



Стопански
факултет

Социално- икономическа анализа

Книга 1/2021 (19)

Lyubomir Lyubenov*

STRATEGIC PRICING OF BEE PRODUCTS FROM THE RUSE REGION

Abstract: The study reveals that in the context of global competition in supply, limited demand, and product parity in the B2B and B2C markets for bee products, there are significant limitations on the applicability of cost pricing methods (cost and desired profit) and partly of demand-based methods. In addition, the study shows that the most applicable pricing methods are the ones based on competition. Regional honey, the main product of beekeeping in the Ruse region, has a negligible differentiated value (monetary and psychological) in the B2B and B2C markets compared to its competing counterparts, due to which its price fluctuates around its market price. The lack of product differentiation, as well as established regional image and brand nowadays, do not allow producers to achieve prices higher than the market ones. Beekeeping farms in the Ruse region should build horizontal and vertical strategic relationships to gain price leadership through low costs and high quality. Value communication is necessary to protect the value and importance of regional bee products from competitors. This should be done by increasing the willingness of customers to pay a higher price for them. The pricing policy of beekeeping farms defines the general price behaviour based on the achieved differentiated value of the regional bee products and its continuous increase. The formation of regional bee products with high added value has a decisive role in the positive perception of the price by the different segments, due to which they reach higher price levels.

Keywords: pricing; costs; desired profit; demand; value.

Pricing is aimed at forming, maintaining, and developing price levels and ratios in their dynamics for the products with which beekeeping farms operate. The main question that pricing must answer refers to the prices at which bee products must be sold. The decision-making criteria for product pricing are related to increasing competitiveness and profitability and reducing risk. Pricing must form competitive bee products, because one of the main forms of competition they face is the price competition. It is also connected to because too low and too high prices generate risk. Pricing should cover the costs incurred by beekeeping farms for production, marketing, etc. so that they can generate profits.

The main constraints that beekeeping farms must consider when pricing their products concern quality and cost, resources, marketing, logistics, and government price regulation. Competitive and sought-after bee products with high added value can charge higher prices. The availability of the necessary human, financial, and information resources, to mention just a few, in beekeeping, leads to higher prices. Better marketing and logistics allow bee farms to achieve higher prices and revenues, lower costs, and better profits. Through taxes, subsidies, customs duties, etc., the state influences the cost, demand, and competition of bee products and other similar products and, therefore, regulates pricing.

The object of study in the current article are the bee products from Ruse region, while the specific topic, i.e., subject is their pricing. The research dedicated to the pricing of bee products from Ruse region is insufficient and its importance for the sustainable, competitive, and profitable development of

* **Lyubomir Lyubenov** – Associate professor, PhD in the Department of “Economic Theory and International economic relations” at “St. Cyril and St. Methodius”, University of Veliko Tarnovo, e-mail: LLyubenov@ts.uni-vt.bg

beekeeping at national and regional level in the long run is great because of the of the low profitability of the sector. The goal of the article is to study the strategic pricing of bee products from Ruse region. With reference to this goal, the research is aimed at completing two main tasks: 1. Studying the applicability of cost and market pricing methods in the Business-to-Business (B2B) and Business-to-Consumer (B2C) markets, 2. Studying pricing based on value. Research methods used by the authors include the complex combination of grouping, comparison, analysis, synthesis, concretization, analogy, modelling, formalization, and observation.

Pricing methods in B2B and B2C markets

A wide system of price-forming factors influence the level and dynamics of prices of honey and other bee products. These factors can be systematized into three main groups – costs, competition, and demand¹. Costs and profits are internal pricing factors for farms, whereas competition and demand are external factors. Competition, along with costs and demand, plays a main role in shaping the prices of various bee – related products. Costs determine the minimum prices so that bee farms can make a certain profit. Demand allows them to determine the highest prices that consumers are willing to pay. Competition forms the market prices, which reflect the established balance between the actions of the market forces (see Figure 1).

