

# The pricing strategies of hindustan coca cola beverage marketing essay



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The most important module of a business is pricing which is used as a financial performance. Organizations have to deal with variety of problems regarding pricing such as redundant discounts and quoting low prices. To develop business and financial performance pricing has to be improved as it is the most strategic ways of developing. For an enhanced pricing there are various factors that need to be considered, globalization of business organizations and product propagation and consumer segments have led to intricacy in achieving most advantageous pricing. Patrons have amplified right of entry to pricing-related market facts and to a larger expertise possessions to course this information. Thus, customers have a high rank of pricing precision which gives them rewards comparative to vendors in acquire processes. As there is a vast improvement in technology mainly internet has increased the amount of budding vendors, circulation channels. The production has exponentially improved the amount of price details that companies must follow in order to make sure their contributions are priced with competitiveness. Extensive acceptance of venture applications, such as ERP, CRM and supply chain management, systems has formed a significant quantity of enterprise information that includes data about single deal transactions. To improve the strategy of pricing organizations need to cumulative and use this raw information. To improve the productivity using lesser expenditure companies use ERP, CRM and SCM software products. Though these products have become more popular and are widely adopted by the companies and they are experiencing withdrawing returns from supplementary investments in these technologies. Therefore the

organizations who are looking for improving their economic outcome are trying new ways.

Failure leads to produce pricing problem, the factors that take account of pricing problems are restricted visibility in the concise price and concise margin. The concise price is a assess of the effectual price paid by the purchaser in a meticulous deal after accounting for all applicable discounts, promotions, repayments and payments. The pocket scope is a assess of the effectiveness of a meticulous transaction determined after subtracting undeviating manufactured goods expenditure and other expenditure recognized to a purchaser from the pocket cost. Organizations can be able to face challenges in formative of the pocket cost and pocket margin of their products due need of appropriate admittance to applicable data. With no precise inspection of the pocket cost and pocket margin it is not easy for business to conclude the revenue involvement of products, purchasers or individual dealings. In addition most of the organizations are unconscious of trends in pocket costs and pocket margin. Due to this consequence they have complicatedness in determining the financial collision of altering prices, optimizing contemporary prices or forecasting potential prices (Pricing, 2007).

The latent for business and economic enhancement from pricing software solutions has produced increasing focal point on addressing the pricing difficulty in the course of pricing and margin optimization of software products. A wide-ranging pricing software solution be supposed to supply the following factors:

Pricing Analytics: The capacity to scrutinize market and past information to give price impending that might be or else tough to make out.

Pricing Execution: The capability to proliferate pricing resolutions to either customers or to one more project function, such as CRM or ERP application, in order to propose forefront retailing's and representatives user-friendly guidelines that help them in estimating a lucrative price.

Pricing Optimization: The ability to establish and estimate the pricing sensitivity of a product or market subdivision and to produce most favorable pricing is to accomplish industrial ambitions such as increasing the margin.

A most important contributor of pricing and income optimization solutions must also be capable to put into action and prop up these systems on a worldwide basis transversely numerous organizations and in complex and shifting the organization surroundings.

Coca-cola the company with the world wide leading soft drink established in 1886, After 16 years they returned to India and gave Thumbs up to the market of soft drink. The manufacturing of the cola started in 1830. During early days the business was seasonal and it was only during summer season. Slowly, as the demand for soft drinks grew and started consuming at home. Latest expertise helped the company to meet demands of the consumer which gradually increased the availability of the product.

Pricing means fixing an amount of money for products and services which a seller wants to sell in market. This has been an important in marketing instrument in wholesale and retail business. Where pricing and price

promotion played greater role in retail marketing than in the wholesale marketing. Price reductions are majorly based on belief and perception on the part of the retailer than on realities and knowledge about its results that influences pricing category which is very important in today's marketing world. Where as oriented pricing means demand based pricing where it has got the power to influence the marketing sectors and even the customers.

Pricing decisions are considered as a critical factor in the development of marketing strategies. Before taking any kind of decision on pricing factor Hindustan Coca Cola beverage private limited need to focus on the following factors. Internal and external factors these factors largely affect the pricing at the time of decision making (Pricing, 2009).

Internal factors: Internal factors like organizations strategies, its objectives, costs and categorization of costs, cost-cutting measure levels, price growth, and finally cost of applying different pricing methods. Internal costs like variable, fixed and total costs need to be analyzed before making any sort of pricing decisions. These all need to be analyzed while making any sort of decision on Hindustan Coca Cola beverage products.

