E ratio was (- 3.3), then the R / E ratio reached 2 in 2015 year, and it was 3.7 in 2016 year. It is considered that the P / E-ratio of a company the investor intends to buy should be less than the industry average P / E-ratio. It should be noted that the industry indicators of P / E-ratio are very different in their values. Thus, for the traditional economy, the average P / E ratio is 15–20. For high-tech industries, the average P / E-ratio is significantly higher as investors are ready to overpay for the company's profits today. This happens if they are convinced that over the same period of time, the profits of these companies will grow at a much higher rate than the profits of traditional economy companies.

Table 1. Results of calculations of the main indicators of attractiveness of shares of the enterprises of the Ukrainian machine-building industry for 2014-2017 *(source: own development)*

Indicators	PJSC "Azovzagalmash"			PJS "Dniprovagonmash"			PJSC „Kryukiv Wagon Building Plant „		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
1	2	3	4	5	6	7	8	9	10
Nominal value of 1 share (UAH)	0,25	0,25	0,25	0,5	0,5	0,5	0,75	0,75	0,75
PFTS Index Market Value (UAH)	0,65	0,65	0,65	1	1	0,65	8,68	8,68	0,65
Net profit per 1 share (UAH)	-71,5	-39,5	-29,23	-4,48	0,27	2,94	3,63	0,98	2,9
Total number of issuing sha-res (units)	46504000	46504000	46504000	16635800	16635800	16635800	114679552	114679552	114384780
P/E-ratio (at face value)	-0,0035	-0,0063	-0,0085	-0,11	1,85	0,17	0,2	0,76	0,25
P / E-ratio (real value)	-0,009	-0,01	-0,022	2	3,7	0,34	2,39	8,85	2,99
PEG (ratio of P/E ratio to company growth rate)	1,722	0,028	-2,97	0	-59,67	3,44	-1,975	-32,69	0,1

PSR Ratio (ratio of current stock price to company gross income per year for 1 per share)	177,1	147,4	216,6	271,7	51,32	142,8	798,6	462,9	22,7
Change in the company's net profit,%	-52250%	-55,2%	-74%	0%	-6%	986%	-121,5%	-27,1%	29,4%
Gross profit for the year per 1 share	0,003	0,004	0,003	0,0037	0,019	0,007	0,010	0,018	0,03
Gross Company Revenue for the Year (UAH)	170639	204969	144660	61213	324115	127179	1246 362	2150 001	3847179

Another indicator that reflects the attractiveness of investments is the PEG (P / E ratio growth), which shows the growth of the P / E ratio. PEG is calculated by dividing the P / E ratio by the rate of growth of the company's profits. A PEG value higher than 1 is thought to indicate that investors are overpaying for a company's stock because its true P / E-ratio is not justified by the expected rate of return. Therefore, investors prefer stocks with a PEG value below 1. It should be also noted that the PEG of a particular stock, as well as the P / E ratio, should be considered with the average PEG for the industry to which the company under review belongs. An analysis of the calculation of this indicator for the machine-building industry showed that the highest PEG for all enterprises in the industry was achieved in 2014. Thus, in PJSC „Azovzagalmash" the PEG indicator was equal (79.4), in PJSC "Kryukiv Wagon Building Plant" the value of PEG was (2.84). For these two companies, this indicator is very attractive, but other manufacturers of the wagon industry have zero values of this indicator due to the negative value of the net profit indicator in 2014-2016 years. It should be noted that PJSC "Azovzagalmash" had during 2014-2016. positive value unlike other manufacturers of the enterprises of the Ukrainian machine-building industry.

PSR (price / sales ratio) is the next most significant indicator of the investment attractiveness of the stock. PSR is considered as the ratio of the current share price to the company's sales per year per share. This indicator is especially useful when the analyzed company is still young and has not reached the level of profitability.