Beekeeping farms in Ruse region can form prices through two main approaches, i.e., cost and market pricing. The latter is based on competition and demand for bee products. It covers the main part of the cases of bee products pricing – over 90%. According to it, costs are not a pricing factor, but profits depend on them. The second approach is based on costs. It is also based on the expected profit and costs incurred as a starting point for price formation. It is also influenced by the subsidies, which are utilized by the beekeeping farms from Ruse region, because they affect the profitability. The study has found that the cost pricing method is used rarely in formation of prices of bee products from Ruse region.

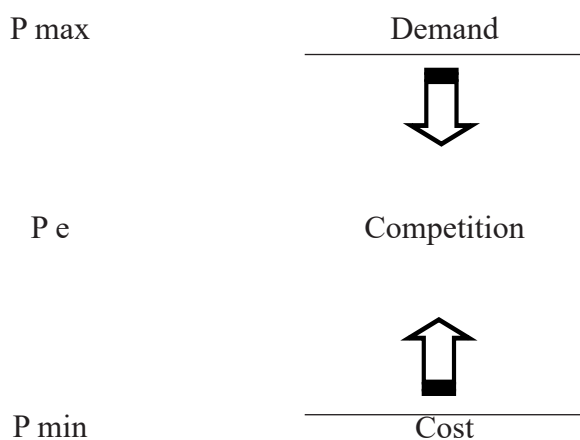


Figure 1. Pricing factors in beekeeping and other bee products

The prices of bee products can be formed through reversible and progressive calculations, based on different pricing approaches i.e., cost and market pricing. The starting point of progressive calculation is the cost price, which is the basis for cost pricing methods. In reverse calculation, the market price is the starting point, which is the basis for market pricing methods. Bee farms do not have market positions that would allow them to form prices based on desired profit. They sell honey and other bee products in conditions of product parity and global supply competition. Therefore, cost pricing methods are not applicable to the B2B and B2C markets for bee products.

B2B and B2C bee product markets have differences that influence pricing significantly. Demand for raw bee materials in B2B markets is inelastic and sustainable, while costs affect only the financial

¹ Lyubenov L. Prices and pricing. Ruse, 2012.

results of farms. For this reason, prices are formed mainly by the competitive market structure. Demand in B2C markets is more elastic and dependent on the strong competition in the food sector and fashion trends towards a healthy lifestyle and reduced sugar consumption. In B2C markets, product differentiation forms different demand. Therefore, cost and market pricing methods have different applicability to the B2B and B2C bee product markets.

Despite the established theoretical understanding that the markets of agricultural raw materials, including the raw bee materials, are characterised by perfect competition, this is not always true. For example, national and regional organisational markets for bee products are dominated by large wholesale businesses, which form prices through significant demand controls. They achieve this by influencing the regulatory institutions, on one hand, and, on the other hand, by collaborating with the companies for organic beekeeping certification. Ordinance 26 restricts beekeeping farms to sell their products in consumer markets on a quota basis. This means that can sell only part of their production, i.e., no more than two tons. Large bee farms are forced to sell on prices of the “competitive” market structure determined by wholesale buyers.

The majority of the organic beekeeping farms from Ruse receive a certification letter from the certification companies, not an organic certification, which is significantly more expensive. National wholesalers recognize this certification letter as a proof of organic production, but not the international ones that require an organic certification. Therefore, national wholesalers buy bee products at prices very close to the conventional ones while the farms holding a certification letter do not have the opportunity to export to foreign markets. On the other hand, the certifying companies insist that the beekeeping farms certified by them must sell the produced organic bee products.

Monopolization of the demand in the national B2B markets by wholesale buyers makes the demand – based pricing methods based inapplicable by beekeeping farms. Pricing methods based on the costs incurred to produce bee products are also not applicable due to global competition in supply of honey as a raw material, which eliminates the role of cost price. Under conditions of product parity in B2B markets of raw bee materials and demand formed mainly by consumer organizations, prices are determined by the market. In these circumstances, pricing methods based on competition are the most appropriate. Pricing methods based on costs, desired profit and demand are not applicable.

