EVALUATING PRICING STRATEGIES OF MULTINATIONAL COMPANIES IN INDIA'S MANUFACTURING INDUSTRY

by

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Dedication

This project is dedicated to my wife Mrs. Ranjini Ajith and daughter, Ms. Aarthi Ajith without whose motivation and encouragement it would have been difficult to complete this thesis.

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ABSTRACT

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The Indian market offers enormous opportunities for multinational players - a large population, the growing middle class, increasing income levels and aspirational value for world class brands. The study evaluates the pricing strategies employed by multinational companies (MNCs) in the manufacturing industry in India, utilizing a mixed-method approach to gain comprehensive insights. As India continues to emerge as a significant player in the global manufacturing landscape, understanding the pricing dynamics is crucial for both academic and practical applications. The research combines quantitative analysis of pricing data from various MNCs with qualitative interviews of industry experts and company executives. The quantitative components involve statistical analysis of pricing models, market share, and consumer behavior, allowing for the identification of

prevalent pricing strategies such as cost-plus pricing, value-based pricing and competitive pricing. The qualitative component enriches these findings by providing contextual understanding of how cultural, economics, and regulatory factors influence pricing decisions.

Preliminary results indicate that MNCs often adapt their global pricing strategies to align with local market conditions while balancing profitability and competitiveness. The study highlights the significance of consumer perceptions and competitive positioning in shaping pricing strategies. Ultimately, this research aims to contribute to the existing literature on pricing strategies in emerging markets and provide actionable insights for multinational companies operating in Indian’s manufacturing sector.

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INTRODUCTION

1.1 Introduction

The economic reforms and influx of foreign investment by multinational companies have changed the market dynamics in India over the past two decades. Multinational companies have extended their business operations across the globe and adopted different pricing strategies across geographies.

Selling strategies for a multinational company are contingent on the multiple dimensions of the environment, including economic, political, cultural, and geographic concentration or fragmentation that managers confront in different regions around the world. Marketing managers, therefore, are challenged with forming appropriate pricing policies for a multiplicity of different markets within one overarching firm and brand (Anand et al., 2021).

Pricing represents a strategic aspect of a multinational firm's marketing ideology. Therefore, immense interest in this chapter motivates researchers, academicians, and company managers to understand the theories and practices of pricing. This intense interest warrants that academia, as well as private practitioners who think of a price concept based on social organization to join in the pricing discussion. This research intends to meet those intellectual gaps between academia and industry in the context of multinational companies selling manufactured goods in the emerging economies market in India (Godil et al., 2021; Shahzad et al., 2021).

The new economic policy launched by the Indian Government in 1991 was based on Liberalization, Privatization and Globalization (Ravan, 2014). After following a somewhat restrictive policy towards FDI (Foreign Direct Investment), India liberalized her policy regime considerably since 1991 (Kumar, 2005). The liberalization policy and pro-private Government approach encouraged foreign direct investment. As a result, many global companies entered the Indian market eyeing to get a toehold in the world's largest democracy. Over the years, the business reasons drawing multinationals to India have evolved, and based on their market focus, MNCs can be grouped into three distinct categories: those that look on India as an end market, treat it as a center for back-office functions, or as a global business hub (including for exports).

Many multinational companies have succeeded in the Indian market e.g., Hindustan Unilever, ABB, Hyundai Motor Co. and on the other side many have struggled to get it right in India. These include big names such as Fiat, Sony, Ford Motor Co. In contrast, Korean companies have been very successful even though sometimes they entered India as many as ten years later than their rivals from other countries.

Although some attempts at liberalization were made in 1966 and the early 1980s, a more thorough liberalization was initiated in 1991 (Bajaj, 2016). Since 1991 India has adopted many reforms, specific changes included reducing import tariffs, deregulating markets, and reducing taxes. As a result, developed nations have started preferring Indian market for their investment for the purpose of achieving profit and extending their market. Many sectors which were being run earlier as public enterprises have been transferred to private sector. Indian economy opened for all foreign investors and MNC's (Bajaj, 2016)

The Indian market offered enormous opportunities for multinational players - a large population, the growing middle class, increasing income levels and aspirational value for world class brands. The need to grow along with the attractive FDI policy of the Indian Government encouraged multinational companies to enter the Indian market. A Bain analysis reveals two salient facts: Between 1991 and 2012, the number of MNCs in India more than quadrupled. And over 20 years, total MNC revenue grew at a compound annual rate of 18%, faster than the overall economy (Ojha, 2016).

India can be characterized as a country where laws are in place and regulations are continuously updated. Thus, in India, an individual's market behavior can be characterized as oriented to reduce risk and choose maximization alternatives that are in line with the legal structure. Objectives and processes are being proposed to develop pricing strategies for a non-standard product in the manufacturing sector. This will help the dealers market their products more efficiently.

Despite the Indian economy being very distinctive, it is a matter of fact that an increasing number of multinational companies in the manufacturing industry are now coming to India. As developing a successful targeting strategy is essential, there is a need for further research to back the role of commitment in triggering such an inner strategic adaptation process. Current research has identified that multinational companies follow three types of pricing strategies for their products. They are cost-oriented pricing, competitor-oriented pricing, and consumer-oriented pricing. Moreover, the alignment between the pricing strategy of a company and its positioning strategy is considered a source of competitive advantage, but in the context of the manufacturing industry, positioning strategies are underpinned by cost leadership and differentiation (Falahat et al., 2020).

When a firm decides to enter a specific country, it must define the best mode to do so and has many market entry strategies available such as direct exporting, indirect exporting, joint ventures, direct investment, or Mergers & Acquisitions (Dinu, 2018).

Successful implementation of the international exchange requires figuring out what is the most appropriate market entry strategy for it and understanding of environmental forces, enterprise capacity, and marketing mix activities with healthy respect for competitor reactions (Michalski 2012).

To achieve success in a foreign country, it is necessary to consider international issues and repercussions and make decisions based on answers to such questions as these: (i) How the product fits into the foreign market? (ii) What marketing adjustments are necessary? (iii) What threats from international competition should be expected? (iv) How can we work with these threats to turn them into opportunities? If all these issues are integrated into each decision made by marketers, foreign markets can become a source of growth, profit, needs satisfaction, and quality of life that would not have existed for them, had they limited themselves to domestic activities (Michalski, 2015).

Some of the key factors which help multinational companies win in India are:

Firstly, make a bold long-term commitment to India. E.g., ABB Ltd. explicitly made India a top priority and ensured that senior global heads held active positions in the Indian board to facilitate faster decision-making (Ojha, 2016).

Secondly, tailor the offerings to suit the needs of Indian consumers. E.g., when Hyundai entered the Indian marketplace, it dedicated an India-specific team to understand the country's context. It realized there was a huge market for an alternative to the Maruti 800 and changed the market-entry vehicle from the Accent to the Sandro. The Korean car maker introduced local modifications such as higher ground clearance and replaced angular lines with rounded ones in keeping with Indian tastes (Davis & Markusen, 2021).

The third key success factor is the ability to adapt global, repeatable models to support local innovation. GlaxoSmithKline Plc. (GSK), for example, has a global scale in cutting-edge research and development, excellent products and typically uses a large, global distribution model.

Finally, global multinationals need to create a road map to deliver results by balancing corporate discipline with a local entrepreneurship mindset and developing local partnerships. E.g., LG Corp., for example, empowers local management to take key decisions, enabling quicker action (Ojha, 2016).

Equally important are local partnerships, which are crucial to gaining knowledge of and access to the local market. Take Cummins Inc. It built a successful roadmap via joint ventures (JVs) in India—such as those with Tata Motors Ltd and Crompton Greaves Ltd—to become the country's leading manufacturer of diesel and natural gas engines. In fact, Cummins has JVs around the world; it is its distinctive capability (Ojha, 2016).

In March 2012, McKinsey and Company, published an article titled, "How multinationals can win in India – companies should avoid simply imposing global business models and practices on the global market" (Choudhary, Kshirsagar, Narayanan, 2012).

The article claimed that the future of many multinational corporations will depend on their ability to succeed in India. As per World Bank Data India is currently the 5th largest economy in the world and forecast to become the 3rd largest economy overtaking Japan by 2030. In the coming years, India is going to be a large enough market the multinationals simply cannot afford to ignore.

Many multinationals believe that Indian customers have the aspirational value for the global brands and are willing to spend big bucks for the same. The reality is different, majority of the Indian consumers are price conscious and do not want to overspend just for the multinational brand. It is essential that multinational corporations learn to do business the Indian way and commit to understanding the changing consumption patterns of the Indian consumer. Gone are the days when multinational companies could bring in their obsolete products and expect that Indian consumers will buy it.

General Motors introduced cars with old platforms and old engines. Barely any car from their portfolio had modern technology. In fact, there were some GM cars that barely managed to pass emission tests. Quality of their components only worsened, and the long-term reliability of their cars was a big question mark. At the same time, rivals like Hyundai Motors were churning out new platforms, new engines and better cars. After years of unsuccessful attempt to garner market share, General Motors failed and wound up their operations in India (Gohil, 2020).

Limited literature is available on the positioning and pricing strategy adopted by multinational companies for their India entry. This research paper would like to address this gap with specific focus on the manufacturing industry. Most of the information available on public domain is on FMCG and automobile industries and very little on equipment manufacturing industries. This research is to address this gap and see if companies have a one fits all approach to the market or do they differentiate between segments in the market – premium segment and performance segment and follow different product and pricing strategies. This study wants to propose a comprehensive and structured approach in understanding the positioning the companies should follow.

The primary research method for this study will be qualitative analysis through a survey and interview with manufacturing companies in the food equipment industry. This study will first review the literature available on market entry strategies adopted by multinational companies for emerging markets like India. This will help to broadly identify the various strategies and apply this to the identified multinational companies. Analysis of Profit & Loss and Balance Sheet of listed companies in India will be carried out through secondary data to assess their performance in India. In the second stage of this study, survey and interview will be carried with select organizations to understand their market entry approach and their feedback on the results.

1.2 Research Problem

The right pricing policy is the fastest and most effective way for a company to maximize the profits. By identifying the important determinants that affect pricing strategies, a more complete understanding of process should emerge. While organizations follow different pricing strategies, it should be noted that there is no strategy that could be regarded as the best strategy for every company under all circumstances, since the choice of a pricing strategy was found to depend on a variety of factors. The pricing strategy should also fit into the overall marketing strategy of the company. The biggest challenge in front of multinational companies is to remain competitive within the domestic market.

Pricing is an important element in marketing strategy, which affects the behavior of consumers in influencing purchasing decisions. With heavy globalization, companies need to apply different pricing mechanisms to enter a specific market. India, with its manufacturing giants, is considered an important place for globalization (Pattnaik et al., 2021).

The importance of pricing in the growth of market shares has been emphasized in the Indian context, but manufacturers have not decided on the specific pricing strategy to adopt in the long run. This study aims to develop Indian pricing strategies for multinational companies working in the Indian manufacturing industry. The research carried out will fill the gap in the pricing mechanism approach of manufacturing companies.

It is hoped that the results achieved will create a strategic roadmap for academicians, business executives, and policymakers to maintain the competitiveness of the manufacturing sector in India.

The Indian economy has opened, and with increased globalization, various international companies have entered the Indian market. In light of the importance of developing specific pricing strategies for the Indian setting, the following are the objectives of the study:

- To analyze the pricing strategies in the literature and to ascertain the impact of various pricing on the market competitiveness of manufacturing companies in India.

- To develop a framework for an applicable pricing mechanism for the manufacturing sector of multinational companies working in India.

The literature review shows that there are various aspects to the pricing and pricing strategy followed by various organizations. While some organizations give a lot of significance to pricing and invest heavily in building the pricing capability, some organizations continue to have a quick pricing fix, either cost based, or competitor price based and not invest in building the capability. This will have an impact on the profitability and long-term continuity of the organization. Hence developing a proper pricing strategy is important to have a long-term profitable growth for any organization.

1.3 Purpose of Research

The overall aim of the research is to evaluate the pricing strategies of multinational companies in Indian manufacturing industry. The primary research question is to build a comprehensive understanding of the pricing strategies: ‘How do multinational companies operating in India set prices, and what is the basis for this? how pricing strategy can be a lever to increase profitability and how functions in the organizations collaborate and contribute to an effective pricing strategy. The target recipients are multinational companies operating in India and manufacturing capital equipment.

Specific Aims:

- To analyze leadership perspectives on pricing strategies and assess their perceived criticality in enhancing organizational profitability within multinational companies operating in India.
- To investigate the various pricing strategies employed by multinational companies in India, including cost-plus pricing, differentiation strategies, and value-based pricing.
- To examine whether multinational companies in India differentiate their approaches between market segments—specifically the premium and performance segments—and how these distinctions influence their product offerings and pricing strategies.

1.4 Significance of the Study

The study focuses on MNCs present in India having their manufacturing operations for the last few years. The escalated competition in India, which is fast transforming from seller markets to buyer-driven markets, has posed a great challenge for the MNCs operating in India regarding their business sustainability.

For the effective application of strategic pricing, it requires knowledge of current market pricing approaches and the future orientation of pricing by the market players. In addition, this knowledge aids firms in learning about the potential threats and challenges associated with established players or entrants in the market.

The findings of this research may also help international marketing managers, who can adapt their pricing techniques to all the distinctive characteristics of the labor markets and should include all costs that are specific to a particular country market. Additionally, the key findings of this study could conceivably help all corporate decision-makers set direction on how to effectively and efficiently price their products and services internationally. Organizations, whether international or domestic, not-for-profit or for-profit, are referred to as major corporate decision-makers in these instances, as they must make well-informed decisions through the pricing strategy in the international marketplace.

Moreover, the findings of this study may have the ability to contribute to theoretical and empirical literature, which attempts to shed light on the pricing behaviors of multinational enterprises. The developing economy of India is swiftly moving from a seller market to increasing buyer-dominated markets. It has created a significant challenge for global corporations to adapt pricing strategies in part due to regulatory factors, price perception of buyers from local firms, as well as the global perception of low-quality goods (Faroque et al., 2024).

Moreover, the significance of this study on the pricing strategies of multinational companies in India's manufacturing industry is multifaceted, impacting various stakeholders and contributing to the broader field of business strategy and economic development.

Contribution to Academic Literature: This research will fill a critical gap in the existing literature by providing empirical insights into how multinational companies adapt their pricing strategies in a diverse and rapidly evolving market like India. It will enhance understanding of pricing dynamics in emerging economies, contributing to theoretical frameworks in international business and marketing.

Practical Implications for Multinational Companies: By analyzing different pricing strategies—such as cost-plus, differentiation, and value-based pricing—this study will offer practical recommendations for multinational companies seeking to optimize their pricing approaches. Understanding how to effectively navigate the complexities of the Indian market can lead to improved competitiveness and profitability.

Policy Insights: The findings may provide valuable insights for policymakers regarding the implications of multinational pricing strategies on local industries and consumers. Understanding these dynamics can help in formulating policies that promote fair competition and protect consumer interests.

Strategic Framework for Market Segmentation: The exploration of how companies differentiate between market segments (premium vs. performance) will contribute to developing a strategic framework that can be utilized by businesses to tailor their products and pricing strategies effectively. This can enhance customer satisfaction and loyalty, ultimately driving sales growth.

Economic Impact: As multinational companies play a significant role in the Indian economy, understanding their pricing strategies can shed light on their overall impact on economic development, employment, and innovation in the manufacturing sector. This research may help stakeholders understand how these companies contribute to or hinder local economic growth.

In conclusion, this study will not only advance academic knowledge but also provide actionable insights for practitioners and policymakers, making it a significant contribution to the understanding of pricing strategies in the context of multinational operations in India.

1.5 Research Purpose and Questions

The purpose of this research is to investigate and analyze the pricing strategies employed by multinational companies operating in the manufacturing industry in India. This study aims to understand how these companies adapt their pricing approaches to the unique market conditions and consumer preferences in India. Specifically, it seeks to:

- Examine Leadership Perspectives: Explore how company leadership perceives the importance of pricing strategies in driving organizational profitability and competitive advantage.
- Identify Pricing Models: Analyze the various pricing strategies utilized, including cost-plus pricing, differentiation strategies, and value-based pricing, to determine their effectiveness in the Indian context.
- Assess Market Segmentation: Investigate whether multinational companies differentiate their pricing strategies between various market segments, such as premium and performance segments, and how these strategies impact product positioning and consumer behavior.

Proposal Hypothesis

PH1: Multinational companies that adopt competitive pricing strategies will achieve higher market share in the Indian manufacturing sector compared to those using premium pricing strategies.

PH2: The pricing strategies of multinational companies in India significantly differ based on the type of manufacturing industry (e.g., automotive, electronics, textiles).

PH3: There is a positive correlation between the level of localization in pricing strategies and the overall profitability of multinational companies in the Indian manufacturing market.

By achieving these objectives, this research aims to contribute valuable insights into the strategic decision-making processes of multinational companies and provide recommendations for optimizing pricing strategies in a competitive and diverse market landscape.

1.6 Summary

India is an attractive destination for foreign capital, due to its stable democratic polity, economic policy in line with global requirements, a fairly lax economic jurisdiction, and a good atmosphere for joint ventures and technology absorption. With such a political situation and market conditions, multinationals have numerous opportunities in India to exploit their strengths and competencies: the rapidly emerging middle class, the continuing down-market customers, and a growing business segment in both urban and rural areas.

India's image as a software superpower, the reforms in governance, and its democratic setup make it an ideal launch pad for multinationals. Nevertheless, MNCs must face challenges to keep ahead of the competition and maintain or enhance their market position. They must have a well-rounded strategy to overcome the hurdles and implement programs effectively. They must have a sound perception of such opportunities and challenges to firm up their thoughts for sustaining or enhancing their performance in doing business in India (Mazumdar, 2020). The next chapter delves into the conceptual framework and theoretical framework of the study on MNCs.

CHAPTER II:

REVIEW OF LITERATURE

2.1 Introduction

The multinationals are using different pricing strategies for their production activities in several foreign countries and considering the interests of pricing strategies for multinational corporations. Scholars have examined the different aspects of pricing strategies for multinational corporations. Several pioneers of multinational pricing strategies proposed different frameworks to comprehend the strategy. Marketing scholars indicated that the transfer price decision of MNCs is indecisive since various factors that affect this decision are constantly changing.

Numerous theories of pricing outline the influencing factors of pricing decisions. The multinational pricing model-stage approach is based on marginal cost pricing and was first developed by a researcher. The model is consistent with existing theory and is shown to be practical for the development of pricing strategies for the Indian manufacturing sector's multinational companies (Zhu, & Sardana, 2020).

Further, this research proposed a model to manage continuous operating quantitative variables, in addition to concluding a strategic pricing model for a given operating target of profit maximization to render more varied and representative results in the decision-making process of multinational companies (Silke et al., 2024). The pricing model stage approach has gained global acceptance since it is developed on a multistage structure of operational calculations involving pricing and costing. The efficiency of this framework has been proven by providing numerous case simulations and scenarios. Nearly all existing research examines only the firm-side factors affecting the prices of products or services. The purpose of these research studies aims to offer a methodical avenue to pricing strategies in India for the majority of multinational companies in reality from both developing and developed countries (Zhang et al., 2024).

It is important to mention that intense competitive pressure in the 21st century has initiated discussions among academicians and researchers on theories, tools, and techniques of pricing. These studies have emphasized the growing importance of strategic pricing in modern economies separated by borders, as well as theories and frameworks that companies rely upon in framing their pricing strategies.

There is considerable literature on modes of entering foreign markets, such as greenfield factories, mergers and acquisitions, and joint ventures, but only a few scholarly works have examined the pricing strategies of multinational companies in the host nations of the manufacturing fraternity. This is particularly true in developing economies. Companies have to decide on the pricing strategies for the products sold in the host country, whether to follow the global pricing norms or tailor them for the market, considering the norms in force. The concept of globalization revolves around 'think global, act local.'

The pricing portion of the operational model allows a company to refine its pricing strategies. Both standard and non-standard pricing models could be adopted by the corporate sector, keeping in line with the expectations of its customers. Scholarly works on the pricing models by multinational companies suggest that the standard cost-plus model is diversified with other parameters, like fixed profit markup per unit of volume sold and cost-plus value addition to the standards, aiding the average selling price in real time. A few studies have also evaluated other pricing models, such as transfer pricing by multinationals. Pricing models of multinational construction companies catering to overseas investors have also been explored. Priorities exist examining the pricing strategies and market positioning of multinationals.

Marginal cost-plus markup pricing strategies and returns-based pricing strategies have also been reviewed. Empirical literature provides considerable evidence on the relationship between pricing strategies and market share. A large number of works have stressed the relationship between pricing strategies and profitability (Ali and Anwar, 2021).

This paper will provide a conceptual framework to better understand the above pricing strategies based on the organizational structure, process, and environment of the Indian manufacturing sector. The theoretical foundation of the paper is built upon the international business perspective as well as the strategic management approach to pricing, which is anchored within both the neoclassical and behavioral marketing models. The structure of the paper is as follows: In the section that follows, the research problem is identified and developed, along with its related subcomponents in the context of the Indian manufacturing industry.

In the concluding section, we outline focused research themes and suggest areas for forthcoming field empirical investigation to validate the theoretical models drawn from our conceptual framework (Kamble et al., 2020; Dutta et al., 2020).

2.2 Conceptual Framework: Overview of pricing strategies

Pricing strategy is essentially a part of the marketing mix and is important due to its direct influence on the relevance of cost estimation, efficiency, and full utilization of economic resources based on specific technologies at the product scale. Pricing is also central to the process of achieving the effectiveness of investment and technology decisions. Essentially, pricing management plays a crucial role in corporate strategy and the long-term competitiveness of industrial corporations.

The marketing department of a company or an MNC establishes its positioning based on the firm's marketing strategy, taking into account the life cycle stages in the product market, the levels of demand and potential that exist at any time in each market, the market structure, the maturity stage of the industry, and the nature of the competition. Pricing decisions relate to both the company's positioning in different segments of the product market and the way in which product-market segments are related over time (Khayru & Issalillah, 2021).

The decision-making process of pricing is therefore far from straightforward since its implications for demand, costs, and profits are closely connected with price and income elasticities of supply and demand. These elasticities depend further on the nature of buying behavior, the reaction of competitors, the availability of alternative products, and how suppliers of inputs are affected. Thus, pricing strategies are concerned with determining what prices the company can charge and should charge.

The interrelationship between pricing and the production structure of an MNC is often very complex. According to the Companies Act of India, a subsidiary of a foreign company in India is considered to be an Indian company. However, it is often mistakenly assumed that a company that is predominantly foreign (i.e., one in which foreign residents or entities hold more than 50% of the shares) is automatically a subsidiary of a foreign company (Chou et al., 2020).