Ideally, the PSR should be less than 1. In this case, this will mean that you pay a price of less than $ 1 for every dollar of the investor sale. But a PSR of less than 1 is a rare occurrence for promising companies that tend to grow, so a PSR of 2 or below is considered to be a good fit for finding undervalued stocks. In our case, PJSC "Azovzagalmash" has a PSR of 1596.5 in 2014, in 2015 - 177.1, in 2016. - 147,4; PJSC "Dniprovagonmash" had a PSR of 749.2 in 2014, in 2015 the value was 271.7, in 2016 - 51.32; PJSC "Kryukiv Wagon Building Plant" had a PSR of 6309.1 in 2014, in 2015 the value was 798.6, in 2016 - 462.9; PJSC "Stakhanov Wagon Building Plant" had a PSR in 2014 at 271.3. Based on the PSR calculations, none of the enterprises has sufficient value for this indicator. The calculated PSR of all the enterprises analyzed is much higher than the recommended values, so it can be argued that this engineering industry is unattractive to investors (Fig.1.).
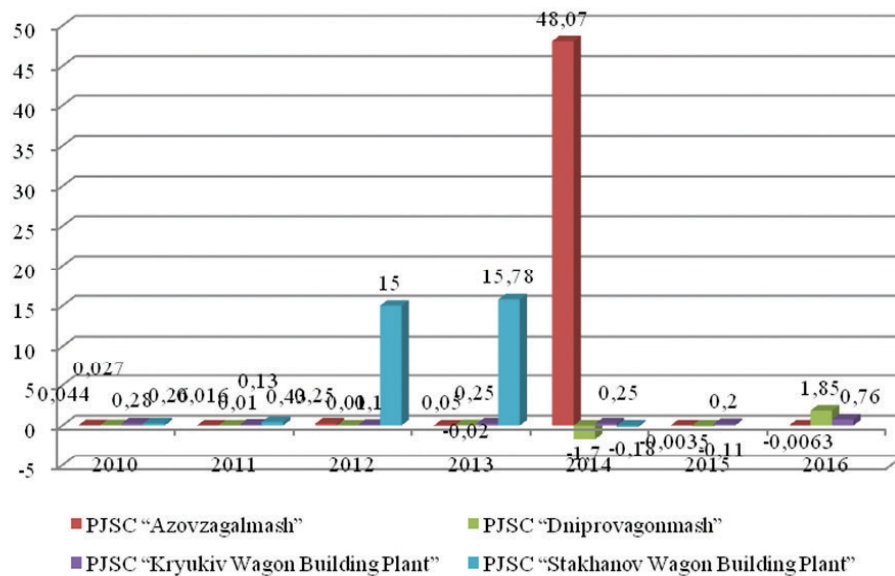
Fig.1. Indicator P / E-ratio for the market value of the shares of the enterprises of the Ukrainian machine-building industry (*source: own development*)

In addition to the calculations of generally accepted indicators of investment attractiveness of shares, in the course of the study was calculated the P / E-ratio (at face value). The conventional P / E-ratio is calculated by dividing the current market price of a share by the amount of the company's earnings per share. In this case, the P / E-ratio calculated relative to the nominal value of the shares (Fig. 2.).
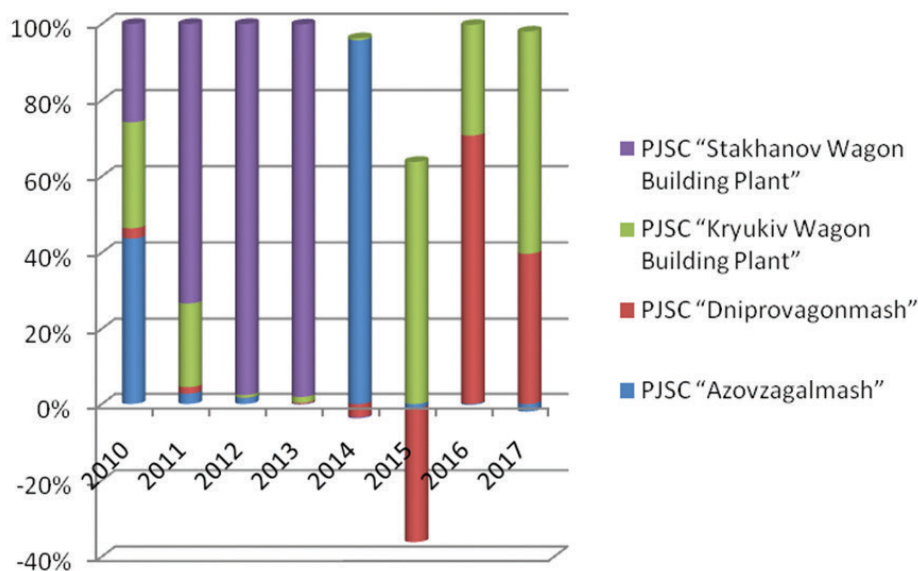

Fig. 2. Indicator P / E-ratio relative to the nominal value of the shares of the enterprises of the Ukrainian machine-building industry (*source: own development*)

Based on the data presented in Fig. 1, the highest level of P / E-ratio (at face value) for the period 2010-2017 years was owned by PJSC "Stakhanov Wagon Building Plant ", but in 2014 year this indicator was the highest in PJSC "Azovzagalmash" and this figure was negative in 2015 year in PJSC "Dniprovagonmash".