External factors: Major impact of price will come from external factors. Demand and sales are prior among other factors. Supply and demand are two fundamental theories in relation to price and volume. Recognizing of customers need to be done according to their types like industrial and individual customers. Competitive environment effect on competitive movements, level of market concentration, legal factors, rules and regulations of consumer pricing, negotiation peripherals, price to quality and

demand relationships etc need to be considered while taking pricing related decisions.

**Pricing purposes:** Goals and objectives of organization in concern with pricing purposes and objectives will allow developing the chances within the marketplace.

**Strategies:** After setting pricing purposes and objectives the next thing which organization needs to concentrate is how the objectives will be achieved.

Divisions and differential strategies of pricing in analyzing how to develop a competitive position along with product line pricing. There are other strategies related to pricing like dynamic strategy, channel pricing etc which can be utilized while making pricing decision.

**Determination of pricing:** Following step after pricing strategy is improvement of pricing structure by using the foregoing theories. There is need for determination of price levels with the help of optimization techniques, basic decision methods, simulation theories, adjustments in prices, concessions, competitive bidding etc.

**Tactics against pricing strategies:** This is a factor where future term pricing structures and levels are compared with present and short term tactical decisions of pricing. In which customer and promotions of retail trade in included.

**Future:** Pricing is going to become as a crucial decision in future for many reasons, problems like customization, technological growth, international and channel pricing will also play a vital role in organizational decision

making related to pricing (Pricing, 2009). There are other factors like market demand, standards of industry, profits, organizations experience, customer to whom it is being made or offered etc also need to be analyzed while fixing price for products and services. So it can be said that Hindustan Coca Cola limited that every time following formula kind of policies does not when it is concerned for pricing. There is need to look out for market realities and generation of profits while making pricing decisions.

Hindustan coca cola private ltd needs to involve itself in considering various factors which may have various pricing practices. There won't be a perfect model which will suite to pricing decision completely. But the following is one model which can provide some backup for coca cola products. But there is no assurance but this model is used to break pricing strategy into manageable tasks that are gathered together at the final stages of marketing strategy. Presetting objectives of pricing, assess price-product correlation, forecast costs and limitations of price, examine profit prospective, prepare preliminary price structure and modify price according to the requirements are some of the elements which are to be considered while pricing products. Price maker will have a lot of load while preparing price for the product. Because there are more other things which are involved in pricing decisions like distribution channels, demand, competition in the market, uneven products, business circumstances etc would decide the failure or success of coca cola product or Hindustan limited business (J Paul Peter & James H Donnelly, 2004). There is need for managers to continuously reviewing the strategies of pricing which has been because Hindustan Company's products are in a market where there are high

volumes of competition from other organizations. It is needed to concentrate on ways from which income will be created then only products can manage in balancing costs and revenues, where price product mechanism will help to bring money into organizations. Increasing profitability, increase in sales, gaining market share, promoting quality etc would help in fixing will be discussed in dissertation in detail.

Like any other company which has successfully undergone a century of survival, the Hindustan Coca Cola company has to continue extremely assured while considering the pricing strategy. The Coca Cola company has the privilege of being a worth competitor that constantly drives it to be as a smarter, more rapidly and better company in adopting the pricing strategies. If they are to be more successful then they need to be sharper. If this company does not exist then the other companies would have invented such a strategy. The relationship among the Pepsi and the Coca Cola companies are healthy each having corporation among them. Throughout many years the Coca Cola Company has been trying to adopt the pricing decisions for reaching the main goal that has to be withstanding as a greater shareholder value. The solid presence of Pepsi and Coke in India has introduced the new bottles with new marketing strategies.

In order to reach the market shares Pepsi has began dropping the prices even in the summer season. There after, the Coca Cola Company has decided to drop the prices to some extent but it has focused on the lowered price point of its new smaller containers. Hence the company has planned to use the reduced price point in order to penetrate into the new cities where the prices are sensitive. The company in corporation with Pepsi has decided <https://assignbuster.com/the-pricing-strategies-of-hindustan-coca-cola-beverage-marketing-essay/>

to adopt the low pricing strategy in the twenty-first century. For planning its successful programs according to the various seasons and meeting the specific customer segments there are wide variety of pricing strategies that can be adopted by the Coca Cola Company:

**Competition-Oriented Pricing:** An Organization like Coca Cola Company can choose the prices mainly on the basis of the surrounded competitors instead of its demand and its costs. It can also charge similar to that of the competitor which could be a lower price or higher price. These are called as the imitative pricing or the going-rate pricing. The reason for adopting the imitative pricing is more attractive because it is unpredictable for competitors and the buyers when there are price differentials. If the product is more homogenous then the going-rate price is likely to be employed. If the company dares to charge higher than the going rate pricing then it may virtually attract no customers and decide to price less charges unnecessarily.