At the national B2B markets, the beekeeping farms from Ruse region do not form the price, respectively they cannot get a fair one. Regional (horizontal) and vertical integration is needed so that bee farms can create their own organized markets, respectively can establish their own organizational channels, which will form more fair and balanced prices, because the established ones are currently not beneficial to the beekeeping farms in both Ruse region and the country. This can be done by signing contracts with large consumers as well as organising online and offline auctions for bee products, producer markets, etc. Online commerce offers additional opportunities for forming unorganized organisational markets.

At B2C markets, the offered bee products must be differentiated by different characteristics such as food properties, colour, varieties, and distribution channels such as off and online channels, traditional and modern retail channels, etc. Beekeeping farms must seek market advantages through the differentiation of bee products, which is the basis for their price differentiation. Based on the different characteristics of organic and conventional bee products, buyers tend to pay different prices. This forms a differentiation “price range” for each bee product. Consumers tend to pay higher prices than competitors for better quality and unique, respectively more desirable bee products.

Creating bee products with high added value guarantees higher prices and greater independence to beekeeping farms with reference to pricing. In addition to the product policy, the distribution and communication policies also have a formative effect on the prices of bee products. Optimizing the logistics and distribution channels of beekeeping farms significantly reduces their costs and increases the profits at constant market prices. PR and advertising can make the demand for bee products less elastic, which allows the formation of higher prices. High value-added bee products allow a high degree of differentiation and difficult price comparisons with competitors, which provides greater freedom in pricing.

In the B2C markets there is tough price competition with reference to the product category of honey, which is the main product of beekeeping farms in all countries. Honey is also affected by non-price competition from many branded artificial and natural substitutes. The modern trade segment is characterized by a high share of honey with relatively low prices. The national segment of traditional trade is dominated by large packaging and unbranded bee products. Due to this, the prices of a honey unit are relatively low. Consumers do not find a significant difference in the quality of honey from different bee farms, and therefore consider it identical. Regional honey has a relatively low product, and a price differentiation, respectively.

The national B2C markets for honey are characterized by a predominant presence of regional honey offered by many producers with relatively equal market potential. Product differentiation between them is very small. As a result, there is product parity. Most consumers are highly price sensitive and oriented towards low prices. The lack of clear product differentiation at the B2C markets of honey and bee products from Ruse region, in the conditions of product parity and numerous alternative products, incl. substitutes, leads to prices that are determined by the markets. In these cases, competition-based pricing methods are most appropriate, while the methods, based on costs, desired profit and demand are not applicable.

Competition has formative influence on the prices at B2B and B2C markets for bee products. It corresponds to the market positions of beekeeping farms in terms of price leadership. The latter is based on two groups of advantages – low cost or high quality. The farms with the largest market share can make the largest economies of scale, which allows them to achieve the lowest unit costs. The introduction of new technologies also reduces costs. The market leaders in terms of quality of their bee products will sell at prices significantly higher than the prices of their competitors. Quality can be based on passive factors such as nature, rarity, and limitation, as well as on active factors such as innovation, functional advantages, guarantees, etc.

Bee farms in Ruse region must form horizontal and vertical relationships to achieve price leadership through low costs and high quality. In this way, they will become competitive at national and international level. As a result, they will be able to counteract the costs and quality achieved by global leaders. Beekeeping farms in Ruse region must use their leading positions in the EU in terms of biodiversity and regional uniqueness of bee products. Given the similarity in passive quality factors with neighbouring bee-producing countries, innovation, functional advantages, and branding are also needed to develop bee products with supra-regional competitiveness and to achieve price leadership.

The analysis of the applicability of the different pricing approaches at the B2B and B2C markets of bee products from Ruse region under conditions of global competition in supply, limited demand, and product parity, has revealed significant limitations in the use of cost pricing methods based on cost and desired profit as well as partial limitations in the use of the demand-based methods. The study also has revealed that the applicable pricing methods are the ones based on competition. Nagle, Hogan and Zale (2011)² point to serious shortcomings in cost and market pricing, which imposes some restrictions on their use.