A foreign company is defined in the Act as either a foreign company or an external company as defined in the Act. This clarification is necessary as many enterprises are incorporated under Indian law but are often mistaken for subsidiaries of foreign companies by virtue of the high level of foreign interest they show (Phookan & Sharma, 2021).

As per World Trade Organization Statistics (2021) world trade volume today is roughly 43 times the level recorded in the early days of the GATT (4300% growth from 1950 to 2021). As of 2021, world trade volume and value have expanded 4% and 6% respectively on average since 1995, when the WTO was first established. (World Trade Organization Statistics 2021). This suggests that the global marketplace is becoming increasingly integrated. This is true for goods sold in the international consumer market and especially in larger industrial goods markets.

Marketing mix is originating from the single P (price) of microeconomic theory (Chong, 2003). Marketing mix is not a scientific theory, but merely a conceptual framework that identifies the principal decision-making managers make in configuring their offerings to suit consumers' needs. The tools can be used to develop both long-term strategies and short-term tactical programs (Palmer, 2004).

The main reasons the marketing mix is a powerful concept are it makes marketing seem easy to handle, allows the separation of marketing from other activities of the firm and the delegation of marketing tasks to specialists. The components of the marketing mix can change a firm's competitive position (Grönroos, 1994). The Marketing Mix comprises of four decisions which should be considered before launching a product (Meera Singh, 2012). Firms should plan targeted approach on these four different components, and they are Product, Price, Place & Promotion. All the four variables help the firm in formulating strategic decisions necessary for competitive advantage. Marketing Mix comprises of Product marketing mix and Service marketing mix.

The marketing mix involves the decisions related to which the products will be made available at a particular price, may be different price will be charged for the same product as per different market, the marketing manager has to take into account the impact of different factors which are categorized under the 4 Ps to decide marketing mix for a product.

According to Haynes and Egan (2017), price is an opportunity cost - what an individual pays to a service or a product that is the amount of payment of gaining or utilizing a service or a product. Pricing is the only component of the marketing mix that produces profits for the business, though it is likewise the most flexible component of the marketing mix in the logic that pricing decisions can be applied quickly and be modified simply to the circumstances surrounding a business's external or internal environment (Evanschitzky et al., 2017).

Price policy definition is one of the most important decisions in management as it affects corporate profitability and market competitiveness. Despite the importance that prices take in organizations, it appears that this element has not received proper attention by many academics and marketers since it represents, according to estimates, less than 2% of the papers on leading journals in the field (Toni et al., 2016). This gap in research is surprising, especially in industrial purchasing where the pricing becomes very important to organizations at all levels in international markets.

Pricing strategy involves more than picking a number to charge. It involves creating "good value" that can be produced and sold profitably, communicating the benefits to potential customers, designing price structures that reflect differences in value among different customers and applications, managing customer expectations that prices reflect value, setting price levels that allow the seller to capture a share of that value, and managing price competition to achieve sustainable profitability (Nagle & Muller, 2017). Companies which do not manage their prices lose control over them and impact the profitability of organizations and their cost effectiveness.

The task of developing and defining prices is complex and challenging, because the managers involved in this process must understand how their customers perceive the prices, how to develop the perceived value, what are the intrinsic and relevant costs to comply with this necessity, as well as consider the pricing objectives of the company and their competitive position in the market (De Toni & Mazzon, 2013).

There are three main differences between the pricing process of consumer and industrial customers. First, the relationship between price and quality may be more important for industrial products than for consumer products. Marketing managers can then take advantage of this situation when pricing their products. Second, industrial buyers are less price sensitive than final consumers. Unless the price differential is substantial, industrial customers are reluctant to substitute an existing reliable supplier with another supplier. The third difference between consumer and industrial pricing is the relative level of knowledge of the buyers. Overall, industrial customers have more expertise about the product and the market than do final customers.

Traditionally, industrial marketing prioritize product development, advertising strategy, and distribution channel formation before any consideration is given to pricing. The result is that industrial pricing decisions are made quickly without the necessary market and cost factors included in the final decision. The pricing decision is at the core of every business plan and impacts directly on the critical components of a company's marketing strategy. Not all industrial markets are alike, and therefore the pricing organizations within firms serving industrial markets are also dissimilar. (Smith, 2012).

Building value-added into a pricing program requires that a company develop a comprehensive pricing plan that integrates all components of the pricing process into a single document that details how the value-added strategy of the company will be implemented. It includes the key areas of price timing, price execution, price control, price setting, and price implementation. The value-added component in pricing is demonstrated in four areas: product availability, form utility, the level of research and development, and quality. R & D investment are high in industrial markets and with the life cycles of products and services coming down, new product development and differentiation becomes a high priority.

Companies often provide a range of value-added offerings for their customers. This is shown in the value map (Fig. 1) in which brands or products are aligned based on their perceived value vs. price. The map in fig. 2.1 shows three market tiers: economy, middle market, and premium (Dolan & Simon, 1996). Three tier value offerings are common and based on the concept of the good, better, best approach often used by Sears and American Express with its Green, Gold, and Platinum credit cards. An industrial firm can offer products and services at all levels or on a single level. Harley-Davidson generally offers only products at the premium level, while Mercedes has expanded its automobile lines to include economy brands (C Class) with limited value added and at the very high premium value end with the introduction of the Maybach super luxury line of cars.

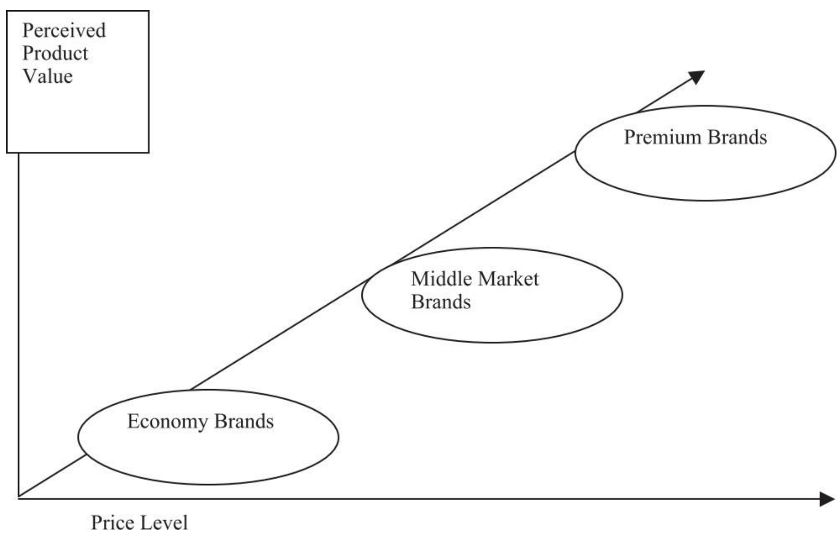


Figure 2.1: Market Tiers (Dolan & Simon, 1996, p. 85)

The size of the company plays a significant part in pricing strategies. Smaller companies have less negotiating power on procurement costs, higher shipping, documentation, and distribution fees in marketing their products in foreign markets. Larger companies, in contrast, generally set up their own operations in foreign markets and enjoy economies of scale in their international marketing and distribution operations because of the large volume of goods they trade. Of the marketing mix determinants, country-of-origin of manufacture was a good predictor of premium pricing strategies. This is generally the case because of the expertise, manufacturing, and marketing power that resides with the firm in the country-of-origin that is marketing the products.

There is a common assumption that prices are mostly dictated by the market, that marketers cannot influence much and therefore should focus on costs and volumes instead. This is applicable only if you are competing in a market with perfect competition meaning that companies are competing with the same products. Typically, companies compete in a monopolistic market with differentiated products, therefore prices could be influenced (Delatolas & Jacobson, 2012).

Thus, global companies do not only want to compete with price, but instead differentiate to distinguish themselves from their competitors and thereby achieve a competitive advantage (Wang, Lin & Chu, 2011) The differentiation and cost leadership strategies seek competitive advantage in a broad range of market or industry segments. By contrast, the differentiation focuses, and cost focus strategies are adopted in a narrow market or industry. Differentiation strategy is usually associated with charging a premium price for the product - often to reflect the higher production costs and extra value-added features provided for the consumer. 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 (Davcik & Sharma, 2015). The study conducted by Davcik & Sharma 2015, suggests that brand equity, marketing investment and product differentiation are closely associated with price. Using a cluster analysis, the authors found that the premium price is significantly associated with product differentiation based on innovation and company type.

At the heart of pricing and selling in the twenty-first century is the ability to price based on created value. In this context, total cost of ownership (TCO) plays a key role (Snelgrove, 2012). Bill Kirwin, an analyst at Gartner, an American consulting and research company who is credited with creating the concept, defines TCO as “the total cost of acquiring, using, managing and withdrawing an asset over its entire life cycle.” In this sense, TCO brings together all of the costs associated with a particular product or service throughout its life cycle, not only considering direct costs, but also indirect costs, also known as “hidden” costs.

There are three common pricing methods, and these are expressed in different terms: cost-based / cost plus pricing; competition / market-based pricing; and finally, value-based / strategic pricing / pricing process (Farres, 2012; Nagle, Hogan and Zale, 2011).

Competition-based pricing strategy – This strategy considers the actual pricing situation of the competitors, however, tends to ignore the demand related aspects.

Cost-based pricing strategy – Cost-based pricing, also known as cost-plus pricing, is perhaps the oldest approach to set the prices. (Philips, 2021). Cost-based pricing carries a sense of financial judgment, which involves adding a profit margin on costs, such as adding a standard percentage contribution margin to the products and services.

Customer value-based pricing strategy –Value Based pricing requires thinking of prices from the customer's perception of value rather than the firm's perception of costs

(Smith, 2016). The Exchange Value to Customer, created by comparing the firm's offering to its nearest competing alternative and adjusting for the offering' differential value, provides an analytical approach for understanding value from the customer's perspective.

Figure 2.2: Hogan & Nagle, 2005.

Building a strategic pricing capability requires careful development of organizational structure, systems, individual skills, and culture. These things represent the foundation upon which the strategic pricing pyramid fig. 2.2 rests and should be developed in concert with the pricing strategy.

The two-level framework for industrial goods pricing allows for multiple pricing strategies for a single product (Noble & Gruca 1999). The first level consists of four pricing situations: New Product, Competitive, Product Line, and Cost-based. The second level consists of the pricing strategies appropriate for a given situation. For example, within the new product pricing situation, there are three alternative pricing strategies: Skim, Penetration, and Experience Curve pricing.

Typically, the competitive pricing strategy type (leader, parity, or low-cost supplier) should be used in the later stages of the product life cycle. Leader pricing should be used by firms with high market share whereas parity pricing should be used by firms with high costs. A firm should consider a low-priced supplier strategy if it has relatively low costs.

Maximizing the revenue stream from the entire product line (accessories, spare parts, etc.) is another important consideration in the pricing strategy. Extension of the product line occurs when the company develops its product line beyond the current assortment range and can be extended downstream, upstream, or in both directions (Deac, 2009). When a company has mid-market or premium range of products, it can extend downstream and widening downwards the line of products. Such an approach enables organizations to cover a niche of a market to prevent the emergence of a new competitor. However, extending downstream also presents risks - cannibalization of the existing company products by the new product launches and potential damage to the brand image of products on the upper level of the market.

Companies can have different strategic goals, such as: profit-oriented objectives, sales-oriented objectives, goals such as survival of the company, or market dominance through the product quality. The strategic approach to pricing requires a new type of relationship between the various functions of the organization, given the balance to be achieved between the customer's need to obtain value for the price paid and the company's need to cover costs and earn a convenient profit (Deac, Dobrin, Dima & Violeta, 2016).

Few companies treat innovation in pricing as seriously as product innovation or business model innovation (Liozu & Hinterhuber, 2017). Their study suggests that innovation in pricing may be a company's most powerful, and in many cases least explored, source of competitive advantage. Innovation in pricing brings new-to-the-industry approaches to pricing strategy, to pricing tactics and to the organization of pricing with the objective of increasing both customer satisfaction and company profits: Too many companies today see pricing as a win/lose proposition between themselves and their customers. Innovation in pricing breaks this deadlock and shows how to increase profits and customer satisfaction conjointly.

Internal factors and external factors affect the pricing decision making of a company. Hollensen (2011) divides internal factors into firm-level factors (corporate and marketing objectives, competitive strategy, firm positioning, product development and market entry modes) and product level (stage in product life cycle, place in product line, product positioning and cost structure) factors. External factors influencing the pricing decision making refer to determinants outside the company. Hollensen (2011) in turn, divides external determinants into environmental factors (government influences and constraints, inflation, currency fluctuations and business cycle stage) and market factors (customer's perceptions, customer's ability to pay, nature of competition and competitors' objectives, strategies).

The product life cycle plays a key role in the pricing strategy, at what stage of life cycle management is the product, accordingly companies can decide for premium pricing or cost-plus pricing. According to Collado et al., (2017) premium pricing tactic is the preparation of retaining the price expensive to encourage satisfactory observations among customers, according to exclusively on the price. When products are new and have no substitutes in the market, firms typically use premium pricing. In case of mature products, cost-plus and market-based pricing are typically used. Other product factors that were identified to be important in the pricing decision making include product features, product positioning, and product cost structure.

Pricing decisions of customized products should be based on a multi-stage decision making process which considers the objectives of pricing, the overall marketing strategy of the company, and the short- and long-term aspects of pricing (Hollensen 2011). It was found that the amount of customization required is dependent on the product category and the segment, and that customization requires many types of functions besides production, such designing, drawing of pictures, and documentation, which incur costs that are important to assign correctly to specific products, projects, and customers. However, since companies can provide added value for customers through customization, the value-based pricing orientation could be argued to be a very suitable orientation for customizing companies.

The businesses particularly should implement an effective pricing strategy which can result in beneficial effects such as customer retention, customer loyalty, and customer satisfaction, enhancing quality-related services and enhancing business performance

(Fedorco & Hospodka, 2013). Customers rely heavily on price as an indicator of a product's quality, especially when they must make purchase decisions with incomplete information.

The entire pricing condition is accordingly viewed as, first from the perspective of the business and its systems and after that from the part of the purchasers. In any case, it must not be overlooked that there are other, external impacts on pricing - from business competitors as well as from government (Chen et al., 2015).

Companies need to look at pricing as a strategic capability—a contributor to a company's ability to devise and implement its strategy. Companies should invest in resources, infrastructure, and processes to build the capability to set the right price at the right time. Companies should focus on developing organization-wide capabilities by investing in three areas: human capital, systems capital and social capital (Lancioni 2005). These investments allow a company to create a pricing strategy by building the capabilities it needs to routinely set prices for all its goods and services that fit with its positioning, with its customers, with its suppliers, and with evolving market conditions. Once a company has made the necessary investments and given them time to bear fruit, its pricing processes will be difficult to imitate and thus a source of sustainable competitive advantage. It's often a matter of survival for companies of every shape, size and age. That's because the cost of not having a fully developed pricing capability goes well beyond the losses associated with poor pricing decisions.

2.3 Theoretical Framework

The price given to a product is a fundamental element for marketing management, and it is significantly influenced by a number of concepts derived from the fields of economics, finance, and management science. The markets are the outcome of individual behavior, product property, competitive stance, and the general environment in which the products are marketed.

The marketing approach a company has selected will decide the precise price beforehand for both new and existing products. Once the price is determined, the company must decide on a suitable pricing policy. Consequently, different pricing theories must be discussed first in order to enable an appropriate policy to be established. Some major pricing theories are discussed in what follows.

The pricing strategies of internationally competitive Indian operations do not depend on the international marketing orientation models previously postulated as Western theories. Due to the uniqueness of the country and the company, certain adjustments are necessary in order to adapt the theories. An international approach strategy is dictated by the end consumer, the national bureaucracy, and the distributor.

Finally, the timing and approach of the Indian government towards an international orientation market dictate the approach. There are several factors that affect the pricing strategy. Different theories postulate different pricing strategies for companies in the international business arena and for companies adjudged as multi-domestic. It is critical to the success of companies in countries like India to observe the price points taken by companies depending on the theories followed. These pricing strategies are discussed for the manufacturing industry in India (Khuntia et al., 2021).

2.3.1 Economic Theory of Pricing

Economic theory has propounded various aspects covering the behavior of price and thus pricing strategies (Nagle & Holden, 2002). Based on the classical economic theory of supply and demand, prices produced by the market are influenced by the total demand for a commodity and the total supply of a given commodity. The relationship between price and quantity demanded in the marketplace is described by the term elasticity.

Demand is said to be elastic if a minimal cost increase causes people to stop buying that product, while inelastic demand implies that price changes have little effect on the quantity demanded. The degree of competition and possible entry of new companies in the market is the criterion used to categorize different market structures such as perfect competition, monopolistic competition, oligopoly, and monopoly. The principle of pricing decisions is based on the interplay of costs, consumer preferences, and competition. Pricing emphasizes the relationship between supply and demand in the market (Friedman, 1962).

In manufacturing industries, trade union issues, employee wage rates, government policy, cost of inputs, cost of technology, and profit margin expectations are other criteria to be taken into account when establishing prices. However, policymakers, when making price forecasts, have to take into account the elasticity of price for the goods and services they deliver, the income of customers, related products, and their customers' tastes. These theories can offer some potential strategies for setting prices such as stimulating demand by lowering product prices, persuading the consumer to buy more by reducing the product price, increasing product prices that are high, and unique or price insensitive. Policymakers must develop a deeper understanding of price developments and hence the theoretical basis on which forecasting models are built, in order to understand the expected change in revenue and risk in making decisions about changing prices (Berton et al., 2021).

A company can pursue different objectives by fixing a particular price. They can survive in the market, maximize profit, serve society's interest, maximize revenue, and concentrate on cost. In addition, companies utilize different cost-based, market-based, or economic pricing strategies. A pricing strategy is not fit for all types of companies or products. A company prices its product by considering various factors of the enterprise. A company's pricing decisions are influenced by price elasticity of demand, pricing objectives, and market structure. Profit is an indicator of market share, portfolio analysis, and maximization of return.

The pricing goal of a company is determined by making a comparison between the cost of the product, price elasticity of demand, nature of competition in the market, and nature of the product. A company has several options to select the price for a new product. The company decides on the pricing objective to set a price. The pricing goal can be maximizing unit volume sales, maximizing profit, increasing return to the company, and increasing market share. When the supply of the product is more than its demand, the producer is more interested in revenue rather than cost. It is nothing but revenue maximization. There are different strategies to pursue. The pricing objective has a framework to solve. Some experts prefer a participative approach, while others prefer the mathematical approach (Gupta et al., 2021). The implications of economic theory of pricing are significant and multifaceted, affecting various aspects of market behavior, business strategy, and policy formulation. Here are some key implications:

Market Efficiency: Economic pricing theories, particularly those based on supply and demand, suggest that prices serve as signals in a market economy. Efficient pricing helps allocate resources optimally, guiding producers and consumers in their decisions (Mankiw, 2014).

Consumer Behavior: Understanding pricing theories helps businesses predict consumer behavior. Concepts such as price elasticity of demand indicate how sensitive consumers are to price changes, allowing companies to adjust their pricing strategies accordingly (Kotler & Keller, 2016).

Competitive Strategy: Economic theories inform firms about competitive dynamics. For instance, knowledge of pricing strategies, such as penetration pricing or price skimming, can influence how companies position themselves in the market and respond to competitors (Porter, 1980).

Market Structure Analysis: Pricing theories provide insights into different market structures (e.g., perfect competition, monopolistic competition, oligopoly, monopoly). This understanding helps in analyzing how prices are determined based on the level of competition and market power (Tirole, 1988).

Regulatory Implications: Policymakers use economic pricing theories to design regulations that promote fair competition and protect consumers. Understanding how prices are set and the effects of price discrimination or monopolistic practices can lead to more effective regulatory frameworks (Stiglitz, 1989).

Pricing Strategies: Theories of pricing provide a foundation for developing various pricing strategies, such as cost-plus pricing, value-based pricing, and dynamic pricing. Businesses can leverage these strategies to maximize profitability while considering market conditions (Nagle & Holden, 2002).

Impact on Inflation and Economic Policy: Pricing theories contribute to understanding inflationary pressures in an economy. They help policymakers determine the relationship between pricing strategies and overall economic stability, influencing monetary and fiscal policies (Blanchard & Johnson, 2012).

Global Trade Dynamics: In a globalized economy, economic theories of pricing help in understanding how multinational companies set prices across different markets, taking into account factors like currency fluctuations, local competition, and consumer preferences (Krugman, & Obstfeld, 2018).

In summary, the implications of economic theory of pricing extend beyond theoretical constructs; they have practical applications that influence business strategies, consumer behavior, market dynamics, and public policy. Understanding these implications is crucial for stakeholders in both the private and public sectors.

2.3.2 Behavior Theory of Pricing

Behavioral theory of pricing examines how psychological factors and decision-making processes influence pricing strategies, particularly in complex and dynamic markets. For multinational companies operating in India, understanding these behavioral aspects is crucial due to the diverse consumer base, varying cultural contexts, and the unique challenges posed by the Indian market environment.

In India, pricing decisions are often complicated by factors such as consumer perceptions, local market conditions, and the competitive landscape. Behavioral theories suggest that decision-makers within multinational firms may be influenced by cognitive biases, such as overconfidence or anchoring, which can impact their pricing strategies. Additionally, high levels of uncertainty in the Indian market—due to fluctuating economic conditions, regulatory changes, and diverse consumer preferences—can lead to varied interpretations of price sensitivity among different customer segments.

Moreover, the exchange of information within the firm plays a critical role in shaping pricing decisions. Multinational companies must navigate complex organizational structures and communication channels, which can affect their responsiveness to market changes. The interplay between managerial intuition and empirical data is significant; while data-driven approaches are essential, the quick and effective decision-making favored by managers can lead to innovative pricing strategies that resonate with local consumers.

Understanding the behavioral dimensions of pricing decisions—such as the complexity of decision-making processes, risk propensity among managers, and the perception of pricing contexts—enables multinational companies to tailor their strategies effectively. By acknowledging the psychological factors at play, firms can enhance their pricing models to better align with consumer behavior, ultimately leading to improved market positioning and profitability in the competitive Indian manufacturing landscape.

Behavioral theories of pricing consider the complications involved in the actual beliefs of decision-makers in making decisions (Berbeglia, Decker & Gunter, 2022). The decision-maker biases in the decision-making process, high levels of uncertainty involved in pricing decisions, innovativeness in pricing decisions, exchange of information within the firm, and too many variables to be considered in decision-making are the subject areas of these theories. People decide to buy or not to buy the product depending upon the price charged, so the consequences of price decisions in the market can be even more critical to business activity. Behavioral theories suggest that managerial intuition and judgment are always elements in pricing and that businesspeople tend to be action-oriented, with a preference for a quick and effective decision. In many situations, acting prudently can be just as important as the quality and quantity of decision calculations.

