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A Study on Pricing Strategy and its Impact on Purchase Decision of Naga Products with Special Reference to Naga Limited, Dindigul

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ABSTRACT: Pricing is a technique to decide upon the value that a company attaches to its product or service. The objective of every firm is to maximize profits. Pricing is the instrument through which companies achieve the goal of profit maximization. Pricing is the single most important aspect that decides the future of the product in the market. According to Philip Kotler price is defined as Price is the amount of money charged for a product or service or the sum of the values that the consumers exchange for the benefits of having or using the product or service. The objective of the study is to analyze the pricing strategies towards pricing strategy and its impact on purchase decision of Naga Products with special reference to Naga Limited, Dindigul. The sample of the study is 120. Descriptive research design and convenience sampling method is used. Questionnaire is used as a primary data. Percentage analysis, chi-square analysis and correlation statistical tools have been applied. It is found that the majority of the respondents are agree towards the product price reflects the quality of the product. It is suggested that the company should regularly compare prices with competitors to remain competitive in the market. It is concluded that the results found indicate the importance of maintaining the focus of the pricing on the current and potential customers and not only on competitors. Thereby, the differentiation whether from new products and/or services and the value delivered to customers provides a more effective way to practice best pricing strategies, which will have a positive impact on companies' profit and competitiveness.

KEYWORDS: pricing strategy, purchase decision, product price, discounts offered, customer satisfaction

I. INTRODUCTION

Philip Kotler's Pricing Strategies, also known as the Nine Quality-Pricing Strategy, consists of a matrix of nine pricing options. The goal is the assist companies to position products based on their perceived place in the market relative to the competition. This model relates pricing to the quality delivered. A pricing strategy takes into account segments, ability to pay, market conditions, competitor actions, trade margins and input costs, amongst others. It is targeted at the defined customers and against competitors. Pricing strategies refer to the processes and methodologies businesses use to set prices for their products and services. If pricing is how much you charge for your products, then product pricing strategy is how you determine what that amount should be.

II. STATEMENT OF THE PROBLEM

A company's survival and profitability depends upon its pricing decisions, thus price is the only element in the marketing mix that produces revenue and thus ensures profit ability. Price adopted by a firm must be able to cover all cost in the long run as well as to leave a profit margin to reward management. But determining the price for a product is not an easy task now a days. For pricing to be effective, firms must incorporate all factors such as pricing objective of the firm, economic situation, level of competition and availability of close substitute. Moreover it has to be kept in mind such as brand image, brand trustiness, customer retention, capturing market share and etc. Hence in order to understand the customer behaviour and attitude towards the pricing strategy of the concern, the study is carried out.

III. OBJECTIVES OF THE STUDY

- To study the product price of the company
- To analyze the discounts offered by the company
- To examine the price compared to competitors of the company
- To assess the customer satisfaction towards the pricing of the company

IV. LITERATURE REVIEW

Niken Anggraini Savitri (2021) Pricing strategy is a method for retailers to compete in the market. The success of the strategy implementation depends on several factors, such as customer behavior, market competition, and retailer formats. Suppliers' existence is also important to consider in assessing the effectiveness of the retail pricing strategy, mainly when the strategy is analyzed from a supply chain perspective. This paper provides a review of the retail pricing strategy for supply chain. The review is focused to three factors that are prominent to retail pricing. They are retail price promotion, retail format, and customer preference. The price promotion strategy is highlighted here because this approach is frequently applied than the other pricing strategies known in literature. The result of this study informs the existing literature about pricing strategy at the retailer level. This study also confirms that there is still limited work in retail pricing strategy, which implements the supply chain point of view.

Bayad Jamal Ali (2021) The current study aimed to examine pricing strategies as a determining factor in influencing consumer behaviour. The present research applied quantitative research method via adapting questionnaire from academic sources. The sample size for the current study is 162 which gathered via random sampling method. The results show that Penetration Pricing has significant positive influence on consumer behaviour at 5% level. The results show that Price Skimming has significant positive influence on consumer behaviour at 5% level. The results show that marketing sharing sites has significant positive influence on consumer behaviour at 5% level. The results show that blog has significant positive influence on consumer behaviour at 5% level. The results show that Competitive Pricing has significant positive influence on consumer behaviour at 5% level. Moreover, all beta value is higher than .001. All models have very high adjusted R² indicating the ability of the models explaining the variation of consumer behaviour due to variation of independent variables is very high. The F-value shows that the explanatory variables are jointly statistically significant in the model and the Durbin-Watson (DW) statistics reveals that there is autocorrelation in the models.