Cost-Plus Pricing is a procedure rather than a strategic pricing approach, as it is focused on financial prudence and caution. It is a misconception of the role of pricing. It is based on the fact that sales volume can be determined first, the cost per unit of product can be calculated, the desired profit can be added and only after that to determine the price. However, it is important to determine the price first because it affects the volume of sales which, in turn, affects costs. So, the pricing strategy is part of effective cost management. Therefore, it must be determined whether the change in price will lead to a sufficient change in revenues which will cover costs, be they variable and/ or constant.

Customer-Driven Pricing is not long-term, i.e., it is not strategic. The use of pricing to achieve short-term sales goals often undermines the perceived value of the product and hinders the realization of future profits. When prices reflect the amount consumers are willing to pay for a product, two problems arise: 1) experienced buyers are rarely honest in answering how much they are willing to pay for the product, which prevents them from establishing close relationships and disclosing their needs; 2) it is not

² Nagle T., J. Hogan and J. Zale. The Strategy and Tactics of Pricing, A Guide to Growing More Profitable, 5 ed., Pearson, 2011.

important how much consumers are willing to pay at the moment, but rather to increase their willingness to pay for the product at a level that reflects the objective value of the product.

Share-Driven Pricing is based on the lowest possible prices. Reducing prices is usually the fastest and most effective way to increase market share based on sales volume, but it is an unprofessional financial solution because a larger market share does not always lead to higher profits. The decrease in price can very easily be imitated by competitors and the effect of increasing market share will be short-lived.

Nagle, Hogan and Zale (2011)³ suggest that these “flawed” paradigms give way to pricing based on the understanding that a pricing strategy must be value-oriented, proactive, and profitable. These three principles underlie pricing based on product value. Despite the stated shortcomings of the cost and market approach to pricing, they have their economic logic and place in the theory and practice of pricing. It is necessary to have pricing with a focus on the value a product has for customers. This pricing must be based on the value of the product perceived by consumers rather than on costs. With reference to this, value-based pricing is closer to the market approach than to the cost-based pricing approach and can even be seen as a version of the market approach.

Value-based pricing

The starting point in the value-based pricing process is to establish how consumers perceive the value of the product. The focus is not the cost of producing the product. Prices must be flexible to make it possible to take into account the differences in the individual assessments of consumers - business and others. Price decisions must be made considering the reaction of competitors and strategic positioning. Comparative assessments of the products value compared to the one of competitors' products are needed. Beekeepers need to move from cost pricing to value pricing, finding out how consumers perceive the value of their products and how to produce at lower costs to cost-effectively serve the markets. Determining the price level can be represented graphically by the strategic pricing pyramid (Figure 2).

Beekeeping farms face a serious challenge because they must set a price that matches the value of the products and increases profits. They need to know how value is created and how consumers perceive it. Developing quality bee products is necessary, but not enough, because their value must be distinguished from that of competing products. Determining the value for consumers requires knowledge of their needs, which can be used to transform the product characteristics so that they are beneficial to consumers. In the consumer markets, the value assessment is formed mainly by the qualitative characteristics of the product while in the business markets it is done by the economic impact on the profit of the business client. The perceived value of the product also affects the perception of the price.