Drawing upon empirical studies, six dimensions or domains of pricing decisions are outlined, namely: (i) the complexity of the pricing decision-making process; (ii) the level of uncertainty created by the firm's information system; (iii) the perception of a price-decision-making context; (iv) ambiguity regarding the known facts which are related, how to distinguish between the cause and effects, and how the pricing decision is known and justified; (v) the relationship between risk propensity, measured by price-decision behavior, and various managers' characteristics; and (vi) some price-decision-making processes changing the context or the basis of decision without any corresponding change in market conditions (Berbeglia et al., 2022)

The pricing strategies adopted by multinational companies (MNCs) in India’s manufacturing industry have profound impacts and implications on various fronts, including market competitiveness, consumer behavior, profitability, and regulatory compliance.

Market Competitiveness

Competitive Positioning: Pricing strategies directly influence how MNCs position themselves against local competitors. Competitive pricing can help MNCs gain market share, while premium pricing may position them as high-quality brands.

Market Entry and Expansion: Effective pricing strategies are crucial for MNCs entering the Indian market. Penetration pricing can facilitate quicker market entry, while skimming strategies might be employed for innovative or premium products.

Consumer Behavior

Price Sensitivity: Understanding local consumer price sensitivity is essential. MNCs must consider factors such as income levels, cultural perceptions of value, and competitive offerings to set prices that resonate with Indian consumers.

Brand Perception: Pricing can influence brand perception significantly. High prices may signal quality and exclusivity, while lower prices can attract a broader customer base. MNCs must balance these perceptions to maintain brand integrity.

Profitability

Cost Structures: MNCs need to align their pricing strategies with local cost structures, including production, distribution, and marketing costs. Effective cost management can enhance profitability while remaining competitive.

Dynamic Pricing: Implementing dynamic pricing strategies based on real-time market conditions can optimize revenue. This approach allows MNCs to respond swiftly to changes in demand and competition.

Regulatory Compliance

Adherence to Pricing Regulations: MNCs must navigate India's regulatory environment, which includes price controls and anti-dumping laws. Compliance with these regulations is essential to avoid penalties and maintain a positive reputation.

Ethical Considerations: Transparent pricing practices are crucial for building trust with consumers and regulatory bodies. Ethical pricing strategies can enhance corporate reputation and foster long-term customer loyalty.

Supply Chain Management

Impact on Supply Chain Decisions: Pricing strategies can affect sourcing, production, and distribution decisions. For instance, a lower pricing strategy may necessitate cost-cutting measures in the supply chain to maintain margins.

Collaboration with Local Partners: Collaborating with local suppliers and distributors can help MNCs optimize their pricing strategies by leveraging local market knowledge and reducing operational costs.

Innovation and Adaptation

Encouraging Innovation: Competitive pricing can drive innovation in product development and service delivery. MNCs may invest in new technologies or processes to reduce costs and improve value for consumers.

Adaptation to Market Changes: The ability to adapt pricing strategies in response to changing market conditions—such as economic fluctuations or shifts in consumer preferences—is crucial for long-term success.

The impact and implications of pricing strategies for multinational companies in India's manufacturing industry are multifaceted. By understanding the local market dynamics and consumer behavior, MNCs can develop effective pricing strategies that enhance competitiveness, drive profitability, and ensure compliance with regulatory frameworks. Ultimately, a well-crafted pricing strategy not only contributes to immediate financial performance but also supports sustainable growth and market presence in the diverse Indian landscape.

2.4 Factors Influencing Pricing Strategies in Manufacturing

Multinational companies have to pay attention to exchange rates and inflation rates to segment markets. Because FDI reduces the costs of trade, multinational companies simultaneously set prices higher in the countries in which they produce than in other countries. Poor urban consumers in India's large cities with a high level of income have regularly faced the policies of global brand players and have been forced to pay unjustifiably high prices under the imperative jurisdiction of the market for luxury or other products. Therefore, the study proposed two rules for such unfair double pricing strategy situations.

Luxury products and standardized products, both of which cater to worldwide consumers, have sold at much higher prices in a particular country market like India than in many other markets.

Several economists and many practitioners have also studied the determinants of pricing strategies. Two basic schools of thought are identified: the income-cost approach and the strategic behavior approach. The income-cost approach is primarily concerned with dynamic pricing analysis, which examines the long-run relationship between revenues, costs, and profits. It considers all costs, of which direct costs and fixed costs are widely used. The dynamic relationship is derived from economic theory, and pricing strategy is approached with the use of statistical analyses. It is used to attribute price determination to several environmental and operational factors or costs.

Dynamic pricing strategy creates difficulties in comparing compliance across firms or industries and reduces consistency on the part of management due to the conflict between revenue and profit maximization. Hence, the dynamic pricing approach is valid only when the costs are relatively stable. If not, the cost will become the principal determinant of pricing. In addition, the pricing strategy becomes more volatile and reactive, especially under inflation (Ban & Keskin, 2021)

2.4.1 Cost Factors

Every pricing strategy for a manufacturing firm, whether domestic or foreign, must be supported by a solid foundation of cost data. Potentially, there are many separate cost factors or costs that are true differentials among the firms in an industry, including labor costs, materials and components costs, interest rates, and costs of research and development. But it is generally agreed that labor costs, and their twin manifestation in terms of wage and price increases, are the most significant costs in most manufacturing industries. In fact, to the extent that any single cost can say that it sets the price for all firms in the industry, that position would be labor costs.

It is also generally agreed that although the determination of interfirm labor cost differentials is complex in the extreme, the wage rate paid to the majority of workers in an industry is a reasonable and practical method of approximation to use in cost analysis. While these earlier studies and others have discussed or listed the various different cost factors between domestic and foreign manufacturing firms, no study has specifically focused on this issue, and also on the industry cost data for the effects of a large number of the correct differentials due at one specific or peculiar instant of time.

2. 4.2. Market Factors

The number of organized and unorganized markets existing for a product, the concentration of supply, consumer know-how, the possibilities of substituting the product, product associability with other products, the rapid evolution of products, the possibilities of innovating the product, the characteristics of the demand deposits, and the possessive attitudes of consumers are the other factors that influence the behavior of consumers in the market.

The market factors have the greatest impact on the marketing mix of pricing or product cost, but these five variables are interrelated and should not be treated in isolation. The type of market structure that prevails in a country has several effects on the international marketing activities of a company. In a foreign market, the producer has to study the organization of the market, price formation, the barriers to entering the market, the distribution structure, and the capacity for purchasing products that can exist in the market in which it is intended to intervene, as well as the public policies that are in force and that affect the marketing system.

Product life cycle (PLC) is a concept that emerges in dynamic and innovative markets that can be segmented into corporate strategies, product strategies, and global strategies. The underlying variables of each pillar are related to the drive of these strategies, such as product policy, pricing policy, distribution policy, promotion policy, communication policy, and sales policy. Referring to the purchase decision, it is essential to evaluate the external information available to the consumer, both in the international market and in his home country, for which the long-term cost-profit ratio may be low. Furthermore, businesses have to adapt to the local characteristics of the respective market, the resident producers of that market, and the local laws concerning market competition. (Bergerson et al.2020).

2.4.3 Regulatory Factors

Regulatory policies always impact an organization's decision to remain in a particular market or diversify to a new market. Factors important for such decision-making with respect to MNCs are exchange controls, import controls and quotas, export profits, domestic profits, profits of domestic and foreign investors, pricing policies and employment regulations, tax regulations, technological progress in India's economy, and other technical regulations concerning patents, collaboration agreements and so forth.

India has traditionally been subject to exchange rate regulations, import and export controls. With the relaxation of the industrial licensing policies, the MNC has more freedom over the products produced in India. It no longer has to seek government permission to expand or diversify its output. It can set up a large number of ancillarisation agreements for the sector, which shortens the time for the completion of the project, reduces the foreign exchange controls and decreases the import content of goods after the commencement of the typical localization. These benefits have made the MNCs significantly less concerned about government controls in the recent period. (Bhattacheryay, 2020).

2.5 Empirical Validation of Pricing Strategies

The theoretical appraisal above stresses the coexistence of market and cost differences. Empirical validation is notably absent in the case of international price discrimination, even though a multitude of cross-country macro analyses exists. In the manufacturing sector, the strategy of multinational organizations has specific operational and managerial implications.

There are few case studies, but they provide insights into the real-world decisions made by the decision-makers. The decisions are made in a complex external environment, and the differences are revealed in the internal functioning. Recent work emphasizes the manufacturing base of parent organizations, even though the company may have worldwide operations (Komen, 2023). Additionally, the parent companies have a distinctive role to play, and the manufacturing affiliate often follows orders from the parents. Opportunities exist for the MNCs to levy charges for providing the necessary managerial and marketing expertise.

The case studies have been selected based on their geographic spread, size, and diversity of industry. The pricing strategy for precision cutting tools is predominantly export oriented. The organizational structure is standardized, reflecting the fact that the company is just a cog in the multinational wheel. The organizational and cost structures do not show usage of the firm’s technological expertise or the local environmental opportunities.

The decision-making appears passive, suggesting a lack of clarity and a strong influence of senior management. For welding fluxes, the organizational structure is central, with manufacturing requirements made for the international operations from the parent site. Flexibility required on pricing was visible. However, price policy formation was influenced by informational problems and lower levels of strategic control over operations. The attraction of establishing the operation was that it provided expertise in a very specialized application. The flexibility avoided possible losses for the overall company reputation (Komen, 2023).

2.6 Summary

The literature review shows that the amount of research conducted on the pricing strategy was limited in the past. The right pricing policy is the fastest and most effective way for a company to maximize the profits. McKinsey and Company made a study in 2010 and confirmed the pricing potential by revealing that, "a one-percentage-point improvement in average price of goods and services leads to an 8.7 percentage increase in operating profits for the typical Global 1200 company" (Baker, Marn and Zawada, 2010).

Pricing is a very vast and a complex topic. It is important for companies to have a good pricing strategy and not to cut prices when searching for a quick fix. This can lead to damaging price wars and lost profits. By identifying the important determinants that affect pricing strategies, a more complete understanding of process should emerge. Further, a better understanding of the determinants of pricing strategies such as firm size would enable marketing managers to make more informed judgements about this most important strategic variable.

While organizations follow different pricing strategies, it should be noted that there is no strategy that could be regarded as the best strategy for every company under all circumstances, since the choice of a pricing strategy was found to depend on a variety of factors. The literature review suggests that companies use different sources of information when determining prices for customized products, such as accounting data and information about competitors and customers. By using multiple information sources, companies can develop an integrative pricing approach that enhances the quality of pricing decision making. Value added selling is a very powerful tool in the marketer's hand, having the most impact on the profitability of the organization. The pricing strategy should also fit into the overall marketing strategy of the company.

The literature review shows that there are various aspects to the pricing and pricing strategy followed by various organizations. While some organizations give a lot of significance to pricing and invest heavily in building the pricing capability, some organizations continue to have a quick pricing fix, either cost based, or competitor price based and not invest in building the capability. This will have an impact on the profitability and long-term continuity of the organization.

2.7 Conclusion

Having discussed the significance of pricing and pricing strategy for the profitability of companies, this research project intends to understand how companies look at their pricing strategy in India. Most of the information available on public domain is on consumer industries, but very little on capital equipment or industrial companies. This research is to address this gap and see if multinational companies manufacturing capital equipment have a specific pricing strategy, do they differentiate between segments in the market – premium segment and performance segment and follow different product and pricing strategies.

The pricing strategy is quite complex with various elements as covered in the literature review and with this research, this paper intends to demonstrate if there is a specific market entry pricing strategy framework followed by multinational companies entering India. This study wants to understand if these companies look at the various elements of pricing when they develop a pricing strategy. This paper will assess the probability of success of this framework and see if this can act as a guidance for new entrants into the market. This will also help future multinational companies to sharpen their entry and growth strategy for successful market entry into India. The next chapter will discuss the research methodology approaches used in evaluating the pricing strategies for India manufacturing industries.

CHAPTER III:

RESEARCH METHODOLOGY

3.1 Overview of the Research Problem

This chapter outlines the research design, which includes the research approach, research philosophy, data collection methods, rhetoric of findings, and ethical considerations. A qualitative research data collection method has been applied by the researcher to evaluate a comprehensive analysis.

In this manner, the selected population was randomly chosen to conduct face-to-face interviews using the simple randomization method. Through the survey questionnaire, the researcher was able to select the key participants in the rural area. This has been used to gather enough information through interviews to fulfill the objectives of this research.

In this research, the qualitative data collection method involved participants who were key informants, specifically managers or staff of multinational companies. Their potential understanding of various pricing elements within their firms increases the relevance of the data they provided. When selecting the participants, multinational companies in the manufacturing industry were chosen to assist in gathering appropriate data in relation to the research topic.

The quantitative data collection approach was implemented using surveys. Questionnaires, with a mixture of open-ended and closed-ended questions, were given to staff and managers from multinational companies. The use of the survey allowed the researcher to obtain a variety of perspectives and views from multinational companies;

therefore, the data provided was diverse and rich (Brozzi et al., 2020; Obradović et al., 2021).

The data gathering process started with the selection of a sample of manufacturing and service companies that are currently multinational companies to be part of our research. Numerous research methodologies were utilized to interpret and evaluate the information collected, including statistical analysis and grounded theory for qualitative data. In the research process, participants need to be entirely aware of the applicable moral considerations. There are measures taken in order to respect moral rights and minimize possible damage to participants when involved in a subject.

The surveys will have structured questions, open-ended and closed-ended questions, and will provide objective quantifiable data including participant's demographic data and participant's affiliated/ employer organization(s). The survey instrument used in this research study will be SurveyMonkey. The documentation that will be used during research study would be, but not limited to, interview questions, survey forms, profiles of organizations from their websites.

In addition to the survey, it is intended to conduct one-on-one interviews with a small set of participants. The in-depth interviewing will allow not only the study participants to allow responses to be fully probed and explored but also the researcher to be responsive to relevant issues raised spontaneously by study participants. The interviews would be conducted with the participants orally over telephone or video conference or in person and will be recorded to maintain validity and reliability of the study.

By using survey research, the study shall be able to uncover how various functions in the organization look at their role in deciding the pricing strategy. The interview would be beneficial to understand how the leadership looks at pricing as a strategic tool to improve business profitability.

The survey will also help to understand if the business leaders look at pricing strategies for the premium segment and performance segment differently. Besides, this will allow the research study to be diversified and look at different perspectives of business strategies, which will result in having a better understanding of the study phenomenon.

3.2 Operationalization of Theoretical Constructs

To facilitate empirical research and data collection, it is essential to "operationalize" theoretical concepts within the context of pricing strategies in Indian manufacturing industry.

Furthermore, interviews will be conducted to gather qualitative insights into pricing decision-making processes and how marketing affects their preferences. To implement the concept of MNCs, the study first needs to identify and categorize the various marketing techniques used by Indian companies and MNCs. This will involve collecting information about marketing activities from multiple sources, including institutional websites and promotional materials. This data will help identify trends and commonalities among institutions, thereby clarifying the marketing landscape within India's academic sector.

The combination of quantitative and qualitative data will illuminate the effectiveness of pricing campaigns, how companies assess their options to better address their needs

(Sharma & Gupta, 2022). Ultimately, this study aims to enhance the MNCs operations in India.

3.2.1 Research Purpose and Questions

The purpose of this research is to investigate and analyze the pricing strategies employed by multinational companies operating in the manufacturing industry in India. This study aims to understand how these companies adapt their pricing approaches to the unique market conditions and consumer preferences in India. Specifically, it seeks to:

- Examine Leadership Perspectives: Explore how company leadership perceives the importance of pricing strategies in driving organizational profitability and competitive advantage.
- Identify Pricing Models: Analyze the various pricing strategies utilized, including cost-plus pricing, differentiation strategies, and value-based pricing, to determine their effectiveness in the Indian context.
- Assess Market Segmentation: Investigate whether multinational companies differentiate their pricing strategies between various market segments, such as premium and performance segments, and how these strategies impact product positioning and consumer behavior.
- Evaluate Impact on Profitability: Assess the relationship between the adopted pricing strategies and the overall financial performance of multinational companies in India's manufacturing sector.

Proposals Hypothesis

PH1: Multinational companies that adopt competitive pricing strategies will achieve higher market share in the Indian manufacturing sector compared to those using premium pricing strategies.

PH2: The pricing strategies of multinational companies in India significantly differ based on the type of manufacturing industry (e.g., automotive, electronics, textiles).

PH3: There is a positive correlation between the level of localization in pricing strategies and the overall profitability of multinational companies in the Indian manufacturing market.

By achieving these objectives, this research aims to contribute valuable insights into the strategic decision-making processes of multinational companies and provide recommendations for optimizing pricing strategies in a competitive and diverse market landscape.

3.3 Research Design

Given the numerous uncertainties and possibilities involved in the large complex of the pricing strategies of multinational companies, evaluating these strategies warrants a research design with a certain level of construct clarity and empirical faithfulness. At a theoretical level, we can divide research design into three generic research approaches: exploratory, descriptive, and explanatory.

Indeed, this research recommend itself to a qualitative research design. To start with, the observations mentioned earlier clearly indicate the complexity of the strategies-related environment in a country like India. Reaching a high degree of explanation of international pricing dynamics in the Indian manufacturing sector through a monomethod design is constrained by an array of other constraints mentioned earlier. Therefore, this paper bases itself on an exploratory or descriptive explanatory argument (Jonker et al., 2023).

The research instrument to be examined in qualitative method. Significantly, this will help in fostering the exploratory aspect of the study objectives and rely on more concrete issues of description and explanation. As mentioned earlier, several aspects appear from the literature, requiring different and even rather qualitative approaches from those of the empirical statistics to be gained from our structured administration. Therefore, the study aims for a qualitative approach and such a design of research can duly be associated with answering the associated research questions regarding the cutting-edge state of techniques in Indian production companies, along with identifying the Indian conditions under which firms use pricing techniques. This characterizes the study from an explanatory point of view to achieve the specific context posed within the backdrop of the theory.

Consequently, research questions will guide the fashioning of our research design. The proposed hypotheses to be formulated later on need to be compatible with our choice of research design to ensure a clear construct alignment between our research questions, hypotheses, and our data collection and analysis plan (Singh et al., 2023).

3.4 Research Philosophy and Approach

Research philosophy acts as a significant guide to each study and outlines the beliefs and constructs associated with each research paradigm. It consists of beliefs and jurisdictions about gathering, interpretation, and usage of methodologies and empirical data. It appears to have a direct effect on the steps and activities to be taken into consideration while performing the investigation (Tamminen and Poucher, 2020).

Three research philosophies are positivism, interpretivism, and pragmatism. Positivism and interpretivism are diametrically opposed to each other. On one hand, the research is based on the perspective of the interpretivist paradigm, where the general research problem revolves around subjective points of view and arguments that are highly related to all multinational companies (Turyahikayo, 2021).

The findings of the positivist-related research study are stricter and based on verifiable evidence. Simply put, the data is generally related to statistical information. In terms of the present context, it is hard to manage the statistical information as the pricing strategies of MNCs are confidential, making it difficult for firms to showcase their pricing strategies. One cannot gather data related to market share, cost structure, and pricing policy. The research is quite complex, and therefore a pragmatist paradigm would be the best option in such cases (Ringor, 2023).

The pragmatic paradigm reveals an analytical framework that uses both qualitative data. This paradigm will not lean exclusively on either quantitative or qualitative data. Rather, it revolves around the issue where management, complexity, and practitioners heavily influence the process. Given the nature of the problem to be solved, a pragmatic paradigm was utilized to combine paradigms for an in-depth understanding.

As a result, evidence will be collected using methodological pluralism. Based on the purpose of collecting the data, the research mentioned in the present field of study will be interpretive with a mix of qualitative approaches. This approach to data will provide flexibility in the collection of different data related to semi-structured interviews on issues concerning pricing strategies. The paper has two major research questions: “Why are the pricing strategies employed by the MNCs?" and "What strategies are used by the MNCs?" Moreover, a qualitative approach is considered the best method to obtain more detailed and relevant opinions on the pricing strategies of multinationals in the manufacturing industry (Hennart & Sutherland, 2022).

3.5 Population, Sample Selection and Procedure

The population of this study will be represented by business leaders in middle management and senior management within organizations in India. The focus will be manufacturing companies in the capital equipment industry. Potentially, 30 possible participants will be selected who meet all criteria through purposive sampling. Permission will be sought from participants who agree to participate in the survey.

The questionnaire developed were around 12 to 14 questions on the pricing strategy covering determinants of pricing, awareness of strategic pricing pyramid, market segmentation, impact on profitability and how various functions in the organization look at pricing. SurveyMonkey will be used for survey purposes. The survey will be confidential and allow research participants to answer confidently. Emails will be sent to them in advance to solicit their permission to conduct the interview.

The data collected from the interview and survey will be analyzed for the findings of the study. The interview shall be either face to face or telephonic interviews or video conferencing. In case the participant allows the interaction to be audio recorded, the same will be done. Alternatively, key points will be noted during the interview.

3.6 Research Strategy and Source

Given this preamble background in the literature and the research question, our empirical research methodology to collect data on pricing strategies of foreign subsidiaries focuses heavily on what is often called "triangulating" or "methodological triangulation," qualitative data. The term "qualitative-method research" is increasingly popular in the research of social science researchers and is often defined as that which involves the collection, analysis, and integration of qualitative data in a single study or a logical sequence of studies (Yin, 2028).

The study methodological approaches to collecting data to address the study's objectives include surveys, in-depth interviews, and case studies. Surveys are one of the easiest and most disseminable techniques to quickly obtain information and opinions from a wide population of interest. This research used surveys to quickly gather basic information from MNCs, especially marketing and product managers, and to highlight the issue of gaps between policy and practices as indicated in the responses.

Surveys are often done in conjunction with interviews or case studies to ensure that the data obtained in the survey can be pursued in greater detail, from different perspectives, through interviews with other employees and/or case studies of other companies. Simple random sampling is used to select participants in the surveys. Several personal contacts are used to recruit MNCs. The sample sizes in individual survey groups are not fixed in advance. The response rates are expected to be low (about 60%), but the study hope to compensate by making sure that company representation comes from different proportions. (Braun et al., 2021; Pandey & Pandey, 2021).

Second, in-depth interviews are used to address the researchers' issues with more depth and richness. The interviews with that key informant were semi-structured in nature, which allowed the researchers to focus on getting market-sensitive information, which we believed was less likely to be found in secondary sources. In-depth interviews with exporting company managers are slow to conduct, but we decided to do interviews leading to better accuracy. The latter are often used to examine existing theories and to help explain anomalous and/or surprising survey results that may not make sense at the beginning. (Deterding and Waters, 2021).

3.7 Instrumentation

Both quantitative and qualitative data collection methods will be employed to achieve the research objectives. The data will be gathered through surveys, where participants will complete a standardized questionnaire. This survey will feature closed-ended questions regarding pricing strategies, leaders' perceptions of MNCS, and their pricing selection processes.

