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A Study on Marketing and Pricing Strategy of Turbo Engineers Coimbatore

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I. INTRODUCTION OF THE STUDY

Price is the value attached to a product by consumers at some point in time. This means what consumers pay for a product or service or exchange something of value, usualls money for u bundle of satisfaction (Roller, 1999). Price is determined by the value that consumers perceive in the product. That value results from their perceptions of the total satisfaction provided by the product. Price of a product is associated with value, quality durability and performance (Stanton. 2000). Price must reflect the total cost of producing and marketing the product. For the consumer, price paid means a sacrifice of purchasing power. For the seller, price is a source of revenue and a determinant of profit. It is the revenue expectation of a sale. (Roller. 2000), further asserts that price is the marketing mix clement that produces revenue others produce cost.

Introduction to Pricing Strategies to Increase Sales

The pricing of any product is extremely complex and intense as it is a result of a number of calculations, research work, risk taking ability and understanding of the market and the consumers. The management of the company considers everything before they price a product, this everything includes the segment of the product, the ability of a consumer to pay for the products, the conditions of the market, action of the competitor, the production and the raw material cost or you can say the cost of manufacturing, and of course the margin or the profit margins.

Pricing Strategies Definition

The main aim of the management of every organization is to maximize profits by effectively getting the products of the shelf; let's define and explain this better.

Pricing strategy is a way of finding a competitive price of a product or a service. This strategy is combined with the other marketing pricing strategies that are the 4P strategy (products, price, place and promotion) economic patterns, competition, market demand and finally product characteristic. This strategy comprises of one of the most significant ingredients of the mix of marketing as it is focused on generating and increasing the revenue for an organization, which ultimately becomes profit making for the company. Understanding the market conditions and the unmet desires of the consumers along with the price that the consumer is willing to pay to fulfill his unmet desires is the ultimate way of gaining success in the pricing strategy of a product or a service.

STATEMENT OF THE PROBLEM

Price is the marketing-mix element that produces revenue, the other produces costs. Price is also one of the most flexible elements. It can be changed quickly, unlike product features and channel commitment. At the same, price competition is one of the most critical problems facing companies yet many companies and organization do not handle pricing well common mistakes usually made during pricing are; pricing is too cost oriented, price in the company is not revised often enough to capitalize on market changes; the company sets its price independent of other marketing mix rather than as an intrinsic element of market-positioning strategy.

OBJECTIVES OF THE STUDY

Primary objective

A Study on Marketing and Pricing Strategy of Turbo Engineers With Reference To Coimbatore

Secondary objectives

- Price Stability and Achieving Market Share in the firm
- To analyse the factors that influenced its effectiveness of marketing techniques.
- To Achieve Quality Leadership by Pricing in the automobiles

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- To study and analyse the distributors perception regarding the promotional and distributional strategies of Turbo Engineers, Coimbatore
- To examine a framework for effective goal-oriented pricing.
- To find out the major aspects and factors influencing the price decision

SCOPE OF THE STUDY

- Prevention of Competition and the necessary to analyse the factors that influenced its effectiveness of marketing techniques
- Increased Profits, before determining the price of the product, targets of pricing should be clearly stated.
- To provide the overview of the steps involved in effective price decision.
- To identify alternatives most appropriate for the pricing environment.
- To implement the selected strategies price structure and price levels have to be determined.

LIMITATIONS OF THE STUDY

- This study strictly examined the effect of pricing strategies on the performance of automobile industry in Coimbatore.
- A company may set a product price based on the cost plus formula and then be surprised when it finds that competitors are charging substantially different prices
- Imperfect Competition is one of the main limitations of price system.
- Public goods are goods which cannot be bought and sold in markets.
- Externalities also one of the main limitations of price system

II. REVIEW OF LITERATURE

(Kim, Vettera & Lee, 2017). Customer buy product on basis of its image, brand name, price and benefits exposed, whereas, in after consumption behaviour, customer finally consumes the product and then makes evaluation on quality achieved. When the post-purchase behaviour succeeds, customers are likely to repurchase that product and thus, customer becomes loyal to a certain brand. Although, it is not necessary that customers repeat their purchasing behaviour even if they are satisfied with the product.

