

MAIN DIRECTIONS OF PRICING IMPROVEMENT IN THE CONTEXT OF DEVELOPING A SUSTAINABLE ECONOMY

UDC: 338.53(478)

DOI: <https://doi.org/10.53486/mfsne2025.06>

Svetlana BILOOCAIA

PhD, associate professor,

Department Finance and Banking

Moldova State University,

ORCID: [0000-0002-8092-9578](https://orcid.org/0000-0002-8092-9578)

E-mail: biлоocaiasvetlana@gmail.com

Abstract: *One of the key characteristics of modern EU economic development is its focus on creating a socially and environmentally oriented society. The promoted sustainable development agenda involves a comprehensive linkage between economic, social and environmental components. In the current conditions, the problem of improving pricing arises, where the applied approaches and methods have to be modernized in accordance with the market evolution in order to remain competitive. This paper deals with the main aspects of sustainable pricing, which involves setting prices for goods and services that take into account not only the costs of production and the achievement of profit maximization objectives, but also the wider environmental and social impacts throughout the value chain. Research revealed that pricing improvement in a sustainable economy should be based on factors such as: environmental and social costs associated with production, including the costs of using environmentally friendly materials, reducing energy consumption, and complying with environmental standards; consumer awareness, their desire to consume healthy products, and their willingness to pay producer costs aimed at supporting the environment; consideration of internal and external costs, such as those aimed at compensating for environmental damage caused by production; incentives for the transition to more sustainable forms of production, such as organic farming or the use of "green" transport; and the product life cycle and its impact on the environment at all stages of its existence, from production to use and final disposal*

Keywords: *sustainable pricing, socially and environmentally oriented society*

JEL Classification : *E31, F18, L11*

INTRODUCTION

Climate change and environmental degradation in the modern world are critical factors hindering improvements in the quality of life, poverty reduction, unemployment, the creation of decent working conditions, sustainable development and social justice. Under current conditions, one of the defining tools for the transition to a socially oriented type of global development is its greening [7]. The key international documents establishing new directions for human development include the *2030 Agenda for Sustainable Development*, which set seventeen Sustainable Development Goals (SDGs) and *Paris Agreement* adopted at the UN Climate Change Conference, the purpose of which is to unite the efforts of all countries to combat climate change and develop common strategies to minimize its negative consequences. These documents are the result of agreements reached at the global level on the transition to sustainable development based on the formation of a green economy, they are based on the concepts approved in the declarations (Agendas) of United Nations Conference on the *Human Environment* in Stockholm in 1972 and on United Nations [*Earth Summit*](#) in Rio de Janeiro in 1992.

A green economy is one of the key pathways to sustainable development and a means of achieving it. The transition to such an economy facilitates the replacement of fossil fuels with clean energy and green technologies, reduces the negative impact on the environment and climate, eradicates poverty, and stimulates increased employment and population income [11].

In the concept of a sustainable economy, pricing is no longer simply a tool for covering costs and generating profits. Sustainable pricing is the practice of setting prices that considers the environmental and social costs associated with production and includes such costs as the use of environmentally friendly materials, reduced energy consumption, and compliance with environmental standards [4]. Pricing becomes a mechanism that takes into account the environmental and social impacts of production and encourages responsible consumption.

APPLIED METHODS AND SOURCES OF INFORMATION

Presented in this article investigation was implemented based on such research methods as: general-scientific methods of cognition, logical analysis of theoretical and practical materials, documentary method, analogy and grouping of quantitative and qualitative data method, graphical method, method of synthesis and comparative analysis method. Analyses are founded on the data obtained from International Federation of Organic Agriculture Movements (IFOAM) and Research Institute of Organic Agriculture (FiBL), Statista, Deloitte, PricewaterhouseCoopers (PwC) etc.

The scope of the current research is identification the main directions of pricing improvement in the context of developing a sustainable economy.

RESULTS AND DISCUSSIONS

In today's changing business environment, influenced by different geopolitical factors, problems with logistics and climate change, the market of organic products demonstrates growth. The organic sector represents an integrated system that promotes the restoration, maintenance and development of healthy agricultural ecologic systems, whose components are biological diversity, biological cycles and soil biological activity. [6]. The most significant growth in the sector was recorded in 2013-2022, when the annual increase in retail sales of organic foods and the area of land use in organic agriculture exceeded 10% (figure 1).