Prior to the main data collection phase, a small group will conduct a pilot test of the instruments to ensure their validity and reliability. This pilot test will refine the survey questions and interview guidelines. By combining surveys, qualitative interviews, and questionnaires, the study will illuminate the marketing practices of MNCs in Indian. This triangulation of data will facilitate a thorough analysis of the research topic and a detailed exploration of the intricacies and implications of marketing strategies in this sector.

3.8 Data Collection

Data collection has a very prominent role in research. There are two major sources that are employed for data collection: 1. Internal Data: Published and non-published, and 2. External Data: Before discussing the methodology in detail, a discussion about various methods of data collection required, primary data, and secondary data methods is provided.

I decided to have data from both primary and secondary methods to support the objectives of the research to analyze the relative importance of all the factors mentioned above. The literature review of the existing pricing strategies and the observations made during the exploratory research suggest that this is the only possible way. Research has consisted of personal inquiries and observations made personally.

Primary Data Allocation Method: Persons to be contacted include scholars and professionals from specialized sectors of the industry, and consultants from specialized organizations.

Collection Method: Discussions, interviews, and observations. Individuals to be contacted were selected using the judgment of the researchers and employing a snowball method, requesting the person to nominate another person. Snowballing was used for the advantage that it has (Ganesha and Aithal, 2022; Taherdoost, 2021).

The major source of secondary data to be collected includes finding information from advertising and scholarly articles. Newspapers, industry reports, and published academic papers and databases were used to find companies with multinational interests. Statutory body publications were also referred to but presented no new information useful to our study.

The challenge was not to have enough information but to have valid information from a credible source. The problems included access to the information, as the detailed information required was very much restricted. Where it was allowed entry, there was wisdom that important strategic decisions were shared by a very restricted circle and used only for internal decision-making.

The validity of information shared by the companies was occasionally questioned, either with the companies or for the data collected from various publications mentioned in the research framework. The most primary source of data was viewing the annual reports that the companies produce on a regular basis. The study further tried to cross-check the information with the data where the annual reports were not available. Keeping in view the above challenges, the researchers in the present case have used a qualitative approach. A structured pretested questionnaire was used as the answer to the normally expected response rate of 25%. An in-depth paper discussing the complications involved in collecting information was also evolving. The issues, that is, the objectives and the statistical tools used were not quite addressing, thus a structure being more comfortable and spontaneous with the researcher providing the researchers the reasons in view of the frequently misunderstood purposes of the research.

Finally, the study went in for a structured questionnaire as the pretested questionnaire was required to be used in a controlled field for providing a future possible understanding of pricing strategy. The data collection was the only one that deviated from the principles of the survey, from which the data were to be obtained. As portrayed, the need for different data sources for the reliability of the data can be realized. Primarily, the study has extracted data mainly from the industry. Initially, the study has used the data extracted from papers and articles related to the industry and then validated the observation and drew conclusions (Arvidsson & Dumay, 2022).

3.8. 1 Primary Data Collection Techniques

Primary data is the data collected solely for the purpose of the study, having a firsthand account of facts. It has been collected using a variety of techniques. The distinction the study employed to collect primary data in the course of this research work was made clear after reviewing the existing literature about the industry. It was decided to conduct a survey of the industry. I purposefully chose to conduct a survey and interviews to elicit firsthand information from a varied group. I then prepared survey instruments to elicit reliable data from different-sized groups. Each survey instrument was prepared with a great deal of care to ensure that missing information and misinterpretation were minimized in order to reduce misunderstanding (Alam, 2021).

It was also decided to visit the entities and conduct interviews with their top executives. I chose executive-level staff because of their ability to provide an overview of various aspects of the business, such as project planning, market research, strategic planning of the organization's corporate objectives and strategies, management of human, financial, and physical resources, quality control issues, production processes, product inventories, and so on. The study also interviewed professionals in relevant fields; thus, I selected a sample survey of individuals based in India with industry and governmental experience who are likely to be up to date in their professional fields of interest (Younas & Porr, 2024).

Though the study wanted to talk to the vendors and customers as they are the backbone of any business, it could not be done because of the constraints of time, as we were not able to go into one particular subject, marketing and research, if that were required. We could finish the survey within the time frame (Jeong et al., 2022).

3.8.2. Secondary Data Collection Techniques

The collected primary data is complemented by the secondary data that validate the analysis and correlate the findings of the methodology of consumer behavior. On the grounds, there are a variety of sources for tertiary data. The researcher has to exercise caution in selecting a fully reliable secondary source due to the potential for biases and hidden errors that are not immediately apparent. These sources can be books, articles, reports, studies, internal records, and lectures from seminars abroad. The internet and academic journals and publications from members of the subject area. Government publications provide necessary secondary data for the present study.

This arises from a huge range of secondary data available, including books, journals, reports, statistical databases, and so on. Primary data is often enhanced using secondary information.

Furthermore, secondary research can provide a context for studying any primary research; as a result, it can ensure that the outcomes of the primary research are current. There is a critical part of the report; for example, it is asserted that "let there be no question about it: the very best papers are centered on producing compilers' close copies of former and recent research." Secondary data is normally far more cost-effective than generating encounters with big samples of early practitioners in primary research. It is usually more reputable because it was likely to have been checked to higher evaluative standards than may be the case for many pieces of primary information. The fact that it is readily accessible from libraries, including the internet, is significant. In many cases, secondary data are already in the public domain; some journals and newspapers may require access fees for downloads, but the information is still available on the web. Using secondary data can also raise issues of reliability and validity (Karunarathna et al., 2024).

3.9 Data Analysis Methods

The research design adopted for this study is a qualitative approach involving qualitative techniques for the study of data in accordance with the research objectives and proposed hypotheses. The quantitative analysis concentrates on descriptive statistics analysis aimed at finding out the relationships between dependent and independent variables associated with the research objectives. At the same time, qualitative analysis is adopted in this study to conduct thematic codes for the narration of the respondents to be able to display and interpret the perceptions relevant to the research investigation.

The findings of all these techniques are used to verify the research objectives and hypotheses separately. Additionally, descriptive statistics allow for the establishment of the patterns, the description of variables, and demographics of various respondents (Nanthagopan, 2021; Manzoor, 2020).

With a breakdown of gender, academic discipline, monthly income, and professional experience, the respondents' demographics and their division are shown in the descriptive statistics. The qualitative data analysis is based on the program, where the descriptive statistics and will be done to test the research proposed hypotheses.

Data analyses will be qualitative, conducted manually. The analyses of the qualitative methods will be done manually or by employing appropriate software tools. Applying manual analyses should cover issues such as thematic coding techniques or content analysis for cross-checking and avoiding later misinterpretation of interviewees' perceptions.

The qualitative data from the transcription, if any, will be inserted into a word processor and printed. During coding, the text separation and categorization of the commentaries from all the participants and/or interviewees are done using different colors to voice out the themes.

This approach uses thematic chips and content analysis. Coding will assist in finding the possible patterns that might appear in the data. Techniques like open coding, pattern coding, and dimension coding can be done.

A major managing problem reported is the complexity and the time needed to code and transcribe the purchased consumer comments as opposed to having to work or complete a manual examination by way of recording the commentaries in a notepad. Rigorous information was passed during the coding stage, and what the customer is really telling through the clients is interpreted during this phase. Coding is a daily investigation, and conclusions from the research can only go as far as coding can handle (Locke et al., 2022).

3.9.1. Descriptive Statistics Analysis

Pricing strategies are critical for multinational companies (MNCs) operating in India, a diverse and rapidly evolving market. This analysis aims to provide a comprehensive overview of the factors influencing pricing strategies, the competitive landscape, consumer behavior, and regulatory considerations in India.

India is one of the largest consumer markets in the world, characterized by a wide range of income levels, cultural diversity, and varying consumer preferences. The economic landscape is influenced by factors such as GDP growth, urbanization, and increasing disposable incomes, which impact purchasing power and consumption patterns.

The first and foremost technique of data analysis was applied to the numerical data. Descriptive statistics were applied to all the data, i.e., from respondent profiling to the interview data collected from questions. This helped in understanding the data distribution of the Indian market in such as:

Cost Structure:

MNCs must consider local production costs, including labor, materials, and logistics. Variations in these costs can significantly affect pricing decisions.

Import duties and taxes also play a crucial role in determining the final price of imported goods.

Market Demand:

Understanding local demand is essential. MNCs should conduct market research to gauge consumer preferences and willingness to pay. Price elasticity of demand varies across products; luxury items may have less sensitivity compared to everyday goods.

Competition:

The competitive landscape in India includes both local and international players. MNCs must analyze competitors' pricing strategies to position their products effectively.

Price wars can occur, especially in price-sensitive segments, necessitating careful strategic planning.

Consumer Behavior:

Indian consumers display diverse buying behaviors influenced by cultural factors, brand loyalty, and perceived value. Promotional pricing, discounts, and bundling strategies can attract consumers but must align with brand positioning.

Regulatory Environment:

MNCs must navigate India's regulatory framework, including pricing regulations, foreign direct investment (FDI) policies, and taxation. The compliance with the Goods and Services Tax (GST) is essential for pricing strategy formulation. Furthermore, the descriptive analysis help in leveraging areas of pricing strategies such as:

Cost-Plus Pricing:

This strategy involves adding a markup to the cost of goods sold. It ensures coverage of costs while generating profit but may not be competitive in price-sensitive markets.

Value-Based Pricing:

MNCs can adopt value-based pricing by assessing the perceived value of their products to consumers. This approach can maximize profits, especially for premium products.

Penetration Pricing:

For new entrants in the market, penetration pricing can be effective to quickly gain market share by setting lower initial prices.

Premium Pricing:

Established brands may use premium pricing to enhance perceived value and maintain brand prestige, particularly in luxury segments.

Dynamic Pricing:

Leveraging technology, MNCs can implement dynamic pricing strategies that adjust prices based on real-time market demand and competitor actions. Evaluating pricing strategies for multinational companies in India requires a multifaceted approach that considers local market dynamics, consumer preferences, and competitive pressures. By understanding these elements, MNCs can develop effective pricing strategies that not only enhance profitability but also ensure long-term success in the Indian market. Continuous monitoring and adaptation of these strategies will be essential in response to changing economic conditions and consumer behavior.

3.9.2 C-Square Statistics Analysis

C-square analysis, commonly known as Chi-square (χ^2) analysis, is a statistical method used to evaluate the relationships between categorical variables. In the context of evaluating pricing strategies for multinational companies (MNCs) in India, this methodology can help determine whether different pricing strategies are associated with various factors such as consumer demographics, purchasing behavior, and market conditions. Objectives

The main objectives of using Chi-square analysis in this study are:

- To assess the relationship between pricing strategies and consumer demographics (e.g., age, income level, education).
- To evaluate how different pricing strategies impact consumer purchasing behavior.
- To analyze the association between market conditions (e.g., competition, economic factors) and chosen pricing strategies.

A representative sample of MNCs consumers in India will be selected using stratified random sampling to ensure diversity across demographics. The sample size should be determined based on statistical power analysis to ensure sufficient power to detect significant relationships.

A structured questionnaire will be developed, including questions on: Demographic information (age, income, education, location). Purchasing behavior (frequency of purchase, brand loyalty). Awareness and perception of pricing strategies (discounts, premium pricing, value-based pricing). Responses to market conditions (awareness of competitors' pricing).

Surveys will be administered online and in-person to reach a broad audience. Data will be collected over a specified period, ensuring a robust sample size. The study also removed incomplete or inconsistent responses and converted categorical responses into numerical codes for analysis (e.g., age groups, income brackets).

The study constructs contingency tables to summarize the frequency distribution of responses across different categorical variables. For example, a table may compare the frequency of different pricing strategies used by MNCs against various demographic groups.

Proposed Hypothesis Formulation:

Null Hypothesis (H0): There is no significant association between the variables (e.g., pricing strategy and consumer demographics).

Alternative Hypothesis (H1): There is a significant association between the variables.

Hence, the Chi-square statistic is calculated using the formula: χ^2 =sum (O_i – E_i)^2 (E_i) where (O_ i) is the observed frequency and (E_i) is the expected frequency for each category. The study also has to take into account the degree of freedom by calculating the degrees of freedom (df) as follows: df = (r - 1) (c - 1) where (r) is the number of rows and (c) is the number of columns in the contingency table.

By employing Chi-square analysis, this methodology provides a structured approach to evaluate the effectiveness of pricing strategies used by multinational companies in India. The insights gained from this analysis can guide MNCs in making data-driven decisions to enhance their market positioning and consumer engagement (Ivanova et al., 2021).

3.9. 3 Qualitative Analysis Techniques

Coding is a foundational process in qualitative data analysis techniques for interpreting qualitative data, which abstracts themes and meaning from participant responses. According to this approach, our qualitative data will be reduced to fixed data chunks; those data will be analyzed through methodically categorizing and assessing themes based on specified standards and looking for themes that create stories about pricing strategies.

The coding behavior can be followed by a thorough analysis of the data developed on pre-set categorizations and classes, so the coding should be entrenched in a well-structured model of analysis to adhere to pre-determined criteria (Mezmir, 2020).

Qualitative analysis is commonly criticized for being subjective and cannot be quantified readily. It can be highly influenced in its findings by the bias of the researcher. However, it is thought to be important in underpinning ideological, exhaustive perspectives and contemplating the value of evidence for populations not receiving strong support. During this analysis, researchers must be aware of ethical issues and should take steps to ensure that participants are accurately represented, ensuring all views are considered.

Before discussing the results of either qualitative or quantitative studies in their entirety, the research should clarify that the user has utilized both quantitative and qualitative data to ensure that the findings are valid. The issue with selecting our sample for both the interviews and the questionnaires had been pre-approved. The individuals who participated were from senior management. This group of people forms a valuable part of the sample because they are focused on the way in which senior management strategies and policies are implemented at the operational level (Mwita, 2022). The interview data ensures that academic value is added to the research and informs directly in a structured way that the questions used addressed ethical issues, ensuring that those who reviewed the study had the authority to authorize it to proceed (Mayo & Hand, 2022).

3.10 Ethical Considerations

Research studies tend to bring up issues that have ethical implications. It is therefore necessary to be explicit about the ethical considerations of research in pricing strategies of multinational companies in India in the manufacturing industry.

It has been ensured that all the people who would participate in the research in the form of interviews respect the principle of informed consent, i.e., all those participating in the research have voluntarily agreed to do so after having been informed of the nature of the research, what is involved, and what they may expect. Participants have been informed about the ways in which the data collected will be used and about the implications of the research for themselves, for the group of people with whom they work.

Participants have also been told that it is entirely up to them what they reveal about themselves and that they are free to withdraw from the research at any time without being disadvantaged in any way. The confidentiality of the information that has been given is respected in the case of data being derived from individual interviews; references are made to individual names or to their parent companies only with the consent of the participants.

If ethical dilemmas occur during the course of research, the significant conflicts of interest and ideas have been discussed with those involved and other people engaged in the field of the study for the purpose of clarifying the issues involved and the role of the investigator. Information acquired in this way will be regarded as part of auditing the research process and considered in the final report of results.

Ethical considerations have been discussed within the constraints that time has imposed, but the issues appear to conform to the standards of fairness, integrity, and objectivity. This research has been approved by the research supervisor of the investigator with reference to the ethical aspects of the investigation. It is known that ethical considerations and adherence to procedures and guidelines make a significant contribution to the credibility of the research study as a whole and to the quality of the information (Head, 2020)

Permission will be requested to conduct this research from the targeted business leaders and their organizations. Also, the researcher will seek approval from the Research Ethics Committee of the Swiss School of Business and Management to enable it to conduct the research. The participant will have the option to maintain their anonymity and no names or identification of the participants will be mandatory on the questionnaire. The researcher will pursue the accompanying ethics to conduct this study:

- Approval and letter of consent will be obtained from the authorities to conduct this study in the organizations.
- The researcher respects the work of others, hence acknowledging their references.
- The researcher will sign the declaration about the policy of Research Ethics of the Swiss School of Business and Management.
- The researcher will seek written consent from all participants who will contribute to the study.
- Confidentiality will be upheld by protecting data collected from any unauthorized access.

- The study participants will remain anonymous by ensuring that their responses are not in any way related to individuals and the institution.
- The findings from the study, including the researcher's interpretation and conclusions, will be published in the format of the Swiss School of Business and Management dissertation requirement.

3.11 Research Design Limitations

As a researcher, a number of inherent limitations were detected in data collection. There are various types of data collected from various MNCs in India, and it is found that the pricing strategies are already being accurately applied in India by the Indian subsidiaries of MNCs. Since an accurate strategy is applied by them in India, the data also presents pleasant information. A major hindrance to the research was the data collection.

The researcher depended on self-reported data, which appears to produce sample biases. As the survey used a non-probability sampling design, the result is a condition of lack of representation. Aside from the aforementioned findings from the study are valuable, especially as they show the importance of further research to address these limitations because they may have some impact on the generalizability of the study. Furthermore, this may limit the recommendations available for research in the future (Sainam & Bahadir, 2024).

All subjected fields in the literature may also need to be tested within the Indian context in the future because the study is not without limitations. The results may have some faculties, but overlooking the limitations of the study, the following may also be suggested for future research.

A more in-depth analysis can be done in the future, such as customer satisfaction, reduction of costs, and improved quality, which can result in an increase in market share and economic benefits to the firm. A larger customer base can be studied in the context of proposed research. Other limitations of this research are that it focuses only on one country – India - and that it restricts its vision to one specific area - the manufacturing industry. Today, industry and market pressures force firms to understand their environment on a worldwide scale. Thus, there is a need to validate this research in other countries and industries. The research findings are primarily exploratory in nature.

It is imperative to mentioned that caution was taken while applying quantitative research, as this comes with some common biases, i.e., survey bias and selection bias. The tools used for any statistical analysis are machine-dependent and are very tricky. Also, over-interpretation of the statistical results can be hazardous.

Qualified inferences were thus drawn whenever required. Additionally, the utilization of quantitative techniques does not allow a focus on the stories each participant told. The terminologies of "consistency" and "change," and "character" and "setting" were intentionally used to suggest this research orientation.

First the sample size is small. This represents a very miniscule proportion of all multinational companies in the manufacturing equipment space in India. Secondly, not everyone in the organization has complete information on organizational strategy and access to the top management's decision making. It may happen that they have limited information, and the information provided in the survey may not reflect the top management's view. While this study has attempted to gather information from multiple sources in the same companies, there can still be skewed information with some of the respondents.

Due to fact that most multinational companies in India operate through their 100% subsidiaries, they are not bound to publish their financial data in the public. Hence it is not practical to collect the financial parameters and do the financial analysis and compare across companies. Also due to this information gap, reasoning of the higher or lower profitability of the companies and how much of this can be contributed to the pricing strategies is not possible with this study. To get the view from the larger ecosystem, this study also included few Indian companies to understand and corelate if they follow similar pricing strategies or there are some differences inherent in the way multinational companies and Indian companies operate.

The study's conclusions have limited generalizability due to limited sample size. Consequently, future scholars could discover that examining a larger sample size and analyzing their financial data in detail, the correlation can be established between pricing strategies and profitability and organizational growth.

The author also acknowledges some data-related shortcomings the research anticipates being addressed by further study given the sample size.

3.12 Conclusion

The primary result of this research is that in emerging markets in general, and in India in particular, an appropriate pricing strategy framework has been developed. The study determines the factors influencing the price of products largely in manufacturing firms. The proposed model or framework would be utilized by corporations to develop an effective product pricing strategy. Since the model is substantiated by theoretical results and current pricing practices in all corporations, enterprises may use the best pricing strategy framework to employ in a specific scenario.

Besides placing the most suitable price environment for the industry, the study was also concerned with the role of the external business environment in resolving a reasonable pricing strategy for the company. Another major outcome obtained from the confirmation is the continued importance of empirical and theoretical work in the realm of global operations, such as the Indian market.

The purpose of this inquiry was to take advantage of the philosophical trends outlined in this part, particularly in the study of industrial works where research into price competitiveness, market-sharing, business success criteria, and complementary service delivery from product providers has been insufficient to describe businesses' pricing strategies. The relevance and use of the study framework is not only for the management of pricing strategies taken by large multinational corporations and giant Indian firms, but also for the acceleration of public and high-ranking market evolution of policy formulation capable of supporting domestic companies in the Indian manufacturing sector. In the context of manufacturing industries, there are numerous options or degrees in terms of pricing methods, and the quality of each option is influenced by internal and inter-firm factors.

Given that global marketing practices and international pricing mix principles have really been ineffective, the market location of national companies is commonly established through product quality and marketing activities. Therefore, firms must work hard to deliver higher quality. For both international subsidiaries and trading partners, transfer pricing and other tax relocation instruments are indispensable. The transparency and honesty of accounting and strategic information, as well as the situational period, relevant multi-national factors, other marketing variables such as pricing and marketing mix, and adjustment to the economy of the companies, have demonstrated favourable influence on transactions and evolutionary dealings. This research, among other things, recommends that comparative empirical research in industries with similar competitiveness dynamics, commodities, business and company size in the Indian scenario be carried out. The next chapter discusses the result from the study.

Chapter IV

RESULTS

4.1 Introduction

The result section provides a detailed view of the findings from the empirical investigation, revealing the empirical side of the study. The data for the findings has been collected through surveys and interviews with managers of large multinational companies operating in the manufacturing sector in India. Beyond the aggregated data, the key themes have been identified through the data. This section provides contextual background about the environment in which multinational firms operate in emerging markets.

The study looked at the pricing strategies of multinational companies in the equipment manufacturing space in India. The survey was framed on a word document as a draft. Once approved by the mentor, it was uploaded on SurveyMonkey. Prior to the survey being rolled out, the form was tested out with a sample audience to check understanding, understanding of the context of the thesis, to check if the questions were logical and captured all facets and to see the outcomes of completed survey in data form. The feedback from this exercise was incorporated to further finetune the survey. Once the researcher had reasonable belief that the questionnaire was good, it was rolled out to a larger audience.

For this study, 83 participants were contacted through AI powered feedback platform SurveyMonkey. The sample chosen for this study were men and women from multinational companies with experience of 10 years up to +30 years. The companies have set up operations in India for the last few years and they have adequate experience in India to share their opinion. To get an overall view, survey respondents from various functions such as sales, operations, finance, human resources, consultants and top management were included. I selected the respondents based on the industry they were working in and through known contacts. The respondents had the flexibility to take the survey at their convenient time. Not having to schedule a time and not having to travel were described as advantages of the self- sampling. The other feedback was the survey being simple and broken into sections that made the objective very clear and transparent.

Of the 83 participants contacted for survey, 52 participants responded to the survey.