(Ronald E., and Stephen J., 2018) Price is such a crucial factor and it takes thorough research of market, product and its demand to set the best price for desired outcome. Many pricing tactics were introduced to help this cause. Premium pricing and odd (Psychological) pricing are often known as the most widely practiced pricing strategies. Information regarding price sensitivity is tricky to obtain, but, since measuring price sensitivity frequently requires authentic buying experience in a test market or a controlled experiment. Thus, both managers and consumer theorists would like to gauge price sensitivity amongst customers as an individual differentiation variable so that they could use this construct to explain consumers along with other information such as demographics, lifestyle, and attitudes.

Brenner and Brenner (2019) suggest that this phenomenon is the result of a biological constraint, namely, consumers' limited capacity for storing directly accessible information. They suppose that consumers exposed to price information store only the more valuable parts of the message they receive, the first digits of a number. For example, when a price is $299, the digit 2 is more significant as information than the first 9, which in turn is more significant than the next 9. Thus consumers will recall that the price is $200, then maybe that it is $290, but rarely that it is $299. The reason offered for not rounding the three digits up to $300 is based on memory processing time (Gendall, Holdershaw and Garland).

Ginzberg (2020) was the first to provide a comparison of various price endings His study was carried out within the direct mail sector, but produced inconsistent results. Indeed, nine-ending prices occasionally outcome in an increase of sales when compared with zero ending, while no variation was observed with other pricing systems. It is still difficult to draw any conclusions on the real effectiveness of this type of pricing. indeed observed a higher amount of nine-ending prices in the commercial used throughout a sale than at other periods. Although the association's illumination is founded on viable and advertising practice, it is based on a simple connection, so it remains vague whether nine-ending prices or bargain sales can explain the increase in items sold.

(Indounas and Avlonitis, 2021) Premium pricing narrates as an elevated early price in order to conquer maximum immediate results. Its fundamental rule is to achieve the maximum potential value from each market segment, start with the premier value allotment and moving on the lower value ones. This approach is appropriate in the case of an pioneering, luxury, differentiated service, which conveys a prominent illustration and gives the customer the image of superiority.

(Ba and Pavlou, 2022) Price premiums may be viewed as reimbursement to merchant for endorsing

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trust by reducing business risks in an uncertain atmosphere. On the other hand, price discounts are viewed as compensation to buyers for demeanour higher than usual risk. Therefore, transactions concerning riskier products should result in superior price premiums for reputable sellers

III. RESEARCH METHODOLOGY

MEANING

It refers to the process used to collect information and data for the purpose of making business decision. The methodology may include publication research, interview, surveys and other research techniques, and could include both present and historical information.

DEFINITION

According to industrial research institute in research methodology, research always tries to search the given question systematically in our own way and find out all the answers till conclusion. If research does not work systematically on problem, there would be less possibility to find out the final result. For finding or exploring research questions, a researcher faces lot of problems that can be effectively resolved with using correct research methodology.

RESEARCH DESIGN

To make the research systemized the researcher has to adopted certain method. The method adopted by the researcher for completing the project is called research methodology. Research is a process in which the researcher wishes to find out the end result for a given problem and thus the solution helps in future course action. The research has been defined as "A careful investigation or enquire especially through search for new facts in any branch of knowledge". To give more additional to the old research new ones are conducted.

POPULATION

The aggregate elementary units in the survey are referred to as the population. Here it covers the survey on recruiting advertisement.

SAMPLING TECHNIQUES

A disproportionate stratified random sampling technique has been used in sampling

SAMPLING SIZE

A sample size is guaranteed to its temperament of information assortment. Information assortment depends on the essential information is 120 respondents are taken as the example for this investigation.

SOURCES OF DATA COLLECION

The following techniques were adopted for data collection.

- Primary data
- Secondary data

Primary data

Primary data was collected through face to face interviews while filling up questionnaires (120 respondents).

Secondary data

Relevant information was gathered from magazines, newspapers and project reports that formed the secondary data.

TOOLS USED FOR DATA COLLECTION:

- Simple percentage Analysis
- Chi-square analysis
- Correlation
- Anova
- Regression

STATISTICAL TOOLS USED

SIMPLE PERCENTAGEANALYSIS

In this project percentage analysis test was use. The percentage method is used to know the accurate percentage of the data we took. The following formula was used

$$\text{Percentage of respondents} = \frac{\text{No of respondents}}{\text{Total no of respondents}} \times 100$$

CHI-SQUARE ANALYSIS

The Chi- square test is one of the simplest and most wickedly used non-parametric tests in statistical work. The quantity x^2 describes the magnitude at the discrepancy between theory and observation.