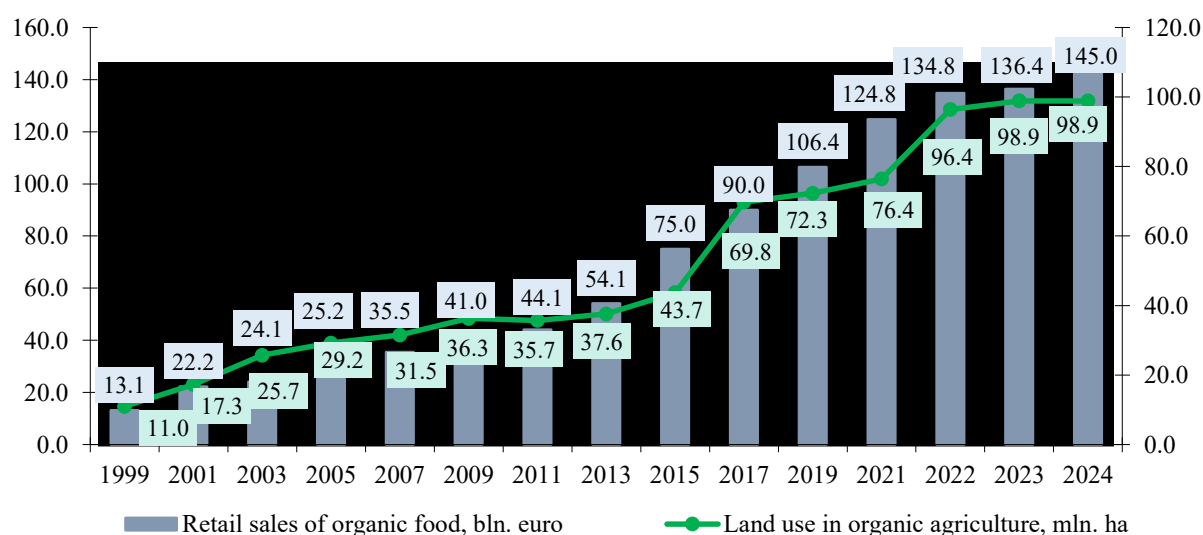


Figure 1. Retail sales of organic foods, land use in organic agriculture, 1999-2024

Source: elaborated by the author based on FiBL-AMI survey 2026 [5]

In 2023-2024, the growth rate decreased slightly, but the registered before positive dynamics still exists. In total, during 1999-2024, the value of organic foods market increased more than 11-fold (from €13.1 billion to €145.0 billion). Research shows that a higher proportion of consumers of organic food are registered in the countries with most developed economy, high incomes and education levels (Figure 2).

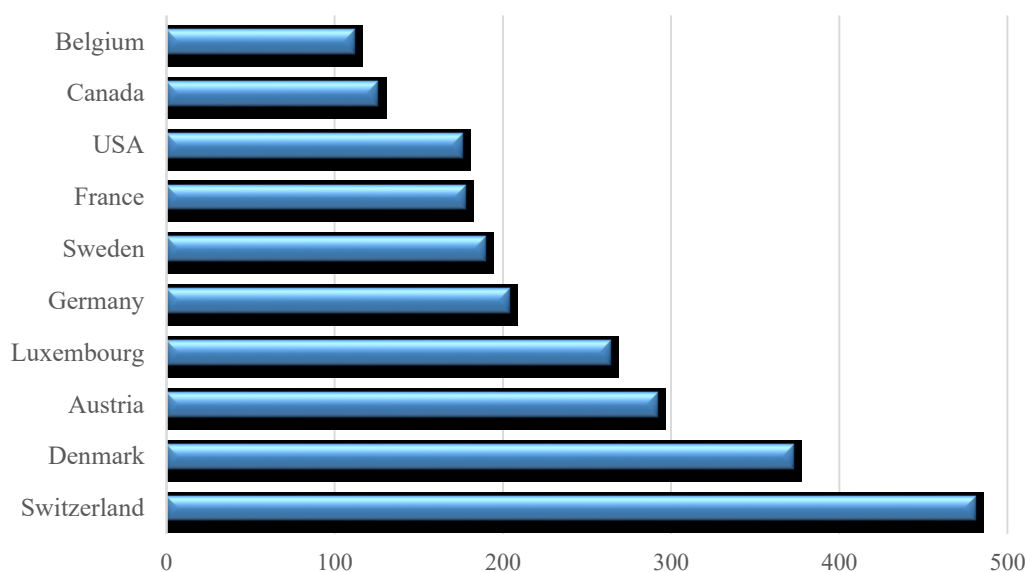


Figure 2. The countries with the highest per capita consumption of organic food, 2024, euro