The calculation of indicators of investment attractiveness of the company's shares gives the investor the opportunity to choose the shares in accordingly with their investment goals, which in content can be grouped into three main ones: capital conservation; accumulation of capital; making current profits. In order to achieve these goals, investors use the following basic strategies, which are partly or fully related to pricing:
1) long-term ownership strategy;
2) strategy for high returns on invested capital;
3) long-term investment growth strategy;
4) aggressive stock portfolio management;
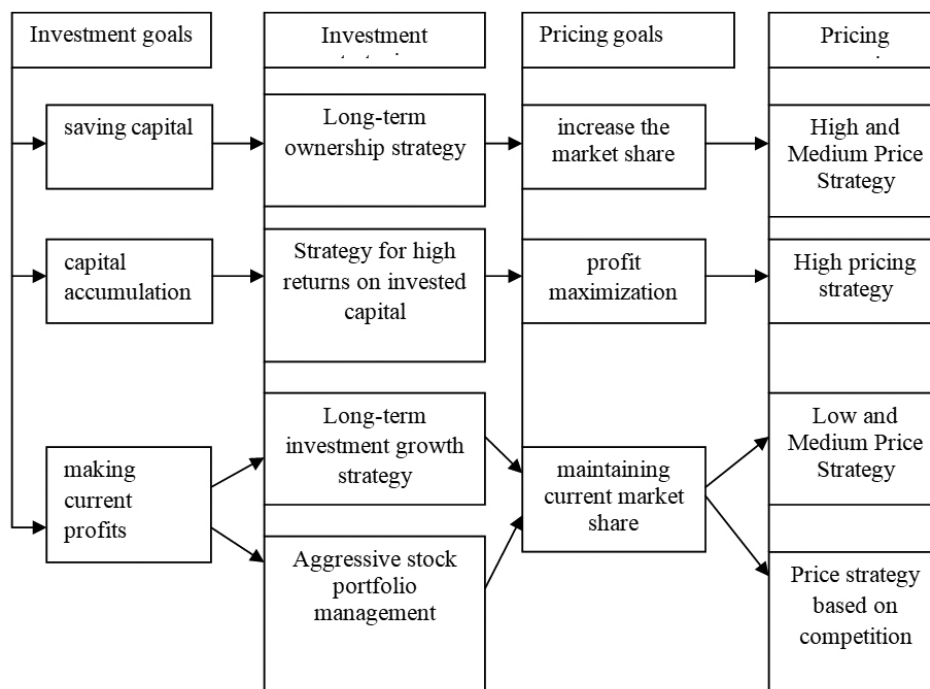5) the strategy of speculation (Fig. 3).

Fig. 3. Matrix of correlation of pricing strategies with investment goals of the enterprise (*source: own development*)

1) *Long-term ownership strategy.* This strategy is used by investors, whose main purpose is to conserve invested capital. The funds are only invested in high quality stocks that have been circulating in the market for at least 15 - 20 years and have an impeccable reputation. These shares are purchased for a considerable period, usually more than 10 years. Much of the dividend pay-out is used to replenish the investment portfolio with the same trustworthy or the same shares. This strategy is often implemented by various pension and insurance funds. The use of this strategy is correlated with the strategy of high and medium prices and implies that setting high prices for the goods and services of the enterprise will increase the market (quotation) price of the shares.

2) *Strategy for high returns on invested capital.* This strategy is used by investors who view stocks as a source of current profit. In this case, refers to the goal of maximizing profits, so investors essential to reliable stream of dividends. For this task they buy reliable and high-yield stocks. As the main goal of investors under this strategy is to obtain high and stable return on invested capital, it is not necessary that the shares have a significant percentage growth. The main goal for investors is to achieve shareholder reliability and high dividend yield. In the context of the chosen overall strategy of obtaining high returns on invested capital, a strategy of high pricing is being implemented.