**Customer Segment Pricing:** With such pricing strategy, various groups of customers are charged with different prices in order to acknowledge the differences in their enthusiasm or their ability to pay. According to the segmentation of the customers the prices are being charged differently, in such condition another customer pricing strategy is according to the group sales (Philip Kotler and Joanne Scheff, 1996).

The best method to evaluate and to move forward is concentrating on the customer values by adopting the value based pricing approach for customers in order to gain solutions for the organization. Value based pricing for the customer is the main transformation for the Coca Cola Company. There is an

impact of the Coca Cola's business along with the entire partner and the value cycle with their customers in order to address the concerned areas and add value ahead of their beverage products. Basically the customers of this company are located internationally along with the restaurants, retailers and other independent businesses. To create a customer value they need to work with them equally to generate mutual benefits. The company serves the customers with the help of management teams, offering services and other supportive modifications to reach their needs. The customers of the company look forward to lower the costs, enhance the sales and profits and convey better quality products to the customers. So they work to generate additional value for their customers by predicting their interests and demands and proactively supply the feasible solutions for its businesses.

The company works with the customers to enhance the supply chain management and shopper marketing and to accelerate its innovation to offer superior beverage selections to each and every customer on their every shopping trip. These programs which increases the customer value and understands their shopper needs preferences, drives and migrating from the profitable link to mutual and multifunctional company relationships. The company also provides support to the smaller customers to assist their businesses profitable and more efficient. The company is totally based on the market based and value based pricing. The value based pricing totally related to the customer value, where the customers are quoted with different prices depending on the product value. Here the customers are the main drivers for price. Traditionally, the value based pricing is considered as the usage of methodologies like customer surveys, conjoint analysis and

focus groups in order to evaluate how the customers value is dependent on the products and then it is used to find the price. Such kind of value based pricing is utilized most often for the consumer goods, mainly when the new products are brought up. Hence the company focuses on adding the value their customers, by carrying out the superior services. Coca Cola sets and observes the quantitative targets in order to enhance the customer satisfaction. In order to gain the customers perception, the company has to hold the regular feedback on the products that are held with company's employees and the customers (Robert Lewis Phillips, 2005).

Following are the factors that the Coca Cola Company has to consider for determining the pricing strategies:

**Costs:** For gaining a profitable business, the company has to make sure that the products are priced higher than their average costs. It can be acceptable in the short term periods where the price is below the total costs if this value exceeds the marginal cost, so that the deal still produces the optimistic contribution to the fixed costs.

**Competitors:** Any price can be set by the company, if its business is the monopoly in the market. On the other hand, if the organization works under the perfect competition conditions then it the company has no other choice and should accept the market price. The real price is somewhere between them. In such conditions the chosen price must be very carefully regarded as the relative to those of the intense competitors.

**Customers:** There must be considerations on the customer expectations on the price and must be addressed. Preferably, any business must attempt to <https://assignbuster.com/the-pricing-strategies-of-hindustan-coca-cola-beverage-marketing-essay/>

enumerate its demand curve to evaluate the sales volume that can be achieved through the given prices.

Business objective: The probable pricing objectives incorporate to exploit the profits, to reach the given targets on the investments and to go with competition instead of leading the market.

For a competitive strategy pricing is considered as the main element for the company. Eventually, companies participate on price as the customers assess the amount they spend in relation to the benefits they entertain. The demand for the company's product is based on its own prices and also on the prices provided by the competitors. According to this the company's strategic pricing choices must evaluate the pricing strategies of the competitors.

In order to examine the transformation of the competitive advantage in the market outcomes, the competitive advantage is useful to observe the situations existing among the two competitors. Suppose companies set the same cost for the similar products, provide services to the same customers and the also have the similar level of transaction costs. Hence in such kind of conditions there is a possibility of price war may arise.

For a competitive deal among the economists, break even pricing play a major role. With the help- of break even pricing, every business earns the revenues which covers all their economical costs. There is a possibility of the customers to deal with the prices that can be fallen according to the costs.