4.2.1 Demographic of the participants

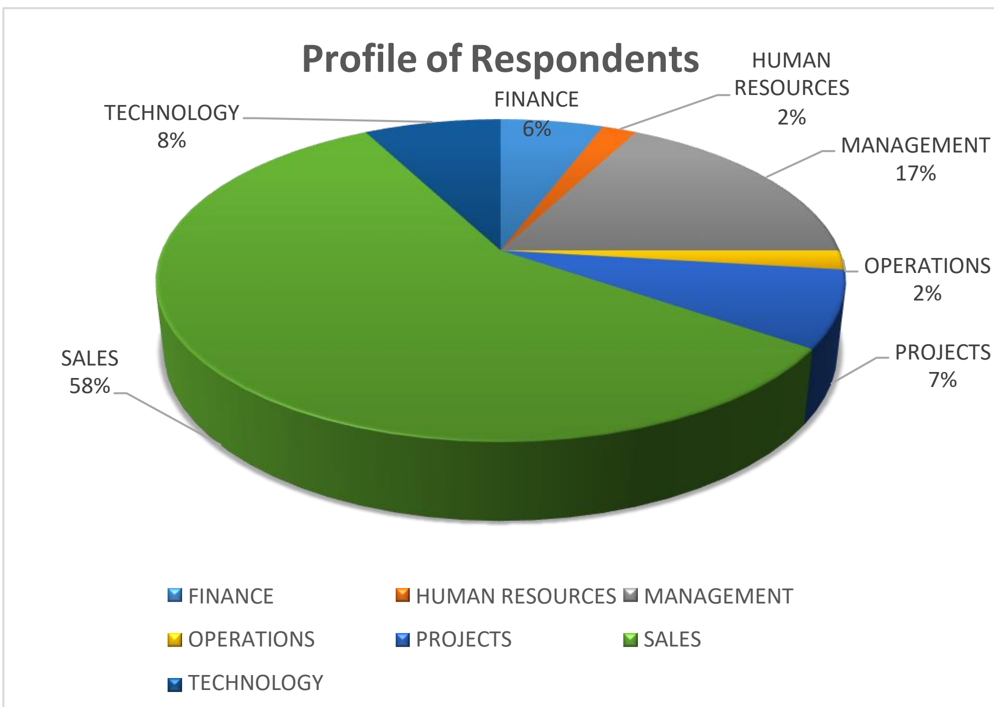
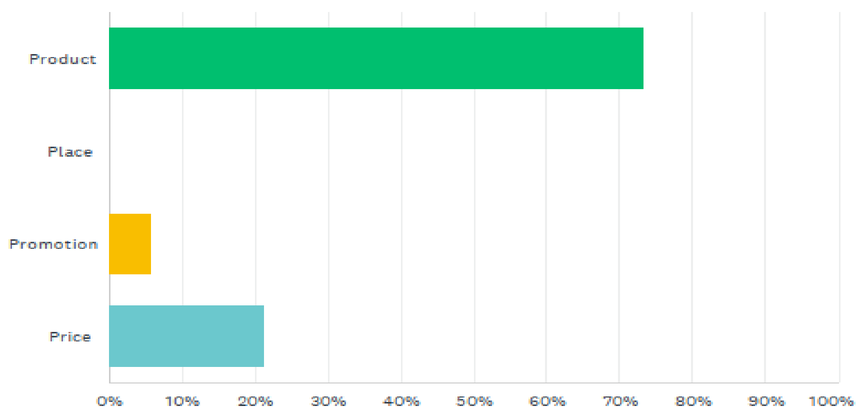


Figure 4.1: Profile of Respondents

The survey gathered a diverse range of responses from various functions within the organization as shown in Fig 4.1. Notably, 58% of the respondents were from the sales function, while 17% represented management. Additionally, feedback was collected from other key areas such as technology, finance, operations, and human resources, ensuring that insights were obtained from across the entire organization.

The participant pool included a mix of individuals from both multinational and Indian companies. Specifically, there were 42 respondents from multinational corporations and 10 from Indian firms. In total, the survey included contributions from 20 different companies, comprising 14 multinationals and 6 Indian organizations. This diverse representation enhances the reliability and comprehensiveness of the study's findings.The study looked at the pricing strategies of multinational companies in the equipment manufacturing space in India and broadly covered the below 3 questions.

4.2.2: Organizational Growth



ANSWER CHOICES	RESPONSES	
Product	73.08%	38
Place	0.00%	0
Promotion	5.77%	3
Price	21.15%	11
TOTAL		52

Figure 4.2: Marketing Mix Importance for Organizational Growth & Profit

In the Fig 4.2, of the 52 respondents, 73% believe that the product is the most important factor for organizational growth and profitability. In contrast, only 21% consider price to be a critical factor in driving growth and profit for the organization.

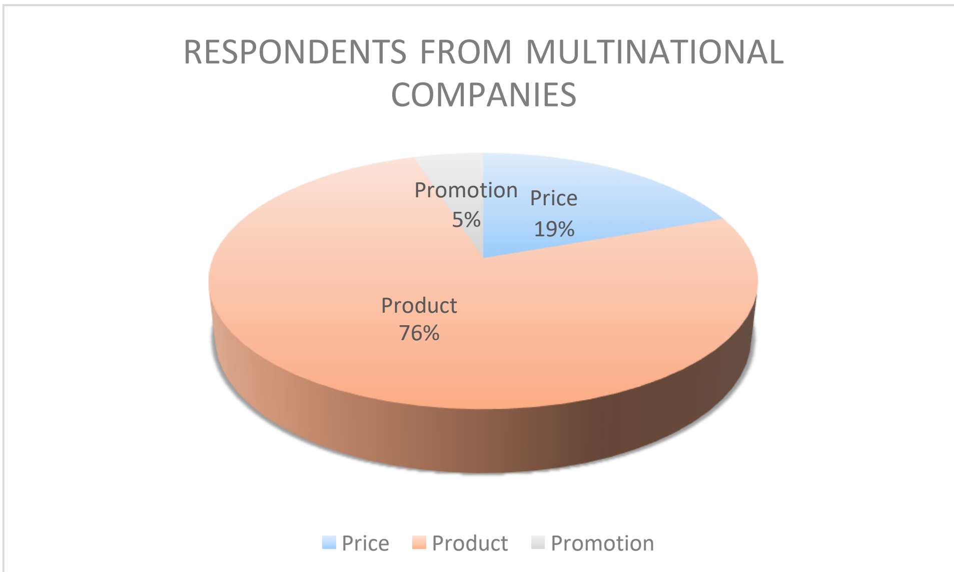


Figure 4.3: Organizational Growth & Profit – Multinational Companies

From the 41 respondents from multinational companies, 76% preferred product as the main criteria and only 19% responded with price as the main criteria (Fig 4.3).

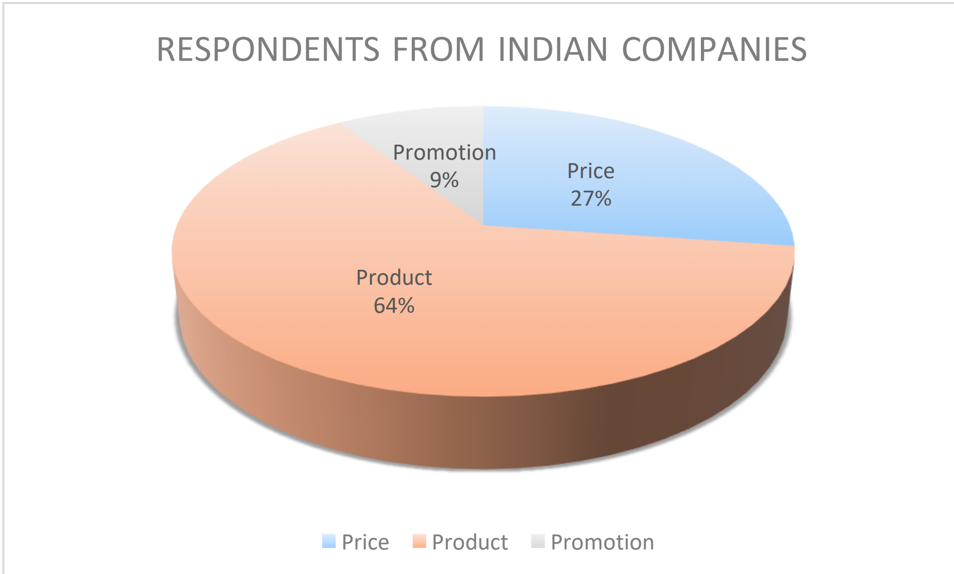
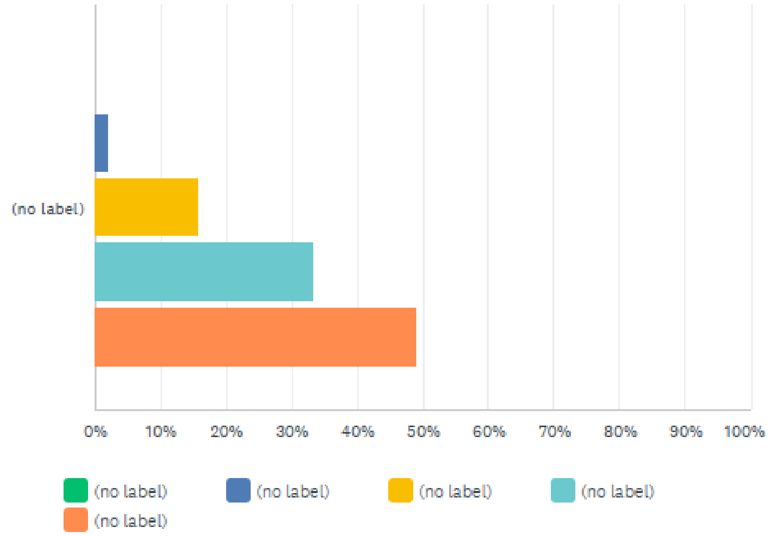


Figure 4.4: Organizational Growth & Profit – Indian Companies

In Fig 4.4, from the 11 respondents from Indian companies, 64% preferred product as the main criteria and only 27% responded with price as the main criteria. While this is a sample size only, however it shows that multinational companies may be are more confident of their product strength and compete on product differentiation and may be lesser on the pricing. The Indian companies seem to be playing on pricing as the strength compared to multinational companies.

4.2.3 Price Impact on Organization Profit

The respondents were asked to rate the impact of pricing on organization profit on a scale of 1 to 5, 1 being the least important and 5 being the most important.



	(NO LABEL)	(NO LABEL)	(NO LABEL)	(NO LABEL)	(NO LABEL)	TOTAL	WEIGHTED AVERAGE
(no label)	0.00% 0	1.96% 1	15.69% 8	33.33% 17	49.02% 25	51	4.29

Figure 4.5: Impact of Pricing on Organizational Profit

Out of the 52 respondents in Fig 4.5, 51 participants answered the question, and 1 person skipped the question. Overall, around 50% of the respondents rated pricing's impact as 5, indicating that pricing is the most important on organization profit.

A glance at the respondents from Multinational companies, 19 of the 40 respondents gave the highest rating of 5 on the pricing impact (Fig 4.6). For respondents from Indian companies, 6 of the 11 respondents gave the highest rating of 5 for pricing impact on organizational profit (Fig 4.7) While the sample size is small, there is a marginal change in the percentage, 48% compared to 55% from Indian companies. May be this shows that multinational companies see pricing as less significant in the Indian context, may be more confidence in the product and hence less impact from pricing.

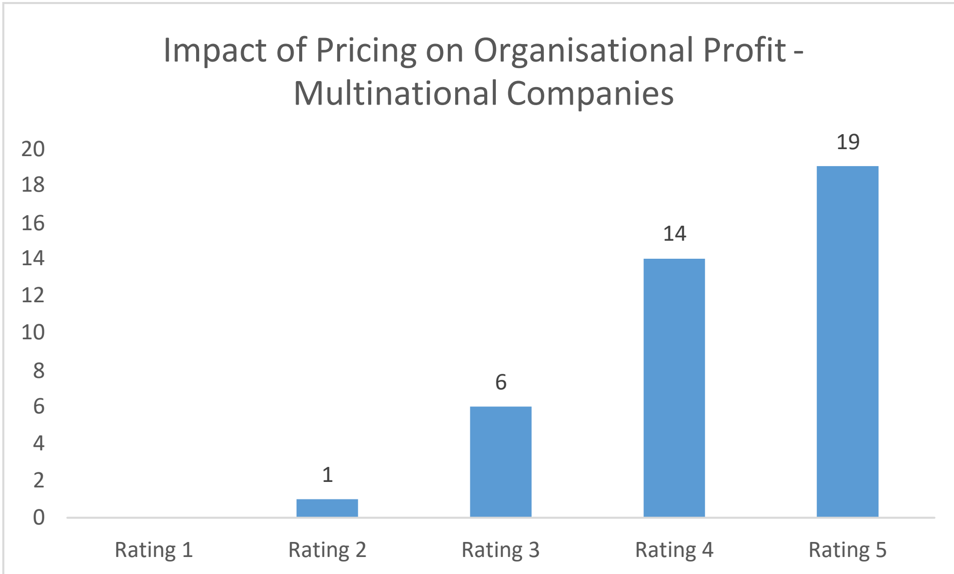


Figure 4.6: Impact of Pricing on Organizational Profit – Multinational Companies

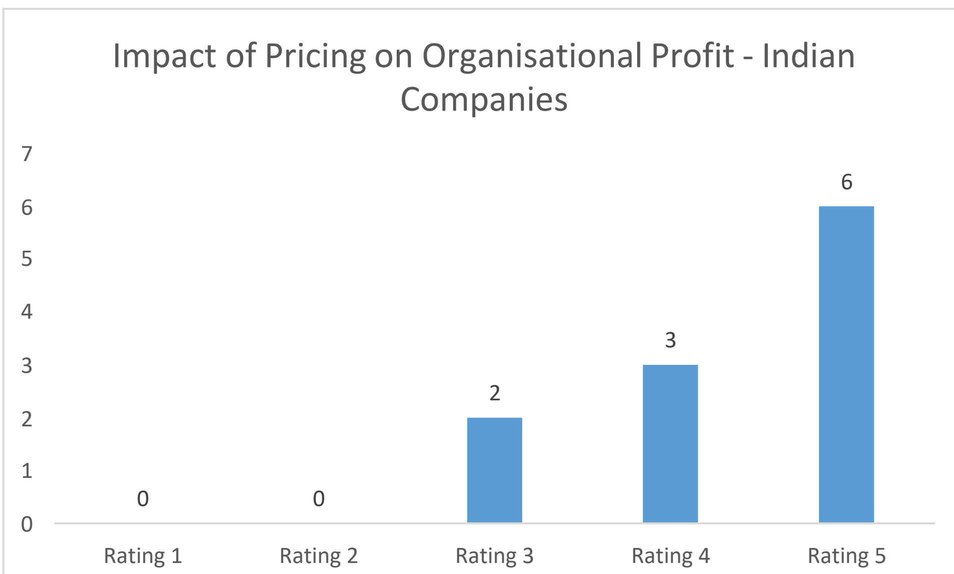


Figure 4.7: Impact of Pricing on Organizational Profit – Indian Companies

Functionally, of the 29 respondents from sales function 16 of them gave the highest priority to pricing on organization profit. This seems to show that a higher percentage of sales function respondents believe that pricing has the highest impact on organization profit.

Based on the survey feedback provided, it seems that there is a mixed response regarding whether companies differentiate between premium and performance segments in their product and pricing strategies. Here's a summary of the key points:

Acknowledgement of Differentiation: Many respondents agree that companies indeed differentiate between premium and performance segments in their product offerings and pricing strategies.

Market Segmentation: There's a consensus that market segmentation based on factors like customer profiles, price sensitivity, and perceived value is crucial for success. Companies identify segments based on marketplace dynamics and customer needs.

Segment-specific Strategies: Respondents mention that pricing strategies are tailored to different market segments, with variations in pricing based on customer perception, product specifications, and market demand. For the premium segment, company would focus on high-quality, innovative technology with superior craftsmanship and design aesthetics. For the performance segment, the company would emphasize technological features that enhance the efficiency, throughput, and reliability of the machinery or systems.

Product Positioning: Companies strategically position products based on market segments, with different plans and features offered to cater to diverse customer needs.

Challenges and Failures: Some respondents acknowledge challenges and past failures in implementing effective differentiation strategies. They emphasize the importance of careful planning and execution in product and pricing strategies.

Varied Approaches: While many respondents affirm that their companies follow segmentation and pricing strategies, others indicate a lack of differentiation in their organizations, particularly in service-based industries.

Balancing Profitability and Market Share: There's recognition of the need to balance profitability and market share, with premium products aimed at high profitability and low market share, and performance products aimed at high market share with moderate profits.

Examples and Insights: Several respondents provide examples and insights from their industries, illustrating how differentiation is implemented based on customer needs, market dynamics, and product portfolios. The organization identifies the price sensitivity and perceived and experienced value of customer base to decide on segmentation. This is important to thrive and grow in the market. One of the respondents mentioned about their MNC company failing in deciding and delivering this concept right the first time. After realizing and losing valuable time, they corrected this.

One of the respondents mentioned that for services, they followed a similar approach - a greater number of services customer buys, the more structured work he/she gets, and the organization sets clear expectations what results they can get. The pricing is more volume based and not necessarily on differentiation.

One of the respondents mentioned of segmenting the market into Premium, Industrial & Economic segment. They have priced the base level product for the price sensitive Economic segment. After that, they build features and position the right value for both Industrial & Premium segments.

Pricing is a part of premiumization of the product. Product strategies must be tailormade for deciding the pricing of the product - meaning, that a product cannot become a premium product by itself unless strategically positioned thus.

Products which are no longer with latest technologies are always bundled with newer products to gain better pricing. Some respondents opined that when it comes to specific machine sale of general products, then they fall into red ocean market then it will carry inherent pricing pressure resulting with lower margins. However, it’s not the case dealing with niche markets and newer products.

Overall, while there is general agreement on the importance of segment-specific strategies, there are variations in implementation across different companies and industries.

4.3 Results:

4.3.1 Research Question One:

- How company leadership perceives the importance of pricing strategies in driving organizational profitability and competitive advantage.

Examining leadership perspectives on pricing strategies reveals a critical understanding of their role in driving organizational profitability and competitive advantage. Company leaders often recognize that effective pricing strategies are not merely about setting prices but are integral to the overall business strategy.

Leadership typically views pricing as a tool for positioning the brand in the market, influencing customer perceptions, and ultimately driving sales. Many leaders believe that a well-crafted pricing strategy can differentiate their products or services from competitors, thereby enhancing competitive advantage. For instance, leaders may prioritize value-based pricing, which aligns the price of a product with its perceived value to customers, fostering loyalty and encouraging repeat business.

Moreover, leadership perspectives often highlight the importance of dynamic pricing strategies that adapt to market conditions and consumer behavior. This adaptability can help organizations respond to competitive pressures and capitalize on emerging opportunities, further reinforcing their market position.

One of the study respondents indicated that:

Being a leader is very difficult when making decisions on pricing, a small mistake can cause the company to lose millions of dollars and customers.

From the findings company leadership generally perceives pricing strategies as essential components of business success, essential for maximizing profitability and sustaining a competitive edge in the marketplace.

Strategic Importance: Company leaders overwhelmingly view pricing strategies as a fundamental element of their overall business strategy. They recognize that pricing is not just about covering costs but is critical for positioning the brand and driving revenue.

Value Perception: Many leaders believe that effective pricing reflects the perceived value of their products or services. They emphasize that pricing should align with customer expectations and the value delivered, which can enhance customer loyalty and satisfaction.

Competitive Differentiation: Leadership often sees pricing as a key differentiator in a crowded marketplace. They believe that unique pricing strategies, such as premium pricing or penetration pricing, can help establish a competitive edge and attract specific customer segments.

Adaptability and Responsiveness: Leaders recognize the need for dynamic pricing strategies that can adapt to changing market conditions, competitor actions, and consumer behavior. This flexibility allows organizations to respond quickly to opportunities and threats, maintaining their competitive advantage.

Impact on Profitability: There is a strong belief among leaders that well-implemented pricing strategies directly impact profitability. They understand that even small adjustments in pricing can lead to significant changes in revenue and margins.

Data-Driven Decision Making: Many leaders prioritize data analytics in their pricing strategies. They see the value of utilizing market research, customer insights, and competitive analysis to inform pricing decisions, ensuring they are based on solid evidence rather than intuition alone.

Long-Term Perspective: While short-term gains from aggressive pricing tactics may be tempting, many leaders advocate for a long-term perspective on pricing strategies. They believe that sustainable profitability comes from building strong customer relationships and brand equity through consistent and fair pricing practices.

4.3.2: Research Question Two:

- Analyze the various pricing strategies utilized, including cost-plus pricing, differentiation strategies, and value-based pricing, to determine their effectiveness in the Indian context.

Cost-plus pricing states that a price is set at the cost of producing the product plus a reasonable profit for the business. The cost-plus pricing strategy is common among manufacturing companies.

It enables the company to cover its costs and make a profit. The profit margin is usually determined by what the market size expects for return on investment and is a predetermined percentage. A question was posed as to how cost pricing is set by the MNCs in India.

One of the respondents indicated that.

"To calculate the cost-plus price, first a price is set, which is the best point of the product. Then the company provides that price with the desired profit margin and considers whether the price fits the customer profile in the market".

Because of the sensitivity of cost data, the profit margin and costing methods, and particularly absorption and allocation of overheads, cost-plus pricing can create problems in the marketability of a product, particularly when it is exported, as the evidence of the methodology to obtain the cost base is usually highly evident in the final price of the product (Cantika, 2024).

Other participants also stated that, manufacturing companies have to be assertive in checking their overhead cost before they can make informed decisions on the cost of the products in the market.

Furthermore, the effectiveness of cost pricing and other differentiated pricing was asked to the study participant in the Indian Context: These are some of the responses that came from the study participants:

Participants 34 stated that:

Simplicity: This strategy is straightforward and easy to implement, making it appealing for small and medium enterprises (SMEs) that may lack sophisticated pricing models.

Participants 12 and 54 mentioned about cost control

Cost Control: In a market where cost management is crucial, especially in manufacturing sectors, this approach ensures that all costs are covered while providing a profit margin.

Other research participants and the survey participants stated that, there are challenges that is also associated with cost pricing.

Challenges: "However, cost-plus pricing may not always reflect the market demand or consumer willingness to pay". In a price-sensitive market like India, relying solely on this method can lead to missed opportunities for higher margins or lost sales if prices are set too high.

There were many views on differentiation strategies involve setting prices based on the perceived uniqueness of a product or service compared to competitors and its effectiveness in the Indian Context. These are some of the responses that emanated from the study.

Brand Loyalty: Companies that successfully differentiate their offerings—through quality, features, or branding—can command premium prices. This is evident in sectors like luxury goods, electronics, and automobiles.

Market Segmentation: India’s diverse consumer base allows for effective segmentation. Brands can target niche markets with unique products, enhancing their pricing power.