Chi – square test

$$x^2 = \sum \frac{(O - E)^2}{E}$$

O = Observed Frequency, E = Expected Frequency

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In generated expected frequency for any cell can be calculated from the following equation.

$$E = \frac{RT^* CT}{N}$$

E = Expected frequencies, RT = The Row Total for the Row containing the cell
CT = The Column Total for the Column containing the cell
N = The total number of observation.

The calculated value at Chi-square. Is compacted with the table value x^2 given degrees of freedom at a creation specific level of significance. If at the stated level the calculated value x^2 is more than the table value of x^2, the difference between to be significant, otherwise it is insignificant.

CORRELATION

Correlation is computed into what is known as the correlation coefficient, which ranges between -1 and +1. Perfect positive correlation (a correlation co-efficient of +1) implies that as one security moves, either up or down, the other security will move in lockstep, in the same direction. Alternatively, perfect negative correlation means that if one security moves in either direction the security that is perfectly negatively correlated will move in the opposite direction. If the correlation is 0, the movements of the securities are said to have no correlation; they are completely random.

$$r = \frac{\sum XY}{\sqrt{(\sum X^2)(\sum Y^2)}}$$

ANOVA

Appraisal of progress, or ANOVA, is a solid certified method that is utilized to show capability between at any rate two systems or parts through importance tests. It likewise shows us an approach to manage make various appraisals a few group induces. The Anova test is performed by seeing two sorts of grouping, the variety between the model derives, comparatively as the combination inside the entirety of the models. Under alluded to equation watches out for one way Anova test encounters:

$$F = \frac{MST}{MSE}$$

REGRESSION

In statistical modeling, regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables (or 'predictors'). More specifically, regression analysis helps one understand how the typical value of the dependent variable (or 'criterion variable') changes when any one of the independent variables is varied, while the other independent variables are held fixed. Most commonly, regression analysis estimates the conditional expectation of the dependent variable given the independent variables – that is, the average value of the dependent variable when the independent variables are fixed. Less commonly, the focus is on a quantile, or other location parameter of the conditional distribution of the dependent variable given the independent variables. In all cases, the estimation target is a function of the independent variables called the regression function.

$$\gamma = \frac{N\sum xy - (\sum x)(\sum y)}{\sqrt{[N\sum x^2 - (\sum x)^2][N\sum y^2 - (\sum y)^2]}}$$

IV. SUGGESTIONS

(i) Firms in automobile sector in Coimbatore should adapt more diverse pricing strategies such as discounts and allowances pricing and premium pricing instead of concentrating on just a few pricing strategies based on costs. A more diverse pricing strategy will help them cope with unexpected changes from the marketing environment for example changes in government policies or changes in prices of competitor's products.

(ii) From the study it is apparent that manufacturers of automobiles experience a big challenge in form of tax payments to the government. It is recommended that the firms should join an association from where they can negotiate for reasonable taxes from the tax authorities.

(iii) Pricing is a critical element in every marketing plan because it is directly connected to a company's revenue and profit goals. To effectively design and manage pricing strategies, a marketing department is essential. From the study, it has been established that some of the firms do not have a marketing department. It is therefore recommended that such firms should establish marketing departments to achieve effectiveness in pricing. A marketing department will help such firms make better choices in regard to the choice of pricing strategies.

V. CONCLUSION

The pricing strategies adopted by manufacturers of automobiles to u very large extent include 'ensure that pricing policy blends well with product value, ensure that the price of the product is in line with the market price and sell on credit to promote sales". It can be concluded that manufacturers of automobiles price products according to product value as well as according to the prevailing market price in order to remain competitive. They also sell on credit in order to promote sales and maintain customers.

The pricing strategies adopted by automotive sector to a large extent include attach importance to the distinctiveness of the company brand in its pricing and add a percentage mark-up on price in order to remain profitable". In conclusion it can be argued that most automobile sector practice mark-up pricing in order to remain profitable as well as recover costs. Most manufacturers of automobiles also consider brand distinctiveness in their pricing strategies.

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