Source: elaborated by the author based on FiBL-AMI survey 2026 [5]

The highest level of organic consumption food per capita was registered in Switzerland, Denmark, Austria, and Luxembourg. At the global level, the largest market of organic food was recorded in United States, with consumption of €58.6 billion (43% of global consumption), Germany is in second place in terms of consumption of organic products (€15.3 billion, 11% of global consumption) and China is in third (€12.4 billion, 9%).

Research demonstrates that the development of eco-friendly product markets depends on a combination of a wide range of economic, social, technological, and institutional factors. The key drivers of industry development are:

- *Growing environmental awareness among consumers.* The more people become aware of environmental problems (climate change, pollution, resource depletion), the higher the demand for eco-friendly products.

- *The increase in the population's income.* As incomes rise, consumers are more willing to pay extra for environmentally friendly and safe products.

- *State support and regulation of the sector.* To stimulate market development, the state provides subsidies and tax breaks to producers of organic products, sets environmental standards, organizes certifications and labeling, imposes restrictions on the production and sale of not healthy goods (through the additional excise duties, taxes, etc.), implements regulations that ensure the transparent activities of entrepreneurs in the industry and supports consumer protection.

- *Changing consumer preferences.* The trend toward a healthy lifestyle and responsible consumption is driving demand for organic products, biodegradable packaging, and natural cosmetics.

- *Technological innovations.* They facilitate the development of new environmentally friendly materials and production processes, waste recycling technologies that do not disrupt ecosystems, and "green" production processes, which reduce the cost of production of ecological goods and stimulate the growth of market supply.

- *Globalization and international trade.* Facilitates companies sell their products in international markets, promotes the development of international standards and systems of certification, and makes it possible the optimization of production of organic products taking into consideration specific characteristics of countries, including natural flora and fauna, local climate, water resources, etc.

- *Education and culture* forms sustainable habits, healthy consumption, and ensure an increase

the amount of environmentally responsible buyers. Marketing and information providing, different social events, and the influence of the media contribute to the active promotion of ecological goods and stimulate growth of demand for ecological products.

- *Infrastructure development.* It helps to reduce the cost of production, to optimize logistics of the companies, to develop online trading, retail industry and increases the availability of ecological products.

At the same time, there are obstacles for development of markets of ecological goods, including:

- *High prices for organic products.*
- *Decline in real disposable income of the population* and inflation.
- *Counterfeits*, including the provision of incomplete or false data, the use of eco-labels on products that are not actually certified. Low share of certified organic products.
- *The unavailability of some imported organic products*, and at the same time problems with entering international markets for exporters from developing countries, in particular due to the difficulty of obtaining the relevant internationally recognized certificates.
- *Problems with the physical availability of goods* (goods are available mainly in the largest cities and more developed regions), insufficient understanding of retail chains regarding the specifics and responsibilities involved in selling eco-friendly products.
- *Lack of awareness among potential buyers* about the benefits of eco-friendly products, lack of advertising and educational programs, reluctance of consumers to change their established habits, inconsistency with organic food to usual taste preferences, short shelf life.
- *Little financial support for the industry*, insignificant subsidies, underdeveloped infrastructure, difficulties with introducing innovations to the market.
- *The faultiness of the regulatory framework* [1].

According to research by PwC [9], the price of eco-friendly products is one of the determining factors in consumer purchasing decisions; only 44.5% of potential buyers are willing to incur additional costs for such products, 43.5% of consumers are unsure whether they are willing to bear the additional costs, and 12% of respondents said they are categorically unwilling to pay extra. Moreover, surveys show [2] that in a situation where the price of eco-friendly products can be 220% higher than the cost of identical conventional products, buyers are willing to pay only an additional 20% of the original price (Figure 3).