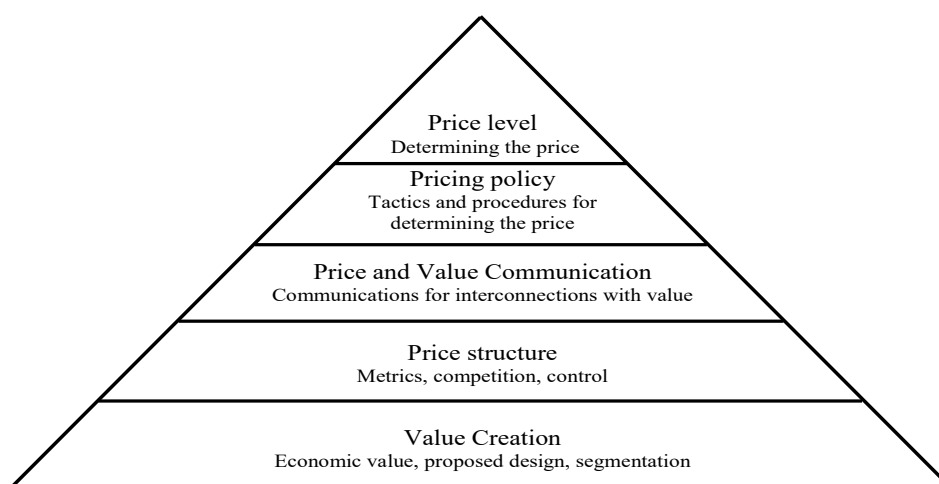


Figure 2. Strategic pricing pyramid

Source: Hogan J. & T. Nagle. What is Strategic Pricing? Monitor Group. SPG Insights, Summer, 2005.

³ Nagle T., J. Hogan and J. Zale. The Strategy and Tactics of Pricing, A Guide to Growing More Profitable, 5 ed., Pearson, 2011.

There are two alternative, fundamentally different approaches to determining value, which lead to different pricing decisions⁴:

- Customer Value Modelling, i.e., CVM approach.
- Economic Value Modelling, i.e., EVM approach.

According to the CVM approach, value is seen as the perceived benefits that consumers receive for a given price. At the heart of this approach is the cost-benefit ratio based on the consumers' subjective assessments of the product characteristics and price. The subjective consumers' assessment is not quantitative and monetary in nature, which makes the CVM approach suitable mainly for products with high psychological value, i.e., for consumer but not for business products. The perceived benefits and perceived prices are established based on complex and multi-stage research and the so-called value card is prepared. Although we will not apply the CVM approach due to the mentioned difficulties and disadvantages, we will outline the most significant factors of the perceived benefits and prices of bee products.

For the customer, the greatest influence is exerted by the advantages of the product, which are the most significant sources for perceiving the value. The advantages of the products can be sought in three directions⁵ – functional, process and relationships – oriented. In the case of bee products, the functional advantages are related to the biological environment of their region of origin, which determines their quantity, quality, and uniqueness. The process – oriented advantages reflect the technologies used for producing and selling the bee products. They show the access to information about the quality of the bee products from Ruse region, the automation of the order-delivery cycle through entry systems, repeated deliveries, online channels, etc. The relationships – oriented advantages are a result of the established relationships with customers, businesses, etc. through differentiated loyalty premiums.

Beekeeping farms in Ruse region can use the regional uniqueness of their products. They need to improve not only production and sales processes by implementing ERP and CRM systems but also build lasting relationships with customers. Beekeeping farms in the region can improve the opportunities for access to information, order placing and consumption of regional bee products through online channels⁶. They must consider the fact that different segments (both consumer and organizational ones) have different needs and ideas about the advantages of regional bee products, as well as different sensitivity to changes in their prices. Therefore, bee farms must differentiate prices over time and space by segments, demand, elasticity, areas of price indifference, target market share.

According to the EVM approach, value is seen as the total savings (economic savings or profits) and satisfaction that consumers receive after acquiring and using a product in comparison to the best available alternative product. This approach is suitable for both consumer and business products. The total economic value of the product is calculated as the sum of the price of the best alternative product available to the consumer (indifference price) and the value that the consumer receives from the differences (with positive and negative effect) between the evaluated product and the best alternative product. The total economic value of the product for the consumer is described by formula 1⁷. It is defined in four stages, which are discussed below based on a specific product.

$$\text{Economic value of the product} = \text{The price of indifference} + \text{Positive value of differences} - \text{Negative value of differences} \quad (1)$$

Stage 1. At this stage, we determine the price associated with the use of the product (conventional polyfloral bee honey) which the buyer tends to consider as the best of the available alternatives.