Meijian Yang (2021) As an emerging business model, the sharing economy has gained a large amount of academic attention; the pricing problem in the sharing economy has also been widely investigated. Aiming to capture the current state-of-the-art research on pricing strategies in the sharing economy and foreseeing directions for future research, this article conducts a systematic literature review and content analysis of 158 articles from the Scopus and Web of Science databases. As a result, first, this review proposes an extended definition covering B2C and C2C models and a model structure covering the entire supply chain, based on which 158 articles are categorized into nine sub-models covering 30 scenarios. Second, the general characteristics (i.e., research fields, time and journal distributions, research themes and scenarios) and technical details (i.e., theories, methodologies, approaches, models, and conclusions) of the 158 articles are reviewed and summarized by the pricing party, business mode, and scenario. Finally, this review proposes some future research directions of existing scenarios from the perspectives of information asymmetry, market competition, and empirical approaches, and discusses some extensions, including uninvestigated scenarios and COVID-19-related topics; correspondingly, this review suggests some analytical models and empirical approaches that can be employed to fill these gaps.

V. METHODOLOGY

In this study, data was collected from 120 customers of the company. So, sample size of the study is 120. The samples were chosen randomly. The completion of the survey was made possible via a carefully constructed questionnaire. The data are analyzed using statistical procedures such as correlation, chi square analysis, and simple percentage analysis. For the study, both first-hand and second-hand in sequence are used. Primary data were gathered using a standardized questionnaire, and both quantitative and qualitative research questionnaires were used. Although the investigator created and analyzed the survey's questions, there was little control over who was selected to receive it. The survey was

carried out using a random sample technique. Secondary data was gathered from a range of public sources, including websites, case studies, and journals.

VI. LIMITATIONS OF THE STUDY

The study period is only few month, so there is time restraint to collect the data. The data was only collected from 120 customers. Hence it is not generalized. Some respondents did not provide proper answers to the questions. The present study has been limited to Dindigul only.

VII. RESULTS

Data analysis and interpretation

Table 1. Demographic Characteristics of Respondents

	Categories	Frequency	Percentage
Gender of the respondents	Male	83	69.2
	Female	37	30.8
Age of the respondents	Below 20	16	13.3
	21-30	61	50.8
	31-40	18	15.0
	41-50	16	13.3
	Above 50	9	7.5
Educational qualification of the respondents	Higher Secondary	17	12
	Graduate	47	39.2
	Post Graduate	26	21.7
	Diploma	6	5.0
	Others	24	20.0
Salary of the respondents	Below 10, 000/-	37	30.8
	10,000-20,000/-	49	40.8

	20,001- 30,000/-	26	21.7
	Above 30,000/-	8	6.7

Source: Primary data

The table above demonstrates that 69.2% of the respondents said that male, 50.8% of the respondents said that 21-30, 39.2% of the respondents have completed graduate and 40.8% of the respondents said that 10,000-20,000/-as their salary.

Table 2. Product Price

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
The product price is reasonable.	28 (23.3%)	42(35.0%)	26 (21.7%)	16(13.3%)	8 (6.7%)
The product price is affordable to customers.	43 (35.8%)	37(30.8%)	24 (20.0%)	7 (5.8%)	9 (7.5%)
The product price reflects the quality of the product.	32 (26.7%)	44(36.7%)	12 (10.0%)	7 (5.8%)	25 (20.8%)
The product price influences buying decisions.	11 (9.2%)	21(17.5%)	32 (26.7%)	27(22.5%)	29 (22%)
The product price is competitive in the market.	17 (12%)	34(28.3%)	39 (32.5%)	22(18.3%)	8 (6.7%)

Source: Primary data

The table above demonstrates that 35.0% of the respondents are agree towards the product price is reasonable, 35.8% of the respondents are strongly agree towards the product price is affordable to customers, 36.7% of the respondents are agree towards the product price reflects the quality of the product, 26.7% of the respondents are neither agree nor disagree towards the product price influences buying decisions and 32.5% of the respondents are neither agree nor disagree towards the product price is competitive in the market.