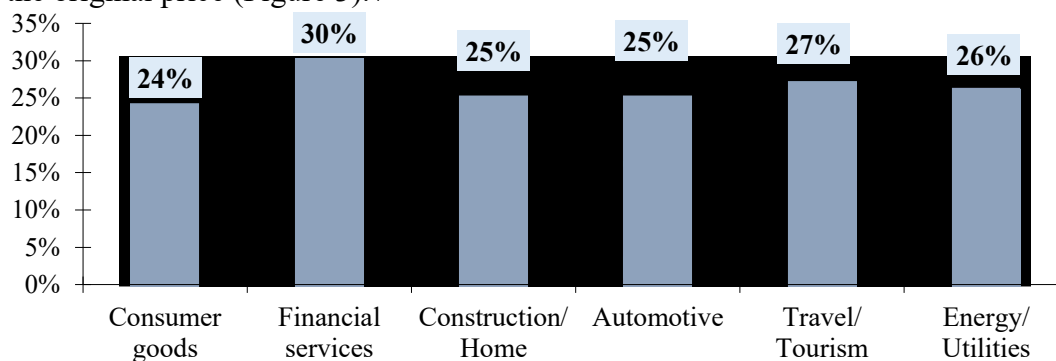


Figure 3. Average sustainability premium consumers would consider acceptable and be willing to pay, worldwide in 2023, by category

Source: elaborated by the author based on <https://www.statista.com>

As the green economy develops and eco-friendly products being relatively expensive, sustainable pricing becomes especially important. It allows for consideration not only the product's cost but also its environmental value, reducing the consumer's perceived price premium. These approaches allow companies to distribute additional costs more flexibly, for example through long-term benefits, subsidies, or subscription models to make eco-friendly products more accessible.

In pursuit of sustainable development goals and building a green economy, businesses that struggle to set competitive prices for eco-friendly products may experience significant challenges in profit growth. To avoid such situations, it's essential to implement new pricing methods and approaches that align with the rapidly evolving eco-friendly market to remain competitive.

According to research, to improve pricing methods in order to ensure the development of a sustainable economy, the market must take into account the following factors: the consumers readiness to use environmentally friendly products and the buyers' willingness to compensate producers for the costs incurred from agricultural techniques that protecting the environment; additional costs of producing environmentally friendly goods, including higher costs of purchasing environmentally friendly raw materials, implementing measures to switch to renewable energy sources (water, wind, solar) or purchasing equipment to reduce energy consumption and which complies with international environmental standards; considering additional costs aimed at reducing the negative impacts on nature in the production of environmentally friendly products and at eliminating potential negative impacts on the environment; incentives for the introduction of more environmentally friendly forms of production, such as organic farming; the use of environmentally friendly transport; as well as the life cycle of the product and its impact on the environment at all stages of its existence, from production to use and the final stage.

The analysis revealed that setting prices based on the objectives of developing a sustainable economy requires a systematic approach that includes several key steps:

1. *Conducting marketing research.* To optimize sustainable pricing, companies need to understand consumer demand, preferences, and willingness to pay more for environmentally friendly products.

2. *Analyzing the production cost structure.* To set prices that objectively reflect the value of ecological goods, companies must understand the actual cost of their products, that can help them to include in the price all costs incurred in the production of an environmentally friendly product, the added value made by sustainable factors, and at the same time to generate profit. Understanding the specific cost structure of ecological products can also facilitate the development of measures aimed at reduction of costs, making ecological products more competitive in the market and increasing sales.

The main factors that influence on the formation of increased cost on environmentally friendly products:

- relatively small volume of product sales, which makes it impossible to reduce production costs through economies of scale in conditions of high specific fixed production costs;
- the high cost of agricultural raw materials, which is a consequence of cultivating organic food using organic farming methods (without pesticides, synthetic fertilizers, plant growth regulators, etc.), which requires great effort, creates high risks (in particular, due to low protection against harmful insects), and often leads to lower yields compared to traditional farming;
- the high cost of industrial components, as their production places additional demands on the organization of the production process and the creation of favorable working conditions. More attention is paid to environmental protection, which requires a transition to waste-free or low-waste processes, the use of renewable energy sources, additional costs for the installation of filters, waste recycling, etc.
- costs for processes related to certification of environmentally friendly products (audit, laboratory analysis) and regular quality control of raw materials and finished products;
- costs of environmentally responsible logistics, the use of more expensive recyclable or biodegradable packaging, and reduction of emissions during transportation;
- additional costs for marketing, information about the benefits of eco-products, and building trust in the brand;
- costs of research and development (R&D), including costs of creating environmentally friendly products, projects to minimize environmental pollution, which require investments in research, design, testing, etc.