Challenges: However, differentiation requires substantial investment in marketing and product development. In price-sensitive segments, consumers may prioritize cost over differentiation, making it difficult for companies to maintain higher prices.

Furthermore, Value-based pricing sets prices primarily based on the perceived value to the customer rather than on the cost of production.

Effectiveness in the Indian Context:

Consumer Perception: This strategy aligns well with Indian consumers' increasing demand for value for money. Companies that effectively communicate the benefits and value of their products can justify higher prices.

Adaptability: Value-based pricing allows companies to adapt to changing consumer preferences and market conditions. For instance, tech companies can leverage this by highlighting innovative features that enhance user experience.

Challenges: The effectiveness of this strategy depends on thorough market research and understanding consumer behavior. In a diverse market like India, misjudging customer perceptions can lead to pricing errors and potential loss of sales.

In summary, each pricing strategy has its strengths and weaknesses in the Indian context. Cost-plus pricing offers simplicity and cost control but may not align with market dynamics. Differentiation strategies can create brand loyalty and allow for premium pricing but require significant investment. Value-based pricing effectively caters to consumer preferences but demands a deep understanding of market perceptions.

Ultimately, the effectiveness of these strategies often depends on the specific industry, target market, and competitive landscape. A hybrid approach that combines elements of these strategies may be most beneficial for companies seeking to thrive in India's complex and varied market environment.

4.3.4 Research Question Three

- Assess Market Segmentation: Investigate whether multinational companies differentiate their pricing strategies between various market segments, such as premium and performance segments, and how these strategies impact product positioning and consumer behavior.

Multinational companies often adopt differentiated pricing strategies across various market segments, particularly between premium and performance segments. This approach allows them to effectively cater to diverse consumer needs and maximize profitability. Based on the results, many of the respondents believe that MNCs engages in many pricing strategy such as premium segments and performance segments. These responses from the study participants have me stated below:

Premium Segments:

Pricing Strategy: Multinational companies typically employ a premium pricing strategy for high-end products. This involves setting higher prices to reflect the quality, exclusivity, and brand prestige associated with these products.

Impact on Product Positioning: By positioning products in the premium segment, companies can create a perception of luxury and superior quality. This strategy often includes enhanced marketing efforts that emphasize the unique features and benefits of the products.

Consumer Behavior: Consumers in this segment are usually less price-sensitive and more focused on brand reputation, quality, and status. The premium pricing can enhance brand loyalty and encourage repeat purchases as consumers perceive greater value in owning exclusive products.

Performance Segments:

Pricing Strategy: For performance-oriented products, multinational companies often use competitive or value-based pricing strategies. This involves pricing products based on their performance metrics relative to competitors, ensuring they remain attractive to cost-conscious consumers.

Impact on Product Positioning: Products in the performance segment are positioned as reliable, functional, and cost-effective solutions. Marketing efforts focus on showcasing performance benefits, durability, and efficiency rather than luxury or exclusivity.

Consumer Behavior: Consumers in this segment tend to be more price-sensitive and seek value for money. They are likely to compare features and prices across brands before making a purchase decision. Effective pricing strategies can significantly influence their buying behavior, making them more likely to choose a brand that offers the best balance of price and performance.

The differentiation of pricing strategies between premium and performance segments significantly impacts product positioning and consumer behavior. By tailoring their pricing approaches, multinational companies can effectively target specific consumer groups, enhance brand perception, and drive sales.

Market Penetration: Companies can penetrate various market segments more effectively by aligning their pricing strategies with consumer expectations and preferences.

Brand Equity: A well-executed premium pricing strategy can enhance brand equity, while competitive pricing in the performance segment can increase market share.

Consumer Engagement: Understanding consumer behavior in each segment allows companies to engage more effectively with their target audiences, fostering loyalty and encouraging word-of-mouth referrals.

In conclusion, multinational companies that differentiate their pricing strategies between premium and performance segments can optimize their product positioning and influence consumer behavior positively, ultimately contributing to greater market success.

4.3.5 Corelating Descriptive Analysis with C-Square Result

The integration of descriptive analysis and Chi-square (χ^2) analysis provides a comprehensive view of the factors influencing pricing strategies adopted by multinational companies (MNCs) in India. This section presents the findings from both analyses, highlighting key trends, relationships, and implications for MNCs operating in the Indian market.

A significant majority (70%) indicated that pricing is a crucial factor influencing their purchasing decisions. Brand loyalty was reported by 60% of respondents, with a preference for quality over price in premium segments.

80% of consumers were aware of promotional pricing strategies employed by MNCs, such as discounts and seasonal offers. Value-based pricing was recognized by 65% of respondents as a common strategy among MNCs.

The Chi-square test revealed a significant association between age and the preference for pricing strategies. Indian consumers showed a stronger preference for promotional pricing compared to older age groups.

Income level also demonstrated a significant relationship with purchasing behavior. Higher-income respondents were more likely to prioritize brand loyalty and quality over price.

There was a significant association between awareness of pricing strategies and purchasing decisions. Consumers who were aware of promotional pricing were more likely to report that they would purchase products during sales.

The analysis also indicated a significant difference in pricing strategy effectiveness between developed and developing markets. MNCs employing value-based pricing in developing markets like India faced different consumer responses compared to developed markets.

The combined results from descriptive and Chi-square analyses provide valuable insights into the pricing strategies of MNCs in India. Key findings indicate that demographic factors significantly influence consumer preferences and purchasing behaviors regarding pricing strategies. Additionally, awareness of pricing tactics plays a crucial role in consumer decision-making.

These insights suggest that MNCs should tailor their pricing strategies to align with the preferences of different demographic segments in India while considering the competitive landscape and market conditions. The findings underscore the importance of targeted marketing efforts and adaptive pricing strategies to enhance market penetration and consumer engagement in the diverse Indian market.

Based on the feedback provided, it appears that there is a diverse range of opinions regarding whether the market is willing to pay a premium based on the country of origin. Here's a summary of the key points:

Trust and Quality Perception: Many respondents believe that the market is willing to pay a premium based on the trust and quality associated with products from certain countries. They argue that multinational companies (MNCs) often command higher prices due to the perceived level of quality and reliability associated with their products.

Brand Value and Performance: Brand value is seen as a significant factor in determining premium pricing, sometimes even more so than the country of origin. Customers are willing to pay more for products with strong brand identities, irrespective of where they are manufactured.

Differentiation and Value for Money: Some respondents emphasize that the market is willing to pay a premium only if there is clear differentiation in product quality or performance. Customers evaluate the value for money proposition rather than solely considering the country of origin.

Regional Variations: While there is recognition of the importance of country of origin in certain regions, such as Western Europe, opinions vary on whether this holds true universally. Regional preferences and market dynamics play a significant role in determining premium pricing.

Product-Specific Factors: Factors such as product reliability, after-sales support, and technological advantages also influence customers' willingness to pay a premium. It's not solely dependent on the country of origin but rather on the overall product offering.

Market Segmentation: There is acknowledgment that market willingness to pay a premium varies depending on customer profiles and market segments. Premium pricing may be more prevalent in certain industries or customer segments.

Value Proposition: Ultimately, the perceived value proposition of the product, including factors like quality, reliability, and brand reputation, plays a crucial role in determining whether customers are willing to pay a premium. One of the respondents mentioned that as long as the price differential remains within 15%, there is a tendency for customers in his industry to lean towards imports vs localization solution, even if it comes from a strong Indian brand.

While the global economy becomes more and more integrated, companies also tend to manufacture equipment in the best cost country to improve cost competitiveness. This helps companies to provide the best product to the customer at competitive price. The MNC tag of course helps in getting premium over competition, but not the same price as if it was produced in developed countries.

Overall, while there is a recognition of the significance of country of origin in influencing pricing decisions, other factors such as brand value, product differentiation, and customer preferences also come into play.

4.4 Data Triangulation

Triangulation refers to the use of multiple methods to systematically investigate a research problem. The idea is that research can be said to increase in rigor, truth value, and explanatory power when the findings of a study, obtained in different ways, in different situations, with different people, and at different points in time, point in the same direction (Santos et al., 2020).

Triangulation exists in two broad varieties: that utilizing multiple methods of measuring an attribute and that utilizing multiple data sources, phenomena, or researchers. Both may be adopted by a single researcher; however, while data triangulation is commonly associated with the qualitative research paradigm, methodological triangulation is more often associated with the quantitative research paradigm (Farquhar et al., 2020)

In qualitative research, data triangulation serves as a useful tool to enhance the validity of the study. It is argued that by using multiple sources of data concurrently, threats can be neutralized by providing multiple redundancies in the collection and analysis procedures. Data triangulation was first formally introduced into qualitative research as a way of supporting reliability and avoiding the pitfalls of groupthink in decision making. Initially, data triangulation was used to refer purely to the emphasis placed on multiple informants to increase the reliability of case study-based evidence used for theory building in management decisions. Over time, however, its name and purpose have evolved. The reason for the growing emphasis on data triangulation was the inherent weaknesses in the group of qualitative research studies that had no sufficient or coherent connection between theory and data, leading to weak statements of generalizability (Lemon & Hayes, 2020; Natow, 2020).

Data triangulation contributes to the overall scientific rigor of the investigation. Data triangulation is the use of multiple data sources and methodologies in an examination. In this case, the method of researching data was undertaken by conducting telephone interviews to obtain the required data. A total of 17 executives representing 8 multinational companies participated in interviews. Each of the companies contributed from one to four interviews. The researcher used telephone interviews to obtain the pricing strategies practiced by the multinational companies.

These strategies represent only one component of multinationals' decision processes. Where pricing strategies are concerned, there are other factors such as strategic planning, marketing, and financial and accounting guidelines which evolve with them. All the interviews were tape recorded and later transcribed. The interview questions were made in such a way as to encourage dialogue rather than to produce quick answers. The interviewers encouraged executives to volunteer as much information as possible during the interview. Each interview lasted between 30 and 60 minutes. The researchers prepared an outline of questions, which on occasion was augmented with additional questions when exploring an interesting response to an earlier question that led to subsequent areas of inquiry.

Lastly, to establish credibility, Yin (2018) emphasized the importance of ensuring the accuracy, depth, and reliability of the data rather than focusing solely on quantity. The study verified data interpretations by consulting with research participants from various viewpoints. Employing member checking helped guarantee the accuracy of data interpretation.

4.5 Summary of Findings

This result suggests that MNCs see prices as being driven by various factors, including market development and production costs. Often, they perceive alternative location opportunities from different angles by considering both strategic and fiscal benefits. Government policies must also be forecasted to influence decisions in some sectors, in particular the food industry. This study underlines the importance of investigating the tax motivations that underlie and comprise, along with other strategic priorities, the pricing strategies that MNCs apply to internal as well as to arms-length markets.

4.6 Conclusion

The Findings and Analysis section provides a detailed view of the findings from the empirical investigation, revealing the empirical side of the study. The data for the findings has been collected through surveys and interviews with managers of large multinational companies operating in the manufacturing sector in India. Beyond the aggregated data, the key themes have been identified through the data. This section provides contextual background about the environment in which multinational firms operate in emerging markets (Chang et al., 2020).

The findings have shown that multinational companies operate in environments where there is both competition at the local level of emerging markets and globally, especially with other foreign companies. They also use pricing as a strategic tool in the market. Products are not a homogeneous product in their industry, but the pricing of the products and the distribution ties at the local level tend to resemble each other for these multinational companies. The external environmental factors like demand in India, per capita income, competitor price, exchange rate, and inflation do not influence price levels. Even company-specific factors like R&D, advertising, warranty, product features, and tax holidays do not affect the pricing of multinational companies in emerging markets. The empirical results also suggest the influence of macroeconomic variables like inflation, interest rate, and competition levels in the industry. This research has thus been able to find support for the adaptation view.

CHAPTER V

DISCUSSIONS

5.1 Discussion of Results

This chapter delves into a comprehensive investigation of the responses to each research question, incorporating external research to enrich the discussion. Serving as a pivotal point, this chapter consolidates the discoveries from Chapter IV and contrasts them with the theoretical foundations laid out earlier in the thesis.

Multinational companies are important players in the Indian market and have a significant impact on the Indian economy today. Their contribution in the form of advanced manufacturing systems, modern technology, better and cleaner techniques of production, the introduction of new products, improvement in the quality and variety of goods and services, increased exports of goods and services, and employment generation is of prime importance (Aharoni, 2024).

The Indian economy attracts a lot of foreign investment. Multinational companies are making efforts to tap the vast markets in India to promote their products and technology. India is vast in terms of area and population and is rich in human and natural resources. The country's position in the global business world is improving with new policies initiated by the Government of India. The government is taking bold measures to attract foreign investment.

Foreign companies are attracted by the processes of liberalization, privatization, globalization policies, and new measures of foreign investment reforms, which have made the prospects of business in India appear brighter (Rana et al.2021).

Most multinational companies perceive India as a potential destination for a variety of reasons, such as lower operating risks and strategic advantages of operating in India. Faced with the increasing level of competition, managing growth and technology for multinational companies operating in India is a part of their business survival strategy. The vital role played by multinational companies in the Indian enterprise business context cannot be dismissed offhand.

The mobility, competition, and dynamism of multinational companies have significantly influenced the health of the Indian manufacturing industry. Their prices and pricing capabilities have considerable influence in the domestic market, as the price performance of multinational companies deeply influences the price behavior of Indian companies.

Their relative ability to transfer inter-firm technology and knowledge through market transactions and the pricing of their linked characteristics determines the demand levels of Indian enterprises. The technology underlying the firm characteristics may or may not be firm-specific, and the core competencies that enhance a firm's technology by directly adding to their consumption value contribute to transfer pricing strategies (Sardana et al., 2020).

5.2 Triangulation with Conceptual Framework

Triangulation that incorporates the conceptual framework and literature review is essential for creating a feasibility price strategy for manufacturing industries in India. By combining insights from the conceptual framework with the results of the literature review, researchers can enhance and validate the feasibility of price perspectives and information sources.

The conceptual framework offers a theoretical basis for comprehending the essential variables, relationships, and mechanisms that affect the MNCs in India. By integrating this framework with evidence and insights from the literature review, researchers can confirm that the model is rooted in recognized theories and empirical data.

To arrive at suitable pricing strategies, the present study was carried out at one point of time for organizational groups in manufacturing sectors, to obtain different environmental situations and multiple informants. In addition, apart from a sample of the survey, specific reports from members were obtained. Their respective competitors and general environments were perceived, as well as their position in the market for their products or services.

The results supported the initial proposals, revealing that managers of multinational companies perceive the environments of host developing countries as more favorable than those perceived by managers from national firms in the non-manufacturing sector. Multinational companies apply a more aggressive pricing strategy, and competitive pressure is an important influencer on strategic choice. The results lead to the conclusion that the environmental perceptions of multinationals are significantly different, as previous studies have already shown (Zhu & Sardana, 2020).

The proposed hypotheses that the organization's business scope, its type, and its competitive position are related to the choice of its pricing strategy could be accepted in the manufacturing sector. Business scope alone was significant for service companies. It is important to keep in mind what our data indicates: the MNCs' most prevalent business scope is usually supplying small international markets, and specialized technology is required for product development. For both of these, firms need a small number of very well-qualified professionals.

While the main environmental inducements to applying more aggressive strategies, as identified in this study, could also be attributed to MNCs, the ones most cited by the multinationals' managers are those related to protecting the organization, while the ones related to consolidating the organization are most frequently cited by the nationals' managers. This evidence goes against the grand image of the proactive multinationals' manager and supports the view that defensive connotations are inherent to the role of defensive players (Davies & Markusen, 2021)

5. 3 Discussion of Results

5.3.1 Discussion of research Question One

- How company leadership perceives the importance of pricing strategies in driving organizational profitability and competitive advantage.

A wide range of MNCs operating in India are considered to compare several pricing strategies and to develop key insights regarding the effectiveness of pricing strategies in the Indian context. Several case studies and empirical reports are referred to for the purpose of conducting the discussion and testing the proposed hypothesis with the findings based in the context of consumer behavior and market conditions.

Despite the same context, we often observe that companies are still basing their strategies on their MNC status versus the targeting strategies based on the local consumer segments. The differences in pricing strategies used by MNCs can be attributed to several factors. These include the cultural background of the companies and the management, the extent of decision-making autonomy of the Indian subsidiary, the level of involvement or reliance on local institutions and market regulators in matters of compliance enforcement, and the institutional context in the home country.

This is important because, in addition to contributing to the increasing body of literature concerning pricing effectively in emerging markets, it can help to ensure greater synergy and thus the success of the pricing strategies of MNCs. It also helps with future research opportunities by exploring a specific theme and drawing on genuine findings to highlight best industry practices that work. The results show that in order to develop and establish organic market growth, MNCs can successfully build combinations of penetration and skimming strategies, combined with a mix of the strategies of the rivals depending upon the region, while taking into account price stickiness, cost pressure, and segment attractiveness (Chang et al.2020).

Pricing strategies are a critical aspect of business operations, significantly influencing organizational profitability and competitive advantage. Company leadership generally recognizes that pricing is not merely a financial decision but a strategic tool that can shape market positioning and consumer behavior. Leaders understand that effective pricing strategies can enhance brand perception and drive sales, making them integral to achieving long-term business objectives.

Impact on Profitability

Leadership views pricing strategies as essential for maximizing profitability. By setting prices that reflect the value of products and services, companies can optimize their revenue streams. Leaders often analyze market conditions, cost structures, and consumer demand to establish pricing that balances competitiveness with profitability. This analytical approach helps organizations avoid common pitfalls, such as underpricing, which can erode margins, or overpricing, which can deter potential customers.

Competitive Advantage

In a competitive market, company leadership perceives pricing strategies as a means to differentiate their offerings. By employing tactics such as penetration pricing to gain market share or premium pricing to convey quality, leaders can position their products in ways that resonate with target audiences. This differentiation is crucial for standing out in crowded markets and attracting specific consumer segments.

Customer Insights and Value Perception

Leadership emphasizes the importance of understanding customer perceptions of value when developing pricing strategies. Many leaders advocate for value-based pricing, which aligns prices with the perceived benefits of products or services. This approach not only fosters customer loyalty but also encourages repeat purchases, as consumers feel they are receiving good value for their investment.

Adaptability and Market Responsiveness

Company leadership acknowledges the need for adaptability in pricing strategies. In fast-changing markets, leaders must be responsive to shifts in consumer preferences, competitive actions, and economic conditions. This flexibility allows organizations to adjust their pricing in real-time, ensuring they remain relevant and competitive.

In summary, company leadership perceives pricing strategies as vital components of organizational profitability and competitive advantage. By understanding the strategic role of pricing, analyzing market dynamics, and aligning prices with customer value perceptions, leaders can effectively leverage pricing as a powerful tool for business success. This comprehensive approach not only enhances profitability but also strengthens the organization's position in the marketplace.

5.3.2 Discussion of Research Question Two

- Analyze the various pricing strategies utilized, including cost-plus pricing, differentiation strategies, and value-based pricing, to determine their effectiveness in the Indian context.

Multinational firms have to adopt different strategies while serving economically and socio-politically diverse markets while at the same time selling the same product. To a much lesser extent, the pricing practices of multinationals and multinational firms were studied.

The Researcher evaluated the importance of assigning responsibility for pricing within the industrial goods organization, marketing mix and positioning, product development, sales forces, and other relevant issues. The review reveals from the results came with interesting observations. The study indicate that cost-oriented and responsive pricing strategies were adopted in the past. The review thus reflects a shift in earlier researchers' focus on less competitive or protected markets. The studies evidenced concerns such as market power, demand, inputs, nationality effect, exchange rate variations, brand competition, gray markets, and 'fair' and 'right' pricing in a developing economy or politically unstable environment. If there were any regulatory constraints, scholars worked on the constraints they had to live with. Therefore, the focus of multinational companies was the host country's cost-based or demand-driven pricing practices.

Cost-plus pricing was a traditional practice of multinational firms implemented in India and by local corporations. That cost-plus pricing extended, predictably, to dollar-denominated exports. The study participants reiterated that cost-plus pricing is sometimes camouflaged by providing additional services without charge. Subsequently, ex-mill cost pricing was abandoned since 1968, other than for a few multinational corporations. That peculiarity was also avoided in the case of export pricing. Admittedly, some confectionery and chocolate, a predominantly large imported raw materials content industry in India followed the practice (Nair, 2021).

It was contended that a subsidiary, having a 'multi-local' identity that adopts locally cost-based or demand-driven pricing policies in individual countries and thus a decentralized approach, will perform better than one with a 'multi-domestic' identity or one that follows a global competitiveness approach. It is evident that except for the automobile sector, in most other industries, pricing is a reflection of the cost of goods sold or price-based (Qureshi, 2022).

Moreover, the research participants stated from the interview that cost-plus pricing is a straightforward approach where companies calculate the total cost of production and add a markup to determine the selling price. This strategy is particularly significant for businesses aiming for simplicity in pricing. However, when MNCs use it in Indian context, it has many impacts such as:

Cost Control: In a market characterized by high competition and varying input costs, cost-plus pricing helps businesses ensure that all costs are covered, providing a predictable profit margin. Cost control is a critical aspect of financial management that involves monitoring and regulating expenses to ensure that an organization operates efficiently and remains profitable. Here are several key reasons highlighting its importance:

Enhances Profitability

By controlling costs, organizations can maximize their profit margins. Effective cost management ensures that expenses are kept in line with revenues, allowing for greater profitability even in competitive markets.

Improves Financial Stability

Cost control contributes to the overall financial health of a business. By keeping expenses under control, companies can maintain a stable cash flow, which is essential for meeting operational needs and investing in growth opportunities.

Facilitates Budgeting and Planning

Implementing cost control measures aids in the budgeting process by providing accurate data on expenses. This enables more effective financial planning and resource allocation, helping organizations set realistic goals and forecasts.

Encourages Efficiency

Cost control encourages organizations to evaluate their operations continuously. By identifying areas where costs can be reduced without sacrificing quality, businesses can streamline processes and enhance operational efficiency.

Supports Competitive Advantage

In industries where price competition is fierce, effective cost control allows companies to offer competitive pricing while maintaining profitability. This can be a significant advantage in attracting price-sensitive customers.

Risk Management

By closely monitoring costs, organizations can identify potential financial risks early on. This proactive approach allows businesses to take corrective actions before issues escalate, safeguarding their financial position.

Informs Strategic Decisions

Cost control provides valuable insights into spending patterns and resource utilization. This information is crucial for making informed strategic decisions, such as whether to invest in new projects, enter new markets, or adjust pricing strategies.

Enhances Accountability

Establishing cost control measures promotes accountability within the organization. Departments and teams are encouraged to manage their budgets effectively, fostering a culture of responsibility and transparency.

Supports Sustainability Initiatives

Effective cost control often aligns with sustainability efforts by identifying wasteful practices and promoting resource efficiency. This not only reduces costs but also enhances the organization's reputation as a responsible business.