⁴ **Netseva-Porcheva, T.** Pricing based on value. In search of profitable pricing solutions. Sofia: University of National and World Economy, 2012.

⁵ **Netseva-Porcheva, T.** Pricing based on value. In search of profitable pricing solutions. Sofia: University of National and World Economy, 2012.

⁶ **Lyubenov, L.** Prices and pricing. Ruse, 2012.

⁷ **Netseva-Porcheva, T.** Pricing based on value. In search of profitable pricing solutions. Sofia: University of National and World Economy, 2012.

When determining the economic value of the conventional polyfloral bee honey from Ruse region, the established market price in BGN/kg at B2B and B2C markets can be considered as the indifference price, due to the presence of product parity and strong price competition at these markets. The market price of this honey at the B2B markets in 2020 was 4.8 BGN/kg, and 7 BGN/kg at the B2C markets, respectively.

Second 2. At this stage, all the characteristics, according to which the evaluated product is actually distinguished from the alternative one, are determined in both positive and negative direction based on the sources of differentiated value.

Differentiated value has two forms, i.e., monetary and psychological ones⁸. Monetary value is the total amount of cost savings or higher revenue that the consumer receives as a result of purchasing and using the evaluated product as compared to the best available alternative product. This value is more important at the B2B markets. Psychological value expresses the ways in which the evaluated product creates positive emotions and satisfaction in comparison with the best available alternative product. Psychological value is of great importance at the B2C markets.

The monetary value of conventional polyfloral bee honey from Ruse region differs positively from the value of competitive analogous products with reference to region of origin with high biodiversity and uniqueness, and higher quality, respectively. The psychological value of the conventional polyfloral honey from Ruse region differs positively from the value of the competitive analogous products in terms of freshness and satisfaction of the consumers from the regional honey. The negative differences between the two types of products are the lack of product differentiation, unconfirmed regional image and brand.

Stage 3. At this stage, the monetary expression of the differences between the assessed product and the analogue for the B2B and B2C markets is determined.

The monetary value of B2B markets depends on the functional suitability for sale in international markets, while the psychological value is very low. Consumer organizations (wholesalers and retailers) buy conventional polyfloral honey from Ruse region for sale in international markets for profit. Because the district does not have a regional image as a quality honey producer and due to the dominant (monopolistic) market positions of the consumer organizations, they buy at a minimum price and sell at a price formed by the international markets. Therefore, the total differentiated value for the conventional polyfloral honey from Ruse region compared to the value of the competitor products is rather low. This assessment is also valid for regional organic honey.

The monetary value of B2C markets is determined by the quality, uniqueness and freshness of regional honey compared to other competitive products. The safety and health-related benefits of the regional product are important for its psychological value. Given the lack of an established regional image and brand, they are insufficient compared to branded competitive products. The consumer segment of low-budget buyers prefers substitutes – sugars, etc., due to budget constraints. The low differentiation from the competitors' products and the product parity on the B2C markets lead to insignificant differentiated value for the conventional polyfloral honey from Ruse region compared to the other similar products.

Stage 4. At this stage, to obtain the total value of the economic value of the evaluated product, the indifference price is summed with the positive value of the differences between the two products (i.e., the assessed product and its analogue), minus the negative value of the differences between them.

Because the assessment of the total differentiated value (formula 1) of the conventional polyfloral honey from Ruse region at the B2B and B2C markets is insufficient, its price fluctuates mainly around the market price at these markets. The lack of product differentiation, an established regional image, and an established brand nowadays do not allow beekeeping farms to achieve prices that are higher than the market ones.