Such break even pricing is very useful in times of research and development or increasing the production capacity so as to enhance new products.

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Whereas the price wars are not rare as there are many factors in the competitive markets which attenuates the pricing competition, concerning a positive economic results to the competitors. Hence such results attract the new units into the market and enhancing the innovations.

Research methodology is an approach to resolve solution to the realistic and rational problems through scientific research or approach. The research methodology is a process of data collection and data analysis in to order to increase the scope of understanding a selected strategy. This methodology is a process that has been classified into different categories based on the adopted approach of research. All these methodologies of research are dependent on the collected data or information regarding any organization or phenomenon and its analysis. Depending on the type of approach and choose task or organization the research methodology differs. Some of the important research methodologies adopted for utmost results in research are qualitative and quantitative research methodologies. In the following section different research methodologies are determined and the best methodology that has to be adapted to gather the data or information for Coca-Cola.

**Qualitative Research Methodology:** Qualitative Research methodology is type of research approach that consists of an investigation which looks for the solutions. This approach uses predefined systematic set practices to acquire the answers for the question or problems posted. This approach also helps in the collection of evidences, findings are produced which are not dogged in advance. The findings which are appropriate beyond the instantaneous boundaries of the study are produced in this approach. It also give way to recognize the given problem or aspect from the perception of local

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strategies. It is very effective in acquiring information especially culturally precise information about the opinions, values, social contexts and values of particular local strategies.

The strengths of qualitative research methodology is its capability to present intricate textual descriptions of the experiences in the given research issue. It also provides the human side of an aspect which includes the frequent conflicting behaviors of, opinions, beliefs, relationships and emotions of the individuals. They are also efficient in classifying socioeconomic status, social norms, traditions, gender roles and religion which are known to be the intangible factors in the research methodology and are not readily evident. Gaining a affluent and intricate understanding of a definite social context or phenomenon usually takes precedence over extracting data can be generalized to other geographical area or populations though the findings from the qualitative data can frequently be comprehended to people similar characteristics to those of the study population. In this phenomenon the qualitative research varies slightly from the scientific research methodology.

Quantitative Research Methodology is an approach of social sciences like time, cost, resources, etc., are considered. For many of the research proposals adopts the most tangible research methodology i. e., Quantitative Research Methodology. Quantitative research methodology includes many of the approaches such as interviews surveys and experimental modes of inquiry. This research approach seeks the confirmation of the hypotheses about the phenomenon adopting the general framework. The instrument used in this approach uses more firm style of extracting and categorizing responses to questions. Quantitative research uses highly structured

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methods such as surveys questionnaires and structured observation. The quantitative research is mostly concerned with the research problems and their outcomes whose results are depicted and evaluated in terms of figures. This process carries out the inquiry on the notorious problems by considering the less number of variables. This process is conducted based on the theories that can be examined and involves the variables. The quantitative research methodology involves surveys, interviews and various modes of inquiry.

In this phenomenon of knowing about the Coca-Cola pricing strategy the adopted quantitative research method is the survey of the employees and different stakeholders of the chosen organization i. e., Coca-Cola. The survey research methodology provides the numeric description of the attitudes, trends or opinions of the customers of the organization. The research takes a broad view on the customers with the approach of experimental interviews. The vital intent of an experimental survey is to test the impact of a behavior on an outcome by controlling all other issues which might manipulate the outcome of the problem. Survey methods can be classified into many ways depending on the size and type of sample data collected. The survey methods are classified by the methods of data collection like telephonic interviews, mail, and in-person interviews surveys which are the most common strategies.

Mail surveys are considered to be relatively low in cost. As of with other surveys, troubles exist in their usage when inadequate data or the insufficient consideration is given to obtain the high levels of cooperation.