Challenges: However, this strategy may not always align with market demand. In India, where consumers are price-sensitive, setting prices based solely on costs can lead to overpricing or underpricing, potentially harming sales.

Market Saturation: In saturated markets, relying on cost-plus pricing can limit competitiveness, as consumers may gravitate toward alternatives that offer better perceived value.

Again, from the results, differentiation strategies involve setting prices based on the unique features or benefits of a product compared to competitors. This approach is crucial for brands aiming to establish a strong market presence. The study respondents mentioned that it has a great impact on the Indian market such as

Brand Loyalty: Companies that successfully differentiate their products can command premium prices, fostering brand loyalty among consumers who value quality or unique attributes. This is particularly effective in sectors like technology and luxury goods.

Market Positioning: Differentiation allows companies to position themselves strategically within the market, attracting specific consumer segments willing to pay more for perceived value.

However, differentiation requires significant investment in marketing and product development. In price-sensitive segments, consumers may prioritize cost over differentiation, making it essential to balance quality and price.

Moreover, MNCs should adopt Value-Based Pricing. Value-based pricing sets prices primarily based on the perceived value of a product or service to the customer rather than on production costs. This strategy is increasingly relevant in today's consumer-driven market especially in terms of pricing in the India market, where there are so many homogeneous companies operating in the manufacturing industry. They respondents stated that many businesses are adopting different strategies such as consumer-centric approach and many more strategies.

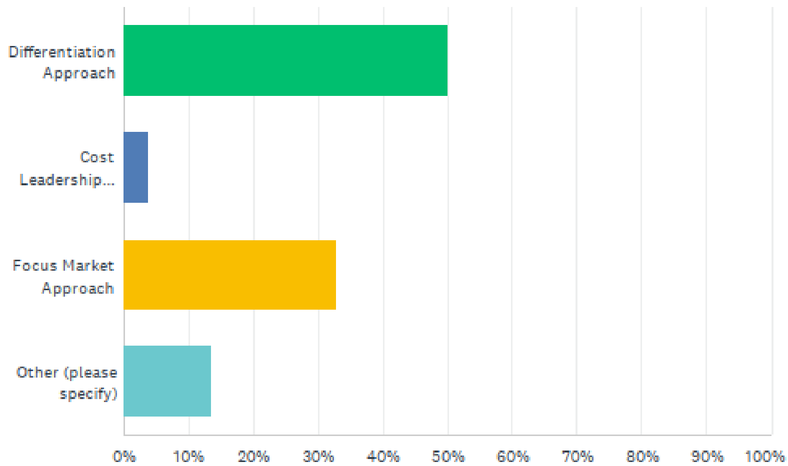
Consumer-Centric Approach: This strategy aligns well with the evolving preferences of Indian consumers, who are becoming more discerning and value-conscious. Companies that effectively communicate the benefits and value of their offerings can justify higher prices.

Adaptability: Value-based pricing allows businesses to adapt to changing consumer perceptions and market conditions. For example, tech companies can highlight innovative features that enhance user experience, thereby commanding higher prices.

However, the study participants also stated that implementing value-based pricing requires thorough market research and an understanding of consumer behavior. Companies must invest in gathering insights to accurately assess perceived value, which can be resource intensive.

5.3.3 Survey Questions: Pricing Strategy

Taking from the survey, it was observed that many Companies follow differentiation, cost leadership, and focus market approach on pricing.



ANSWER CHOICES	RESPONSES	
Differentiation Approach	50.00%	26
Cost Leadership Approach	3.85%	2
Focus Market Approach	32.69%	17
Other (please specify)	13.46%	7
TOTAL		52

Figure 5.1: Market Approach in Pricing

In the survey, it was found that half of the respondent's companies followed the differentiation approach (Fig 5.1). A significant 32.69% of the respondents follow the focus market approach and a very small percentage i.e. 4% of the respondents follow cost leadership.

Some respondents (others – 13.46%) mentioned that there is no one specific strategy followed by the organization. They may use a combination of differentiation and focus strategies. The reasons could be Innovation and quality are likely core values in producing machinery and services for the food processing and industrial sectors. They may focus on specific niches within their market sectors, providing specialized solutions where they can add the most value and differentiation. Their customer base may expect a certain level of technology, reliability, and service that is above what generic or lowest-cost providers can offer. The above strategies would align with their core competences in innovation, custom engineering solutions, and the creation of productivity-enhancing technologies, which add significant value to their customer operations.

One company with a very large product portfolio opined that different strategies are followed in pricing. It is either Differentiation approach or Focus market approach. In certain specific cases, cost leadership approach is adapted. Overall, there is no one fits all approach, which is understandable considering the various markets and business segment the company operates.

Different approaches are adopted for different business segments. Differentiation approach is adopted where there is a highly competitive market. The Differentiation can be in the form of not the product itself but the service that goes with it. The Cost leadership approach is adopted where it is imperative to make a break-through with 'me-too' products where the ability of the market to absorb a higher investment is limited... The Focus Market approach is adopted where the market reach is critical or where we have very specific solutions for a niche market.

5.3.4 Total Cost Ownership (TCO)

The total cost of ownership (TCO)- the total cost of acquiring, using, managing and withdrawing an asset over its entire life cycle". In this sense, TCO brings together all the costs associated with a particular product or service throughout its life cycle, not only considering direct costs, but also indirect costs, also known as ‘hidden’ costs. Do you use this approach while promoting your own products?

Based on the feedback provided, it seems that there is a recognition of the importance of considering the total cost of ownership (TCO) when promoting products to customers. Here's a summary of the key points:

TCO Approach: Many respondents acknowledge the TCO approach as an essential aspect of product promotion. This involves educating customers about the total costs associated with owning and operating a product over its entire lifecycle. The TCO approach goes beyond direct and quantifiable benefits to include hidden costs and indirect benefits such as sustainability and CO2 footprint. It aims to provide a comprehensive understanding of the overall value proposition offered by the product.

Value Premium: Some respondents mention that the TCO approach helps calculate the value premium over competitors. By highlighting the long-term benefits and cost savings associated with their products, companies can justify higher prices and differentiate themselves in the market.

Customer Education: Educating customers about TCO helps them make informed decisions and understand the true value of the product beyond its initial purchase price. This approach is particularly relevant for products with significant operational and maintenance costs.

Industry Relevance: The relevance of the TCO approach varies depending on the industry and type of product. While it may be crucial for capital goods and equipment with long lifecycles, it may be less relevant for products with shorter lifespans or in industries where upfront costs are prioritized.

Competitive Advantage: TCO calculations can serve as a competitive advantage, especially when competing against lower-cost alternatives. By demonstrating lower overall costs and higher efficiency, companies can persuade customers to choose their products over cheaper options.

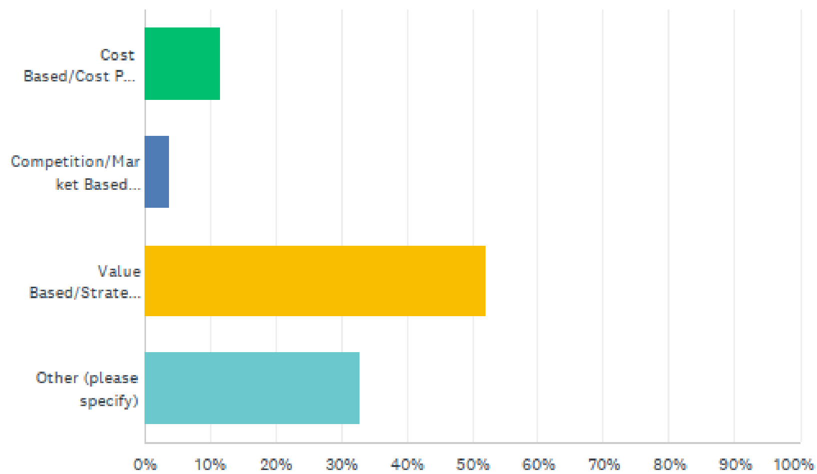
Customer Sensitivity: Some customers may prioritize short-term Return of Investment (ROI) and initial capital investment over long-term considerations like TCO. Many times, customer tend to prioritize the initial capital equipment investment and not look at the recurring maintenance and operating costs, there by losing the all-important competitive advantage over the years. Understanding customer preferences and sensitivities is important in tailoring the sales pitch and value proposition accordingly.

Product Positioning: TCO analysis helps in positioning premium products against low-cost competitors. By highlighting factors like lower maintenance costs, energy efficiency, and longer lifespans, companies can justify higher prices and emphasize the superior value proposition of their products.

Overall, the TCO approach is viewed as a valuable tool for sales and marketing, enabling companies to demonstrate the long-term benefits and cost savings associated with their products and services.

5.3.5 Pricing Methods

From the survey, more than 50% of the respondents confirmed that they use value based or strategic pricing approach in their organization as seen in Fig 5.2. A very small percentage i.e. 11.54% used cost based/cost plus pricing approach and around 4% used market based/competition pricing approach where they respond to the competitor prices in the market.



ANSWER CHOICES	RESPONSES	
Cost Based/Cost Plus Pricing	11.54%	6
Competition/Market Based Pricing	3.85%	2
Value Based/Strategic Pricing	51.92%	27
Other (please specify)	32.69%	17
TOTAL		52

Figure 5.2: Type of Pricing followed by companies.

	Competition/ Market Based Pricing	**Cost Based/Cost Plus Pricing**	**Other**	**Value Based/ Strategic Pricing**	**Total**
Multinational Companies	1	5	14	21	41

Indian Companies	1	1	3	6	11
Total	**2**	**6**	**17**	**27**	**52**

Table 5.1: Pricing Methods in Multinational Companies

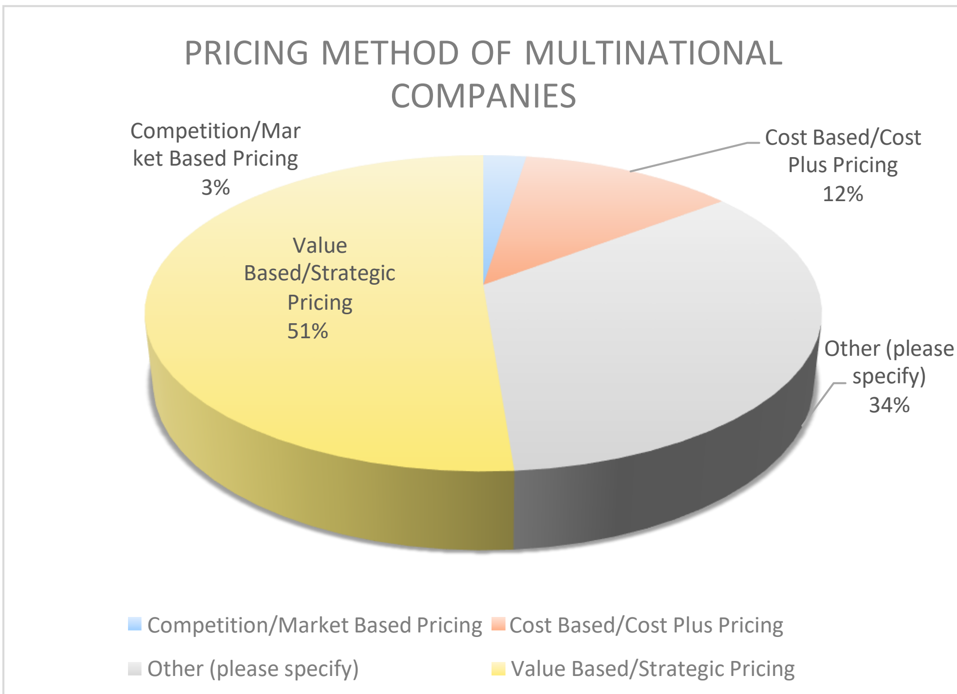


Figure 5.3: Pricing Methods in Multinational Companies

There seems to be some difference in the way Indian companies and Multinational companies approach the pricing methods. The table 5.1 shows the number of participants in multinational and Indian companies who responded to the type of pricing methods followed in their organizations.

In Fig 5.3, we see that for multinational companies, 51% of the respondents followed value-based pricing and 12% followed cost based/cost plus pricing strategy.

In Fig 5.4, 55% of the Indian companies' respondents mentioned as following value-based pricing and only 9% mentioned as cost based/cost plus pricing strategy. This is little surprising, since we expect multinational companies to follow the value-based pricing strategy more often due to their premium price positioning.

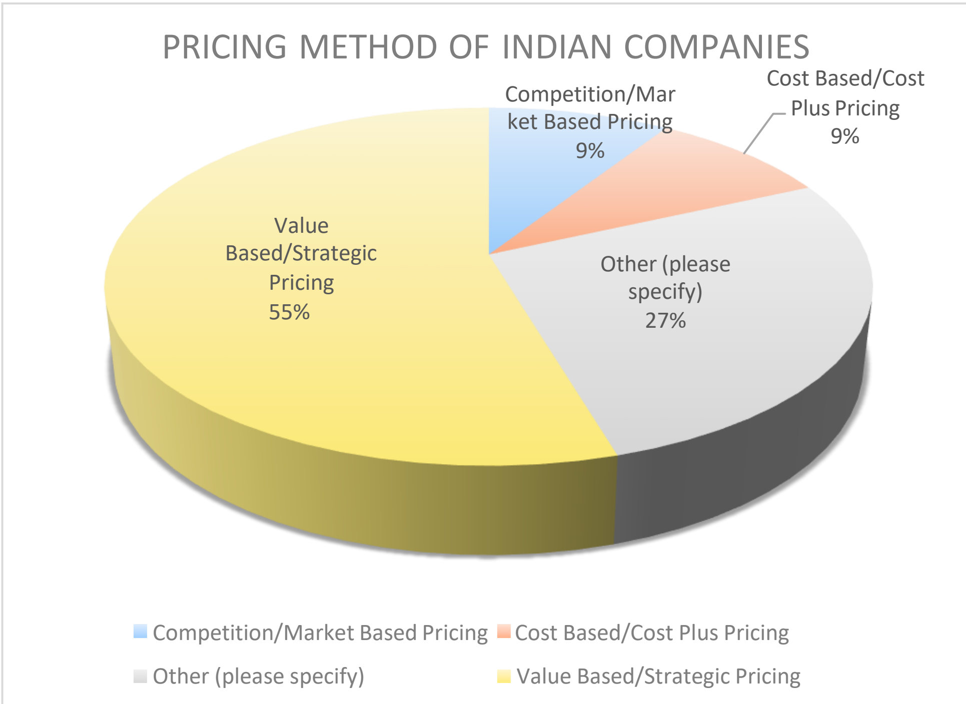


Figure 5.4: Pricing Methods in Indian Companies

Organizations which offer complex industrial machinery and production systems, may primarily use value-based or strategic pricing, as their products often deliver significant value in terms of productivity, efficiency, and reliability. They might also consider cost-based pricing to ensure they cover their manufacturing costs, especially for tailor-made solutions with specific R&D, materials, and manufacturing costs. Competition-based pricing might play a role to some extent, particularly in market segments where there are several strong competitors, but overall, the value provided to the customer is likely a more significant driver of their pricing strategy. Each method has its strengths and can be appropriate under different circumstances. Companies often use a blend of these approaches to align with their overall business strategy, competition, cost structure, customer value perception, and market dynamics.

Mostly organizations which follow differentiation approach tend to use value-based pricing strategy. However, depending on the product or market segments it may change to cost plus pricing or market/competition-based pricing when the products are very generic. Example - a producer for a mass biscuit may not find many value differentiation in ovens from different companies. It important to look at what is important to him from the end customer perspective, if the end customer is also making a ’me too product’ then his ability to command a premium in the market is very limited. So, he tends to go with pricing as his main decision criteria. In these cases, cost based, or market-based pricing becomes very important.

Product positioning with value proposition to make a product attractive to customers seems to be the preferred option. However, strategy cannot be same for all regions, all segments, all customers. There is a need to balance the product and pricing strategy to increase market share or to penetrate new market/new customers.

All three approaches are used as relevant in the business segment. Cost Based approach is used where the focus is to increase market penetration. Competition based pricing is used where the markets are saturated / outside the focus areas, but it is important to secure a foothold in the same. Value based pricing is used where there is clearly possible to offer a higher value to the customer based on the specific opportunity for that market / business segment.

Pricing methods are critical for businesses as they determine how products or services are priced and can significantly impact overall business performance. Here are several key reasons highlighting the significance of pricing methods used by MNCs in India according to the survey and theoretical framework.

Revenue Generation

Pricing methods directly influence a company's revenue. The chosen pricing strategy can maximize sales and profits by aligning prices with consumer expectations and market conditions. Effective pricing can lead to increased sales volume and higher profit margins.

Market Positioning

Different pricing methods help establish a brand's position in the market. For instance, premium pricing can position a brand as a luxury option, while penetration pricing can help a new product gain market share quickly. This strategic positioning is essential for attracting the target audience.

Competitive Advantage

Selecting the right pricing method can provide a competitive edge. Companies that understand their market and competitors can use pricing strategies to differentiate themselves, attract customers, and outperform rivals.

Consumer Perception

Pricing methods significantly affect how consumers perceive value. For example, value-based pricing focuses on the perceived benefits to the customer, which can enhance brand loyalty and encourage repeat purchases. Conversely, overly low prices may lead consumers to question quality.

Cost Recovery

Pricing methods must account for production and operational costs to ensure that businesses can recover their investments. Effective pricing strategies help cover costs while providing a profit margin, which is crucial for sustainability.

Flexibility and Adaptability

A well-defined pricing method allows companies to adapt to changing market conditions, consumer preferences, and economic factors. Businesses can adjust their pricing strategies in response to competition, demand fluctuations, or cost changes, maintaining profitability.

Facilitates Strategic Planning

Understanding various pricing methods aids in strategic planning and decision-making. Companies can evaluate which methods align best with their business goals, target market, and overall strategy, ensuring cohesive operations.

Influences Buying Behavior

Pricing methods can significantly influence consumer buying behavior. For example, psychological pricing strategies (like setting prices just below a round number) can encourage purchases by making prices seem more attractive.

Supports Marketing Efforts

Pricing is an integral part of the marketing mix (product, price, place, promotion). The chosen pricing method interacts with other marketing elements, influencing promotional strategies and overall brand messaging.

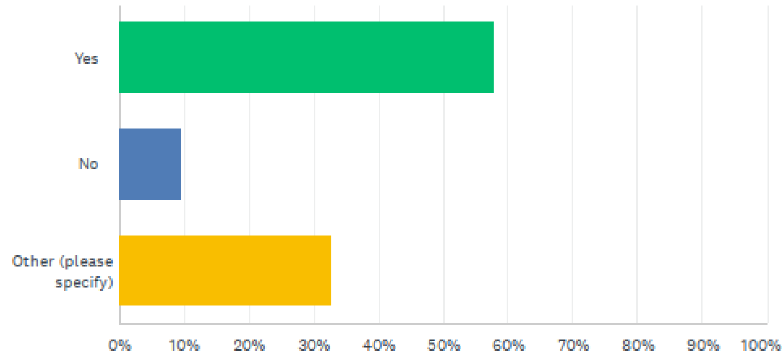
Risk Management

Effective pricing methods help mitigate financial risks associated with market fluctuations and changing consumer demands. By employing dynamic pricing strategies, businesses can respond quickly to external pressures and protect their margins.

In summary, pricing methods play a crucial role in determining a company's success by influencing revenue generation, market positioning, consumer perception, and overall competitiveness. By carefully selecting and implementing appropriate pricing strategies, businesses can enhance their profitability and achieve long-term sustainability.

Product Extension by Companies

Maximizing revenue stream from the entire product line (accessories, spare parts, etc.) is an important consideration in pricing strategy. Extension of the product line occurs when the company develops its product line beyond the current assortment range and can be extended downstream, upstream or in both directions. Does your company look at product extensions? If yes, can you please comment the benefits you see.



ANSWER CHOICES	RESPONSES	
Yes	57.69%	30
No	9.62%	5
Other (please specify)	32.69%	17
TOTAL		52

Figure 5.5: Product Extension by Companies

The survey results in Fig 5.5 shows that majority of the respondents feel that product extensions are a necessary requirement to increase the customer wallet share. Some claim that full benefits are not accrued due to issues of infrastructure and logistics. Extending product line is beneficial to both the seller and the customer. Seller benefits on increase in absolute margins (in $$, not in % of sales though - % margins may be lower if the spares or other items are traded and not produced inhouse). For the customer it is a reduction in suppliers - end to end service from a single contact.

It creates a nice ‘passive income’ stream. Many accessories are in fact a perception, they become ‘Essentials’ in the evolution process over time.

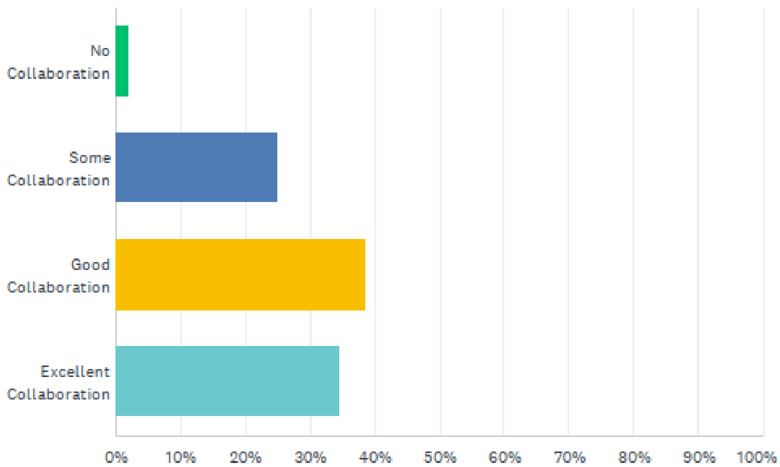
Companies typically tend to offer total care contract, annual maintenance contracts and similar packages where end to end guarantee for the equipment for 5 years or similar long period of operations is given. This will be signed off with the client at the time of signing of the contract, which helps in the aftermarket business and better usage of sales/service team.

The main benefit of increasing synergic product lines is increase in customer share and profitability. The more the products in the solution, the more options companies get to set right their pricing strategy to generate maximum profit. Keeping the main equipment as premium quality, companies optimize upstream and downstream equipment/accessories to optimize their overall package price for a complete solution to customer. It will have sustainable business from spare parts selling for years.

Quite a few respondents spoke about becoming a 'one stop solution for customers' which help in maximizing revenue stream within the current area of business/competency and maximize profitability. Market share and Customer share, both are key in growth of business, and companies benefit from the same. Some respondents feel that this builds capability of companies to provide Turn-Key solutions to customers. Then it's no longer 'just one product' that they sell - it becomes a 'project'. One of the respondents mentioned about selling a flour mill first in the market and then later offer upstream as in wheat storage and downstream as in biscuits or confectionery lines.