3. *Price formation based on pricing methods that support business profitability while also considering environmental, social, and ethical impacts.* The main difference between the traditional approach to pricing and sustainable pricing lies in the goals, planning horizon, and factors considered (Table 1).

Table 1. The main differences between the traditional approach to pricing and sustainable pricing

Characteristic	Traditional economy	Sustainable economy
Target	Profit maximization Focus on costs, demand and competitors	• Balancing profit, ecology and social responsibility • Long-term business sustainability and profitability
Price basis	Direct and indirect production costs + profit	Full costs (including environmental costs) Perceived value of a product considering sustainability benefits.
Planning horizon	Short and medium term	Long-term
The role of the state	Limited intervention	Regulation through • taxation (carbon tax), sanctions, and fines; • subsidies, financial support for green technologies; • establishing mandatory environmental requirements, standards, and norms; • eco-product certification; • requirements for product information transparency and labeling (eco-labeling); • infrastructure development; • - implementing information policy, improving public literacy.
Focus of consumption	Stimulating sales growth	Product sustainability and rational consumption

Source: elaborated by the author

To improve the processes of price setting in a sustainable environment economy, it is recommended to apply the following pricing methods:

a. *Cost-based pricing*. The classic method is based on the price of the product and the company's costs of adhering to sustainable economic principles, including the costs of environmentally friendly materials, waste recycling, energy-efficient technologies, and social costs.

The main advantages of this method are ease of use, transparency for consumers, and accounting of all total costs.

The main disadvantages are that the prices established on the market and the value of the product for potential consumers are not considered.

b. *Value-based pricing*. Price is determined by the value of a product for consumers and society, determined by its environmental impact (use of eco-friendly raw materials, reduced CO₂ emissions, waste minimization) and social benefits [2]. Within this method, *premium pricing* can be applied for consumers willing to pay more for products with a high ESG profile.

The main advantages of this method are: the prospect of increased profits for the manufacturer if the product is in demand by the market, the ability to position the company as a premium or unique quality producer, and incentives for improved product quality to maximize sales. For consumers, the advantage of this method lies in the ability to pay only for the provided quality and demanded quality.

The main disadvantages of this method are the need to convince consumers of the high quality and environmental friendliness of the product; as well as potential problems in purchasing goods for consumers with lower incomes in the context of limited sales volumes.

c. *Life-cycle pricing* is an approach in which product pricing is formed and adjusted throughout the entire product lifecycle: from development and market launch to growth, maturity, and end-of-life stages. In a sustainable economy, this method considers not only financial costs but also environmental (minimizing environmental damage, reducing carbon footprint, waste-free recycling and disposal) costs, the possibility of transitioning to closed production and processing cycles, as well as social costs.

The main advantages of this method are a more accurate reflection of the product's real cost in its price, the possibility of a more detailed cost assessment considering the product's life cycle and the financing of appropriate measures to comply with environmental standards.

The main disadvantages of the method are the difficulty of predicting the duration of each stage of the life cycle, the corresponding costs, future demand, and the behavior of competitors.

d. *Differentiated pricing*. This is a strategy whereby a company sets different prices for the same product for different customer segments, goods, or consumption conditions. In the context of a sustainable economy, this model may set lower prices for socially vulnerable groups (pensioners, large families) and for "green" products, while higher prices are set for resource-intensive goods or goods whose production may cause polluting or other negative environmental impacts.

The main advantages of this method are the optimization of product sales among a wide range of consumers, the reduction of inequality in consumption, the provision of greater access to quality goods and services for different segments of the population, the stimulation of sustainable behavior, and the support of the transition to a sustainable economy.

The main disadvantages of this method include potential problems with pricing opacity for certain consumer groups, the threat of significantly inflated prices for solvent buyers, and, consequently, a decrease in trust in the company. Additional difficulties in implementing this method are determined by high operational costs associated with the need to collect data for specific target consumer groups, processing significant amounts of data and analytics, which requires the introduction of modern digital technologies into the pricing process.

e. *Dynamic pricing* is a method in which the price of a product or service changes in real time or with high frequency depending on supply, demand, customer behavior, environmental conditions and natural factors [10], requirements of market regulators regarding compliance with environmental and social standards, solving social problems, seasonality, and demand for "green" products and other factors.