Table 3. Discounts Offered

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree

Discounts offered are attractive.	34 (28.3%)	47 (39.2%)	11 (9.2%)	9 (7.5%)	19 (15.8%)
Discounts offered increase product demand.	43 (35.8%)	34 (28.3%)	14 (11.7%)	8 (6.7%)	21 (17.5%)
Discounts offered encourage repeat purchase.	38 (31.7%)	31 (25.8%)	28 (23.3%)	12 (10.0%)	11 (9.2%)
Discounts offered are better than competitors.	43 (35.8%)	70 (58.3%)	4 (3.3%)	2 (1.7%)	1 (.8%)
Discounts offered are clearly communicated.	16 (13.3%)	31 (25.8%)	27 (22.5%)	11 (9.2%)	35 (29.2%)

Source: Primary data

The table above demonstrates that 39.2% of the respondents are agree towards the discounts offered are attractive, 35.8% of the respondents are strongly agree towards the discounts offered increase product demand, 31.7% of the respondents are strongly agree towards the discounts offered encourage repeat purchase, 58.3% of the respondents are agree towards the discounts offered are better than competitors and 25.8% of the respondents are agree towards the discounts offered are clearly communicated.

VIII. Chi-Square Analysis- Relationship between the Product Price and Customer Satisfaction

Null hypothesis (H₀):

There is no significant relationship between the Product Price and Customer Satisfaction.

Alternative hypothesis (H₁):

There is some significant relationship between the Product Price and Customer Satisfaction.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.416 ^a	14	.731
Likelihood Ratio	12.550	14	.562
Linear-by-Linear Association	5.095	1	.024
N of Valid Cases	120		

a. 21 cells (70.0%) have expected count less than 5. The minimum expected count is .31.

Interpretation: It may be deduced from the preceding table that 0.731 is the P value and that at the 5% (0.05) level of significance, it is noteworthy. The anticipated count is at least 0.31. Consequently, the null theory is acknowledged and it is found that there is some significant relationship between the Product Price and Customer Satisfaction.

Correlation Analysis- Relationship Between Discounts Offered and Customer Satisfaction

Correlations

		Discounts Offered	Customer Satisfaction
Discounts Offered	Pearson Correlation	1	-.247**
	Sig. (2-tailed)		.007
	N	120	120
Customer Satisfaction	Pearson Correlation	-.247**	1
	Sig. (2-tailed)	.007	
	N	120	120

Correlation is significant at the 0.01 level (2-tailed).

Interpretation: According to the table above, of the 120 responses, co-efficient of correlation between Discounts Offered and Customer Satisfaction is -0.247. It is below 1. So there is negative relationship between Discounts Offered and Customer Satisfaction.

IX. FINDINGS

It is found that it is found that 69.2% of the respondents said that male, 50.8% of the respondents said that 21-30, 39.2% of the respondents have completed graduate and 40.8% of the respondents said that 10,000-20,000/-as their salary. The majority 36.7% of the respondents are agree towards the product price reflects the quality of the product. The majority 58.3% of the respondents are agree towards the Discounts offered are better than competitors. There is some significant relationship between the Product Price and Customer Satisfaction. There is negative relationship between Discounts Offered and Customer Satisfaction.

X. DISCUSSION

- The company should continue evaluating market trends to ensure the product price remains reasonable for customers.
- The company needs to maintain affordability while balancing costs and profitability.
- The company should ensure that the pricing aligns with perceived quality and customer expectations.
- The company must monitor customer responses to price changes to understand its effect on purchase decisions.
- The company should regularly compare prices with competitors to remain competitive in the market.
- The company should design discount schemes that appeal to target customers and encourage purchases.
- The company must evaluate the impact of discounts to ensure they effectively boost product demand.
- The company should structure discounts in a way that motivates customers to return for future purchases.
- The company needs to monitor competitors' offers and adjust discount strategies to maintain an advantage.
- The company should ensure all discount information is clearly communicated through marketing channels for maximum customer awareness.

XI. CONCLUSION

In order to have a better performance than their competitors, companies should establish a set of superior resources, such as, abilities, skills and knowledge, because the role of the price fixing capacity as a way of effectively improving the company's performance is vital. Therefore, a more strategic approach to the companies' pricing process excels as a relevant element for the companies' better performance and for the construction of a possible source of competitive advantage. The profitability and cost effectiveness of the companies are highly attached to a pricing strategy that visualizes their internal capacities, skills and corporate advantages against their competitors while also considering their customer's needs or how much they are willing to pay. Setting lower prices could sacrifice profits because a greater sales volume may not compensate for a lower profit margin. Higher prices could also sacrifice profits because greater margins per unit may not compensate for a smaller sales volume. Thereby, the differentiation whether from new products and/or services and the value delivered to customers provides a more effective way to practice best pricing strategies, which will have a positive impact on companies' profit and competitiveness.

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