3) *Long-term investment growth strategy.* This strategy involves a higher degree of risk compared to the two previous strategies, as well as a high enough trading activity, which consists of a large number of transactions. This strategy is used in relation to the shares of large, reliable, growing companies. The stock portfolio is revised periodically, and its composition changes - new shares of companies that have growth prospects are bought and those whose potential, in the investor's opinion, are largely exhausted, are sold. Dividends in this strategy are seen as an additional source of income, because they are not paid at all for many growth stocks. This strategy is compatible with the strategy of low and medium prices for enterprise goods and services, because it is in this pricing approach that you can make long-term profits.

4) *Aggressive stock portfolio management.* Aggressive portfolio management is very similar to a long-term growth strategy with only a time difference. If the return on investment of the previous strategy is 2-3 years, then in this strategy the investor plans to receive the same profit in 8-10 months. Accordingly, this imposes great demands on the investor, who has to devote a lot of time to analyzing the market and stocks, to constantly monitor the state of the economy, to understand the investment process, to have the appropriate individual skills. The set of investment instruments that are used when working on this strategy as well as on the strategy of long-term investment growth is similar - profitable growth shares, defence stocks, but trading activity is much higher. Price strategies should in this case be correlated with stock portfolio management.

5) *The strategy of speculation.* The most risky strategy that can bring you both fantastic profits and catastrophic losses is to the point of complete ruin. The process of analyzing companies in the market in this case goes to the background, and sometimes is completely absent. Knowledge of market psyc hology and the ability to apply some methods of technical analysis come to the fore. With the development of the Internet, many investors have gained direct access to trading on international exchanges, where in a single trading day an investor can conduct several dozen share purchase and sale operations. It was formed a matrix of correlation of pricing strategies with the investment goals of the enterprise, accordingly to the results of the research.

Conclusions

As a result of the study, it was evaluated the investment attractiveness of the shares of enterprises of the Ukrainian machine-building industry. As a result, it has been concluded that of enterprises of the Ukrainian machine-building industry do not have investment attractiveness for investors, as evidenced by the level of indicators such as: P / E-ratio; PEG; coefficient of PSR. All companies that have analyzed shows of low investment attractiveness for investment in this field of engineering. In addition, the analysis of indicators of investment attractiveness of the shares made it possible to identify three main goals of the investor, according to which the investment strategy is formed. In the context of investment strategies, it has been suggested to use specific pricing strategies that correlate with pricing goals.

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STRATEGIA CENOWA W ZALEŻNOŚCI OD OCENY ATRAKCYJNOŚCI INWESTYCYJNEJ FIRMY

STRESZCZENIE

Artykuł poświęcony jest problemowi wyboru strategii cenowej w zależności od oceny atrakcyjności inwestycyjnej firmy. Ocenę atrakcyjności inwestycyjnej przeprowadzono na przykładzie ukraińskiego budownictwa samochodowego za pomocą następujących wskaźników: wskaźnik P / E; PEG; Współczynnik PSR. Analiza wskaźników atrakcyjności inwestycyjnej akcji pozwoliła zidentyfikować główne cele inwestora, zgodnie z którymi tworzona jest strategia inwestycyjna. W kontekście strategii inwestycyjnych sugerowano stosowanie strategii cenowych, które korelują z celami cenowymi. Rezultatem badania było opracowanie matrycy związku między strategiami cenowymi a celami inwestycyjnymi firmy.

SŁOWA KLUCZOWE

inwestycje, atrakcyjność inwestycyjna, strategie cenowe, cele cenowe

ЦЕНОВАЯ СТРАТЕГИЯ В ЗАВИСИМОСТИ ОТ ИНВЕСТИЦИЙ ПРЕДПРИЯТИЙ

АННОТАЦИЯ

Статья посвящена проблеме выбора стратегии ценообразования в зависимости от оценки инвестиционной привлекательности компании. Оценка инвестиционной привлекательности была проведена на примере украинского вагоностроения с помощью следующих показателей: коэффициент P / E-ratio; показатель PEG; коэффициент PSR. Анализ показателей инвестиционной привлекательности акций позволил выделить основные цели инвестора, согласно которым формируется инвестиционная стратегия. В контексте инвестиционных стратегий было предложено использовать стратегии ценообразования, которые коррелируются с целями ценообразования. Результатом проведенного исследования стала разработка матрицы взаимосвязи стратегий ценообразования с инвестиционными целями предприятия.

КЛЮЧЕВЫЕ СЛОВА

инвестиции, инвестиционная привлекательность, стратегии ценообразования, цели ценообразования