The main advantages of the method are the ability to maximize profits by optimizing prices depending on changing market conditions and ESG factors, as well as ensuring more effective demand management.

The main disadvantages of the method are the low predictability of the company's pricing in the context of changing realities, which complicates planning for consumers and can destabilize demand.

5. *Informing customers* about the added value and environmental benefits of their products, justifying high prices for goods and promoting increased sales volumes.

CONCLUSIONS

The current development of the global economy, based on the increasing role of environmental, social, and governance (ESG) factors, requires a fundamental revision of approaches to pricing. Traditional pricing models focused on costs, demand, and competition are no longer relevant in the context of the transition to a sustainable economy. Therefore, improving pricing is becoming not only an economic but also an institutional challenge. Under current conditions, a key area for improving pricing is the integration of environmental and social costs into product prices, which requires consideration of factors such as environmental pollution, carbon emissions, natural resource depletion, climate challenges, and social impacts. Important factors determining improved

pricing include the development and modernization of pricing methods and strategies. In this regard, classical pricing methods such as cost-based pricing and value-based pricing are undergoing significant development. In the cost-based pricing, the main changes concern the cost structure and the specific impact of these costs on the established price, while in the value-based pricing the criteria for assessing the quality and premium status of a product are changing. A significant area of pricing improvement is the wider application of pricing methods such as differentiated pricing and dynamic pricing. These methods, based on product, market, and consumer differentiation, consider the dynamics of supply and demand, environmental and natural factors, and regulatory requirements, and use prices to stimulate demand for eco-friendly products, create new market segments, and maximize revenue. Modernizing pricing based on life-cycle pricing makes it possible to update prices throughout a product's entire life cycle, considering its reuse, recycling, and disposal potential.

Improving pricing is impossible without improving government regulation, which plays a key role in creating the necessary institutional environment through infrastructure development, appropriate tax policies, subsidies, standards and regulations, and product certification. Greater market transparency, eco-labeling, non-financial reporting by manufacturers and higher disclosure standards contribute to strengthening the trust of potential consumers and fostering sustainable consumer behavior. A significant factor in improving pricing is the wider adoption of modern digital technologies, which enable significant analytical work and consideration of multiple aspects, including environmental risks, supply chain sustainability, changes in consumer behavior, and other social and environmental factors, thereby increasing the adaptability of pricing decisions. In conclusion, it should be noted that pricing improvement in today's environment requires a comprehensive approach involving collaboration between business, government, and society. This will help create a more efficient, fair, and ESG-oriented sustainable economy capable of ensuring long-term development without compromising the well-being of future generations.

BIBLIOGRAPHY

1. Bagnyuk, D., 2024. Drivers and barriers to the development of environmental friendliness in the marketing positioning of food retail companies. *Sustainable Development Economics*. № 2(58). p.p. 332-337
2. Deloitte, 2024. Pricing for sustainability: linking sustainable principles with pricing strategies. A Middle East Point of View. Spring 2024.
3. D-fine, 2023. Sustainability Pricing. How companies can integrate sustainability in their pricing.
4. Gansert, S., 2023. Finding value for business with sustainable pricing. April 18th, 2023.
5. FiBL, IFOAM, 2026. The World of Organic Agriculture. Statistics & emerging trends
6. International Federation of Organic Agriculture Movements (IFOAM), 2008. Definition of Organic Agriculture. General Assembly, Vignola, Italy.
7. International Labour Organization, 2023. Achieving a just transition towards environmentally sustainable economies and societies for all. International Labour Conference 111th Session
8. Kotler, P., Keller, K., 2006. Marketing management. Prentice hall, Pearson. 12th ed.
9. PwC's, 2025. Voice of the Consumer Survey
10. Tekin, P., Erol, R., 2017. A New Dynamic Pricing Model for the Effective Sustainability of Perishable Product Life Cycle. In: Multidisciplinary Digital Publishing Institute. *Sustainability*. 9(8):1330
11. Tutaeva, L., Khalmirzaeva, A., 2025. Global trends in the implementation of a green economy. International scientific and practical conference "Environmental protection and scientific foundations of the "green" economy", April 4-5. p.p. 874-879