These are surveys are considered to be more effective as they are targeted  
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to particular groups, such as the consumers of Coca-Cola and other beverages. Telephonic interviews are competent process of collecting some sort of information which is being ever more used. These lend themselves mostly well to the strategies where time and length of the survey are considered as the major factors. In-person interviews in an office or respondent's place are much more effective and cost consuming than the mail and telephonic surveys. But this process is necessary process has to be followed when there is need to gather the complex and effective information from the consumers. Surveys are further classified in by the content of the information some of which focus on attitudes and opinions while others are concerned with behaviors and accurate characteristics. Many of the surveys consist of the combination of both type questions. Consumers may be asked if they have heard about an issue or the aspect of the research strategy, how they are aware of it their opinion how they feel about the pricing effects of the beverages and how their consumption has been reduced with the increase of the price. The questions that are posted in the survey methodology should be closed-ended questions. For example why do they approve or disapprove are posted on the survey. The surveyors may ask the consumers regarding the products of Coca-Cola and its by-products regarding their quality and pricing variations and has to be analyzed according to the categories they belong to like the gender, age and their occupational status. The approach posting the questions of the surveyor can greatly affect the outcome of the survey conducted. For example in one of the survey the two similar questions were asked with very different results. The questionnaire may be very concise in which some of them take more time and it might be quite long. It is unproductive to categorize and

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approach a great national sample for only few objects of information so it is important to consider the best way of survey (John W. Creswell, 2003).

In this proposal I have adopted the quantitative research methodology comprising of the survey of the consumers who are using the Coca-Cola beverages. The survey has to be conducted in accordance with the availability of the consumers regarding the pricing strategies of the products in India. With the help of this survey research methodology different aspects and the attitudes of the consumers towards the product and their pricing strategies can be known easily.

## **Decisions about Data Collection Methods**

Data collection methods will focus on the situations in which researcher will search for data on options that are outside the researchers routine and on the learning brought by both planned and unintentional narrative behavior. It is necessary to know the relationship between research questions and data collection methods. There is a need to emphasize methods which will be used in collecting data don't actually resemble or follow any kind of logical deductions from research questions. It is required to analyze the sources by the researcher before translating their research questions into interview or survey questions. This is one type of defining logical view of relation among data and theory, but there is no such way to technically translate questions. Sources or methods are the ways to find answers for research questions, but also on the real research circumstances and on what exactly will work most effectively in that kind of circumstances to provide researcher the data which needed.

For instance it is needed for Coca Cola Company to draw fair and direct from their research questions draw out a consistent, minimum set of beliefs and practices that basically assured the things they had previously read about its products. Research questions must enable researcher and people to understand the purpose for which question has been framed for. Creativity needs to be used while preparing research questions, than the mechanical conversion of the questions into an interview schedule and observational programs will work in real time. Lack of observation about the relationship between questions and methods also grasps for scrutinize the data collection methods. It also needed to identify what exactly researcher want to know, by using some kind observational methods and should test it prior to the research to determine whether it will collect information. From this proposal it is clear that data collection methods or strategies will possibly go during a time of revision and focus. This will be done even if company has used a designed study to carry the research which will allow offering the needed data to answer research questions and to address any plausible validity risks to the given answers. After collecting data there is a need for analyzing of data collected. The search team will analyze by calculating response rate of interviewers depending each type of question. In dissertation analysis of data collected will be discussed in detail. As it is important to select data collection methods it is the duty of the researcher to analyze the data to which extent the collected data will be used for their business. In this proposal survey method has been chosen to collect data for the dissertation (Joseph Alex Maxwell, 2005).

## Conclusions

This proposal is based on the Coca-cola beverage private limited here I have discussed that pricing is the main factor while dealing with financial performances as it has to be improved for developing the business.

Applications such as Enterprise resource planning or customer management or supply chain management are used to deal with single transactions.

Failure leads to produce pricing problem, the factors that take account of pricing problems are restricted visibility in the concise price and concise margin. The market opportunity for business and economic enhancement form pricing software solutions has produced increasing focal point on addressing the pricing difficulty in the course of pricing and margin optimization of software products

Pricing decisions are considered as a critical factor in the development of marketing strategies. Internal factors like organization strategies, variable, fixed and total costs need to be analyzed before making any sorts of pricing decisions. Major impact of price will come from external factors. Recognizing of customers need to be done according to their types like industrial and individual customers. After setting pricing purposes and objectives the next thing which organization needs to concentrate is how the objectives will be achieved. There is a need to emphasize methods which will be used in collecting data don't actually resemble or follow any kind of logical deductions from research questions. It is required to analyze the sources by the researcher before translating their research questions into interview or survey questions. Research methodology consists of quantitative and qualitative research methods. In this proposal the adopted strategy is

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quantitative research method, this consists of interviews, surveys various modes of inquiry. In this proposal I have adopted survey research methodology which consists of in-person interviews, telephonic interviews and mails. The consumers of the Coca-cola products are surveyed with the help of survey research design plan.