Through the EVM approach we determined the total amount of the economic value of conventional polyfloral honey from Ruse region at the national B2B and B2C markets. To clarify the value-based pricing more fully, we will continue to the top of the strategic pricing pyramid (see Figure 2), by ana-

⁸ **Netseva-Porcheva, T.** Pricing based on value. In search of profitable pricing solutions. Sofia: University of National and World Economy, 2012.

lysing the decisions that must be made at each of its levels. The main goal of strategic pricing is making profit, and the levels of the strategic pricing pyramid form the basis of prices that minimize losses and maximize profits in the long run. Due to the established insignificant differentiated value at the B2B and B2C markets, respectively, and low profits from the main product of beekeeping in Ruse region, i.e., bee honey, the strategic pricing pyramid is especially suitable for solving this problem in the long run.

The obtained results for the value, as the basic level of the strategic pricing pyramid (using the main product of beekeeping from Ruse region as an example) show that it is necessary to significantly increase the differentiated value of the regional bee products for B2B and B2C markets. For the B2B markets, it is necessary to create a quality image for the bee products from Ruse region. This image must convey the idea that these products are made in an environment with high biodiversity. For the B2C markets it is necessary to create a regional brand on the same quality basis. Their implementation requires the development of horizontal and vertical relationships at the sectoral (beekeeping) and regional level (Ruse region) with the aim of improving market competitiveness. These relationships also play an important role in improving supply chain positions, increasing productivity, and reducing costs.

The next step is to create a *price structure* that brings the price in line with the value of the product as perceived by customers and that minimizes maintenance costs. The price is determined not for the product, but for the market segments where it will be sold, e.g., B2B, B2C, both offline and online markets, etc. The price structure requires that the prices of regional bee products be adjusted to the differences in value and costs according to segments. Consumer organizations are economically rational and profit-oriented and therefore they are looking for a minimum price of honey, i.e., 4.8 BGN/kg. The Bulgarian offline consumer buys regional unbranded honey for 7 BGN/kg directly from its producers. The online user, however, appreciates the information, home delivery, quality, and health-related characteristics of the regional honey and pays for this 13 BGN/kg.

The main part of the consumers of bee products from Ruse region are not aware of the differences in their characteristics compared to the ones of other competitive products. Therefore, their price must be consistent with their differentiated value. Poor coordination between them leads to higher price sensitivity in B2C markets and more intense price negotiations in B2B markets. Customers who do not understand the differentiated value of bee products from Ruse region are more vulnerable to the pressure of buying them at similar or lower prices than those of their competitors' prices. Value communication is needed to protect the value of regional bee products from hostile competition by improving the willingness of customers to pay a higher price for bee products from the Ruse region. The methods of establishing *price and value communication* are different for the B2B and B2C markets.

The approaches to price and value communication in the B2B markets are determined by the monetary value of the regional bee products. Therefore, value communication must focus on region of origin, its rich biodiversity, the honey varieties, technologies, and the production which is certified according to certain standards. Psychological value is more important for B2C markets. For this reason, the value communication must emphasize the health, emotional and environmental effects of regional bee products, and their role in healthy lifestyles, safety and social status, environmental protection, and eco-causes. Through them, the communication policy must show customers the higher differentiated value of bee products from Ruse region compared to similar ones, by forming a price corresponding to their value.

The pricing policy of the beekeeping farms in Ruse region must be in accordance with both the value of the bee products as perceived by clients and the financial interests of the farms. Marketing-oriented pricing policy must not also meet the expectations of different customers but also actively use price to influence their consumer behaviour and ensure the profitability of farms. Beekeepers must have a flexible pricing policy for different markets, i.e., B2B and B2C, which means the formation of different prices for different segments. The pricing policy of beekeeping farms is of great importance for their market positions and financial results. It determines their overall price behaviour based on the achieved differentiated value of the regional bee products and its continuous increase.

The final step towards the top of the strategic pricing pyramid (see Figure 2) involves determining the *price level* of the regional bee products. This requires considering the main factors that influence the perception of price by the different segments of the B2B and B2C markets, i.e., conventional, biological,

offline, online, etc. According to the author, the development of regional bee products with high added value has a decisive role in the positive perception of the price by the different segments because they have not only higher value, but also higher differentiated value compared to other competitive products. The price level will be more profitable if it corresponds to the value of the product for a given segment and not to the consumers' willingness to pay for it. Therefore, regional bee products with higher added value reach higher price levels.

Conclusion

As a result of the study on the strategic pricing of bee products from Ruse region, conclusions can be made in several main areas:

First, with reference to cost and market approach to pricing bee products:

- Under conditions of global competition in supply, limited demand and product parity in the B2B and B2C markets of bee products, there are significant limitations on the applicability of cost pricing methods (cost and desired profit) and partial limitations on demand-based methods. The most widely used approaches, however, are the pricing methods based on competition.

- Beekeeping farms in Ruse region must implement horizontal and vertical strategic relationships to improve their market position by forming their own B2B markets, respectively, and their own sales channels for the realisation of the bee products. This will allow bee farmers to participate actively in the formation of prices their products.

- Achieving price leadership through low costs and high quality requires the development of regional, strategic, horizontal, and vertical relationships for the development of bee products with high added value, using passive and active quality factors. The former include the use of regional uniqueness while the latter include innovations, benefiting from functional advantages, and brand development.

Second, regarding pricing based on the value of bee products from Ruse region:

- Regional bee honey as the main product of beekeeping in Ruse region, has negligible differentiated value (monetary and psychological) in the B2B and B2C markets compared to its competitive counterparts. Due to this, its price fluctuates around the market price. The lack of product differentiation, already - formed regional image and established brand at the moment do not allow bee farms to obtain prices that are higher than the market ones.

- With reference to B2B markets, it is necessary to create a quality image of the regional bee products as created in an environment with high biodiversity. As of B2C markets, it is necessary to create a regional brand on the same quality basis. Their implementation requires the development of horizontal and vertical relationships at sectoral level, i.e., beekeeping, and at regional level, namely Ruse region, to improve the bee farms competitiveness and profitability.

- The price of regional honey is determined based on the markets and segments where it will be sold. The price structure requires from prices to comply with the differences in value and costs by segment. In the B2B markets, consumers look for a minimum price of 4.8 BGN/kg. On the national B2C markets, consumers buy unbranded honey for 7 BGN/kg directly from producers.

- Value communication is needed to protect the value of regional bee products from hostile competition by improving the willingness of customers to pay a higher price for them. In B2B markets, emphasis should be put on certified production that follows certain standards. With reference to B2C markets, the emphasis must be on health, emotional and environmental effects.

- The price policy of the beekeeping farms determines the general price behavior, based on the achieved differentiated value of the regional bee products and its continuous increase. The development of regional bee products with high added value has a decisive role in the positive perception of the price by different segments. Due to this, bee products can achieve higher price levels.

REFERENCES

1. **Lyubenov L.** Prices and pricing. Ruse, 2012.
2. Ordinance № 26 of 14.10.2010 on the specific requirements for direct deliveries of small quantities of raw materials and food of animal origin, Issued by the Minister of Agriculture and Foods, promulgated, State Gazette, issue 84 from 26.10.2010, in force from 26.10.2010; amended with Decision 16678 of 16.12.2011 of the Supreme Administrative Court of the Republic of Bulgaria – issue 46 of 19.06.2012; amendments and additions, issue 46 of 3.06.2014, in force from 3.06.2014, issue 87 of 10.11.2015, in force since 10.11.2015.
3. **Netseva-Porcheva T.** Pricing based on value. In search of profitable pricing solutions. Sofia: University of National and World Economy, 2012.
4. **Lyubenov L.** Online retail channels for organic bee products. *Business Management Journal*, Svishtov, book 1, 2020.
5. **Hogan J. & T. Nagle.** What is Strategic Pricing? Monitor Group. SPG Insights, Summer, 2005.
6. **Nagle T., J. Hogan and J. Zale.** The Strategy and Tactics of Pricing, A Guide to Growing More Profitable, 5 ed., Pearson, 2011.