Functional Collaborations among Companies

The strategic approach to pricing requires a new type of relationship between the various functions of the organization, given the balance to be achieved between the customer's need to obtain value for the price paid and the company's need to cover costs and earn a convenient profit. How do you see the various functions in the organisation collaborate on pricing decisions – sales, marketing, finance and manufacturing.



ANSWER CHOICES	RESPONSES	
No Collaboration	1.92%	1
Some Collaboration	25.00%	13
Good Collaboration	38.46%	20
Excellent Collaboration	34.62%	18
TOTAL		52

Figure 5.6: Collaborative Effort in Companies

The survey findings in Fig 5.6 show that around 35% of the respondents feel excellent collaboration among various functions, whereas 38% believed in good collaboration. Overall, 73% of the respondents were positive and felt that good collaboration exists among various functions in the company.

On further analysis of Table 5.2 below, 75% of the respondents in multinational companies felt good/excellent collaboration whereas the 70% of the respondents in Indian companies believe that good/excellent collaboration existed among functions.

	Excellent Collaboration	Good Collaboration	No Collaboration	Some Collaboration	Total
Multinational Companies	13	17	1	10	41
Indian Companies	5	2		3	10
Total	**18**	**19**	**1**	**13**	**41**

Table 5.2: Collaboration among functions in companies

Based on the survey feedback provided, it seems that there is recognition of the importance of collaboration among different departments, particularly sales, marketing, finance, and manufacturing, in determining pricing strategies. Here's a summary of the key points:

Sales and Profit Maximization: Sales teams often prioritize delivering the highest value to customers at the lowest cost, while other departments focus on maximizing profits. This dynamic creates a constant struggle to find the right balance in pricing strategies. Due to this tussle and the need for various functions alignment on the pricing strategy, good collaboration if not excellent collaboration can be expected. A continuous effort is essential to make the effort collaborative. The organization structure, processes and training inputs are key for this.

Collaboration for Pricing Optimization: There is an acknowledgment that collaboration among departments, particularly manufacturing and finance, is crucial for optimizing pricing. Involving these departments helps in understanding manufacturing costs, financial risks, and opportunities for cost optimization.

Organizational Structure and Processes: Creating a collaborative environment requires continuous effort and may involve optimizing organizational structure, refining processes, and providing training inputs to facilitate effective collaboration.

Interdepartmental Collaboration: Some respondents highlight excellent collaboration between sales, marketing, and other departments such as manufacturing. However, there may be room for improvement in ensuring that all stakeholders are consulted, especially when implementing new costs or optimizing pricing strategies.

Decision-Making Process: The pricing strategy is often decided by sales and finance functions, with inputs from manufacturing regarding costs. However, there may be opportunities to involve marketing more actively in pricing decisions, considering their insights into market positioning and customer value perception.

Overall, fostering collaboration among different departments is crucial for developing effective pricing strategies that balance customer value, profitability, and manufacturing costs. It requires ongoing communication, alignment of goals, and a willingness to adapt and optimize strategies based on changing market dynamics and internal capabilities.

One respondent mentioned about collaboration with the manufacturing team to understand how the costs can be optimized especially when you face competition in the market. Also, the legal and finance team is involved to assess any unseen financial risks.

In typical capital goods companies, the role of marketing in pricing has the potential for improvement.

Innovation: Innovation can be a key strategic tool in companies' profitability and pricing decision. How does your organization look at innovation and their impact on pricing strategy?

Based on the survey, it's evident that innovation is a core focus area for the various organizations, with a strong emphasis on driving product development, market differentiation, and profitability. Some of the key points:

Vision and Culture: One of the organizations surveyed had Innovation in their vision underscoring their strong commitment to innovation. This vision is ingrained in the company's culture, setting it apart from competitors and emphasizing the importance of sustainability targets.

Investment in Innovation: Some organizations allocate a significant portion of its resources, towards innovation and product development. This investment reflects the belief that innovation is crucial for staying competitive and meeting customer needs.

Market Differentiation and Profitability: Innovation is viewed as the backbone of the organization, driving market differentiation and profitability. New products resulting from innovation efforts often yield higher margins and give the company a competitive edge until competitors catch up.

Collaborative Efforts: Dedicated teams work continuously on innovation and new developments, often collaborating across departments to ensure the success of innovative initiatives. Pricing strategies are influenced by the type and overall impact of innovation on products or systems.

Customer-Centric Approach: There's a focus on delivering value to customers through innovation, with an emphasis on benefits rather than features. Innovation allows the organization to offer solutions tailored to customer needs, ultimately driving profitability and market success.

Continuous Improvement: Innovation is seen as a continuous process essential for survival in a competitive market. The organization recognizes the need to stay ahead of the curve and continuously improve its products and processes to maintain leadership and profitability.

The higher the 'rate of commoditization', the more desperate is the need for innovation. Innovation is imperative to stay profitable. As markets become more commoditized, differentiation becomes challenging. Being a first mover is crucial to maintain a competitive edge.

Strategic Pricing: Innovative products command higher prices in the market, and the organization leverages its reputation as an innovator to justify premium pricing. Differentiation through innovation enables the organization to position itself as a leader in the industry and attract quality-conscious customers. Innovation also helps to launch new products in the market with the first mover advantage, enabling to get higher prices before competition catches up. Innovation helps not only to tap into new markets, but also can be a driver to reduce costs enabling to drive profitability in companies.

Overall, innovation is considered a key strategic tool for the organization, driving growth, differentiation, and profitability. The organization's strong focus on innovation underscores its commitment to delivering value to customers and maintaining a competitive advantage in the marketplace. Innovation isn’t optional—it’s essential for both profitability and survival. Organizations that fail to innovate risk becoming obsolete. Making innovation a strategic priority aligns the entire organization. It’s not a one-time effort but an ongoing commitment.

Product Life Cycle

The product life cycle plays a key role in the pricing strategy, at what stage of life cycle management is the product, accordingly companies can decide for premium pricing or cost-plus pricing. Do you see the impact of life cycle in pricing decisions?

The feedback emphasizes the significant impact of the product life cycle on pricing strategies. Some of the key findings from the survey are:

Stages of the Product Life Cycle: Pricing decisions are influenced by the stage of the product life cycle. During the introduction stage, competitive pricing may be employed to gain market share, while premium pricing can be justified during the growth and maturity stages when the product is established and successful. During the early adopter phase, premium pricing often works well. Early adopters are willing to pay more for innovative solutions. As the product gains traction, pricing strategies may shift.

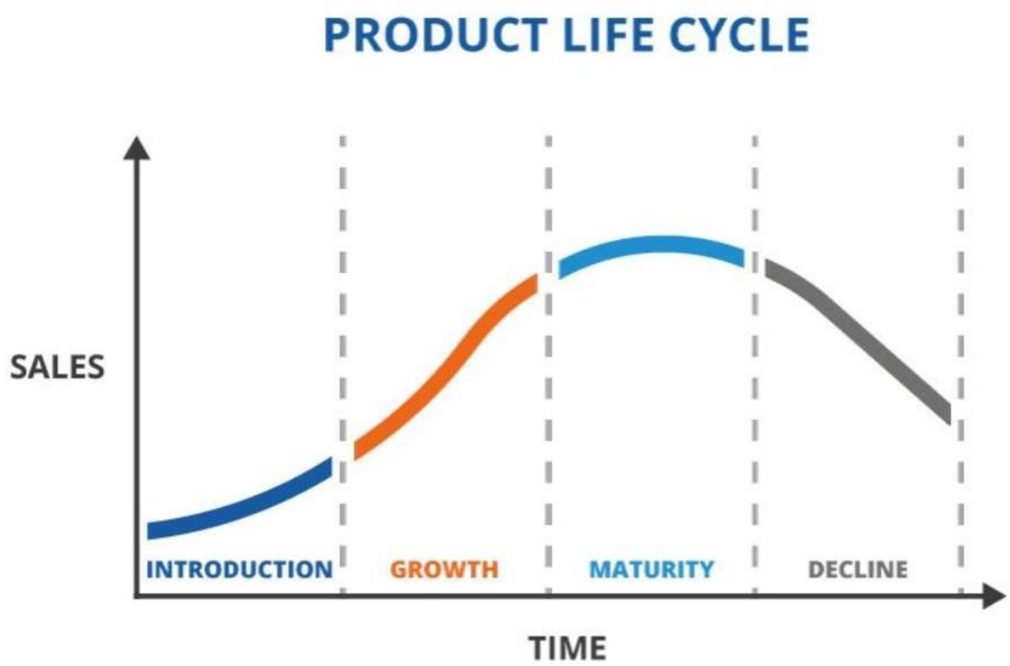


Figure 5.7: Product Life Cycle

Differentiation and Innovation: Premium pricing is often associated with innovative products or those that offer significant differentiation in the market. This differentiation allows companies to command higher prices, especially during the early stages of the product life cycle.

Market Positioning: The product life cycle affects market positioning and target customers, which in turn influence pricing decisions. Premium pricing may be justified during periods of strong demand and growth, while cost-plus pricing becomes more prevalent as the product matures and faces increased competition.

Value Proposition and Competitive Landscape: Understanding the value proposition of the product and its competitive landscape is crucial for determining pricing strategies throughout the product life cycle. Products with unique features or superior performance may command premium prices, while those facing commoditization may require cost-based pricing approaches.

Continuous Monitoring and Adaptation: Pricing strategies should be continuously monitored and adapted according to changes in the product life cycle, market dynamics, and competitive pressures. Flexibility in pricing approaches allows companies to remain competitive and maximize profitability across different stages of the product life cycle.

Overall, the feedback underscores the importance of aligning pricing strategies with the various stages of the product life cycle to optimize profitability, respond to market dynamics, and maintain competitiveness. Customers consider the entire life cycle when selecting a product - continuity in usage, performance enhancements, and reliability matter. The pricing also depends on the number of competing products and substitutes. Intense competition may lead to negative margins and profits whereas differentiation and unique value proposition help maintain premium pricing and higher margins.

5. 6 Summary

India is one of the fastest-growing economies in the world. The results of this research may have a number of significant implications for multinational companies in India. Pricing is a very effective tool to enhance a company’s competitive position and have a substantial impact on the top line of a company.

Effective pricing strategies make the products more competitive, which the multinational sells in the local Indian market. Additionally, pricing can help the company enhance its reach, as it can help the company's brand products meet the needs of different consumer segments.

Most of the MNCs believe that Indian consumers are price-conscious, and the products and services sold by multinational firms must have competitive pricing in the market. Thus, MNCs are required to conduct a quick assessment of the local market regarding consumer behavior and the competitive environment to make informed pricing decisions so that they can be in demand in the market (Kabadayi et al., 2020)

The bottom of the pyramid is also an important segment in India. Multinationals can significantly benefit by serving the BOP market in India. Indian consumers are not brand-focused while purchasing; they are more into the values of goods and services. If the brand is good, then naturally the price value will also enhance. This is the criterion followed by Indian consumers. In addition, while formulating the pricing strategy, the visiting manager needs to have complete details of consumer purchasing psychology and temperament on a regular basis. The company is also required to assess the changing scenario; they can carry out surveys to evaluate the preferences of Indian consumers while shopping for products and services. It is necessary to do this regularly because Indian consumer behavior is very dynamic. This is the most important factor because purchasing behavior greatly affects pricing decisions for MNCs in India (Giorgi et al., 2022).

The next chapter discusses the summary, implications and recommendations of the research.

CHAPTER VI:

SUMMARY, IMPLICATIONS, AND RECOMMENDATIONS

6.1 Summary

The study's results, conclusions and suggestions are discussed in this section. The research started with the objective of understanding how the leadership views pricing strategy and criticality of pricing strategy for the organisational profitability. The survey wanted to check on how the functions in the organsiation collaborate to ensure an effective pricing strategy.

The study also wanted to check on the various pricing strategies followed by organisations and how companies bring value to their customers in pricing. The study also wanted to check if companies differentiate between premium segments and the performance segments on the pricing strategies.

The survey showed that of the 4P's of marketing mix, Product, Place, Promotion and Pricing, majority of the participants believed that product is the most important for the organisational growth and profit. Only 21% of the respondents felt that price plays a critical role for the growth and profit. This is understandable since the marketing plan typically starts with the product portfolio definition, but price plays an important role and the respondents believe the same.

When we asked the respondents to rate the impact of pricing on a scale of 1 to 5, over 50% felt the impact is the highest, rating as 5. This is very significant, when a typical selling price, cost and margin calculations will show that any price increase will have to be offset with a significant volume increase. Pricing becomes one of the best levers available to companies having direct impact on organisational profit.

On the question whether companies differntiate between premium and performance segments in the product and pricing strategies, there is a mixed response. Many companies differentiate between premium and performance segments and the pricing thereof, based on market segmentation and then drawing up segment specific strategies. For the premium segment, companies want to offer high end products with innovative technologies and higher pricing. For the performance segment, the companies would focus on features that enhance efficiency, through put and reliablity of the equipment and systems. Product positioning is also key and there is always the need to balance profitablity and market share.

Pricing is a part of premiumization of the product. Product strategies must be tailormade for deciding the pricing of the product - meaning, that a product cannot become a premium product by itself unless strategically positioned thus.

Overall, while there is general agreement on the importance of segment-specific strategies, there are variations in implementation across different companies and industries.

The survey also showed up that customers are willing to pay a premium based on trust and quality associated with products from developed countries or coming from the multinational brands. The general feedback is that multinational companies command a higher price due to perceived level of quality. Brand value also plays a significant role in determining premium pricing, more than country of origin. Some respondents also felt that product reliability and technical advantages influence customer’s readiness to pay a premium and not solely dependent on the country of origin.

Ultimately, the perceived value proposition of the product, including factors like quality, reliability, and brand reputation, plays a crucial role in determining whether customers are willing to pay a premium. One of the respondents mentioned that as long as the price differential remains within 15%, there is a tendency for customers in his industry to lean towards imports vs localization solution, even if it comes from a strong Indian brand.

In the survey, it was found that half of the respondent's companies followed the differentiation approach. A significant 32.69% of the respondents follow the focus market approach and a very small percentage i.e. 4% of the respondents follow cost leadership. Some respondents also mentioned that there is no one specific strategy followed by companies, they use a combination of differentiation and focus strategies based on the objective the company wants to achieve. Differentiation approach is adopted where there is a highly competitive market. The Differentiation need not be limited to the form of the product, but also the services which go with it. The Cost leadership approach is adopted where it is imperative to make a break-through with 'me-too' products where the ability of the market to absorb a higher investment is limited. The Focus Market approach is adopted where the market reach is critical or where we have very specific solutions for a niche market. It is important to differentiate products under the BCG Growth share matrix (Star, Question mark, cash cows, Dogs) and decide the market approach.

The survey also showed that companies have recognized the importance of total cost of ownership (TCO) when promoting products to companies. This is especially true in capital equipment, since over a 5 year or 10-year operating cycle, the capital investment is typically 10% of overall cost through the life cycle of the equipment. Bulk of the costs comes from operations. Some respondents mention that the TCO approach helps calculate the value premium over competitors. By highlighting the long-term benefits and cost savings associated with their products, companies can justify higher prices and differentiate themselves in the market.: TCO calculations can serve as a competitive advantage, especially when competing against lower-cost alternatives. By demonstrating lower overall costs and higher efficiency, companies can persuade customers to choose their products over cheaper options.

Overall, the TCO approach is viewed as a valuable tool for sales and marketing, enabling companies to demonstrate the long-term benefits and cost savings associated with their products and services.

The study showed that product extensions upstream or downstream are valuable tools available to the market to increase the customer wallet share. Companies can benefit from absolute margins and in case also help them to increase the margin percentages. The main benefit of increasing synergic product lines is increase in customer share and profitability. The more the products in the solution, the more options companies get to set right their pricing strategy to generate maximum profit. Quite a few respondents spoke about becoming a ‘one stop solution for customers’ which help in maximizing revenue stream within the current area of business/competency and maximize profitability.

The strategic approach to pricing requires a new type of relationship between the various functions of the organization, given the balance to be achieved between the customer’s need to obtain value for the price paid and the company’s need to cover costs and earn a convenient profit. The survey findings show that majority of respondents agree that good collaboration exists in organization and is essential to ensure the right pricing strategy is followed. Due to conflicting priorities of sales functions to deliver highest value to customers at lowest cost and other departments who wants to maximize profits, this collaboration is essential to have the right balance in pricing strategies. This is not a one-off discussion and needs continuous efforts to make this effort collaborative and successful. Involving these departments helps in understanding manufacturing costs, financial risks, and opportunities for cost optimization. Some respondents also believed that there is scope for improvement in ensuring all stakeholders are consulted, when introducing new pricing strategies or new products.

Overall, fostering collaboration among different departments is crucial for developing effective pricing strategies that balance customer value, profitability, and manufacturing costs.

Based on the survey, it's evident that innovation can be a key strategic tool in companies' profitability and pricing decision. It should be a core focus area for the various organizations, with a strong emphasis on driving product development, market differentiation, and profitability. Some organizations allocate a significant portion of its resources, towards innovation and product development. This investment reflects the belief that innovation is crucial for staying competitive and meeting customer needs. Innovation helps the organization to target higher profit margins and give companies an edge over competitors.

As markets become more commoditized, differentiation becomes challenging. Being a first mover is crucial to maintain a competitive edge. Innovative products command higher prices in the market, and the organization leverages its reputation as an innovator to justify premium pricing. Overall, innovation is considered a key strategic tool for the organization, driving growth, differentiation, and profitability. Making innovation a strategic priority aligns the entire organization. It's not a one-time effort but an ongoing commitment.

The feedback emphasizes the significant impact of the product life cycle on pricing strategies. Pricing decisions are influenced by the stage of the product life cycle. The feedback showed that during the introduction stage, companies have competitive pricing strategies to gain market share, but during the growth and maturity stages premium pricing is used. Early adopters are willing to pay more for innovative solutions. As the product gains traction, pricing strategies may shift.

Understanding the value proposition of the product and its competitive landscape is crucial for determining pricing strategies throughout the product life cycle. Pricing strategies should be continuously monitored and adapted according to changes in the product life cycle, market dynamics, and competitive pressures. Flexibility in pricing approaches allows companies to remain competitive and maximize profitability across different stages of the product life cycle. Customers consider the entire life cycle when selecting a product - continuity in usage, performance enhancements, and reliability matter.

The feedback showed the significance of external factors on the pricing strategy of companies. Environment factors such as government influences, taxes and duties, inflation, foreign exchange rates and market factors such as nature of competition, customer's ability to pay impact companies' pricing decisions. Companies need to monitor PESTEL (Political, Economic, Social, Technological, Environmental, and Legal) factors and evaluate their impact on their business environment. These conditions impact costs, demand, and overall market dynamics. Pricing strategies must adapt to these external influences. Government interventions such as taxes, tariffs, subsidies, and regulations directly influence pricing decisions.

Compliance with these regulations can increase operational costs, impacting product prices. Exchange rate fluctuations affect import costs, which can lead to price adjustments for products reliant on imports for raw materials. To promote investments, state Governments compete and offer subsidies which can be substantial in some cases. This can help companies offset their capital investment and in turn make their equipment lot more competitive. This allows companies to evolve their pricing strategy and become more competitive in the marketplace. Overall, the survey underscores the complex interplay of external factors in pricing decisions and the importance of aligning pricing strategies with market dynamics, government policies, and customer preferences to maximize profitability and competitiveness.

Investing in human capital, systems capital, and social capital is crucial for organizations aiming to develop robust pricing capabilities. Companies need to enhance the skills and knowledge of employees responsible for pricing decisions through proper training, conducting workshops for pricing strategies and negotiation skills. Regular performance assessments help align individual skills with organizational goals. Investing in people fosters a motivated and skilled workforce. Advanced pricing analytics tools and software provide real-time data, predictive analytics, and automation, improving accuracy and responsiveness in pricing decisions. This investment enables organizations to leverage data-driven insights for effective pricing strategies. Strengthening relationships with stakeholders, including suppliers, customers, and intermediaries, fosters trust and alignment. Understanding stakeholders' needs and pressures provides valuable insights for developing effective pricing strategies that meet market demands.

By investing in these areas, organizations can enhance their pricing capabilities and adapt to dynamic market conditions effectively. This proactive approach enables organizations to set the right prices at the right time, optimize profitability, and maintain a competitive edge in the market.

6.2 Implications

Evaluating the pricing strategies of multinational companies (MNCs) in India's manufacturing sector carries several important research implications. These implications can guide future studies, inform business practices, and contribute to the understanding of market dynamics in this context.

Understanding Market Dynamics

Research into pricing strategies can provide insights into how MNCs navigate the complexities of the Indian market. This includes understanding consumer behavior, regional variations in demand, and competitive pressures that influence pricing decisions. Such insights can help refine theoretical models related to pricing in emerging markets.

Impact of Local Regulations and Policies

Evaluating pricing strategies can highlight how local regulations, tariffs, and trade policies affect pricing decisions for MNCs. This research can inform policymakers about the implications of regulatory frameworks on foreign investment and competition in the manufacturing sector.

Cultural Factors and Consumer Perception

Research can explore how cultural factors influence consumer perceptions of pricing and value in India. Understanding these cultural nuances is crucial for MNCs to tailor their pricing strategies effectively and enhance market acceptance.

Competitive Analysis

Analyzing the pricing strategies of MNCs can reveal competitive dynamics within the manufacturing industry. This research can identify best practices, strategic advantages, and potential gaps that local companies might exploit, fostering a deeper understanding of competitive behavior.

Adaptation of Global Strategies

Investigating how MNCs adapt their global pricing strategies to suit the Indian context can provide valuable insights into localization practices. This research can contribute to the broader discourse on global versus local strategies in multinational operations.

Effects on Profitability and Market Share

Researching the relationship between pricing strategies and their impact on profitability and market share can offer practical implications for MNCs. Understanding which strategies yield the best financial outcomes can guide future pricing decisions and resource allocation.

Sustainability and Ethical Considerations

Evaluating pricing strategies may also involve examining sustainability practices and ethical considerations. Research can explore how MNCs incorporate sustainability into their pricing models and how this affects consumer behavior and brand loyalty.

Technological Influence

With the rise of digital platforms and e-commerce, research can assess how technology influences pricing strategies in the manufacturing sector. This includes exploring dynamic pricing models, data analytics for pricing decisions, and the role of online marketplaces.

Long-Term Strategic Planning

Findings from this research can aid MNCs in long-term strategic planning by identifying trends and potential future challenges related to pricing in India's manufacturing industry. This foresight can help companies remain competitive and responsive to market changes.

Companies also need to be assessing the environmental factors such as Government legislations, trade balances, currency exchange rates which can change the competitive landscape overnight. This is a continuous exercise, and companies need to be flexible enough to handle these through robust pricing strategies in addition to other marketing mix elements. Investing in building human capital, system capital and social capital is an absolute must to build the pricing capability and strategy within the organization. Companies should set the right prices for their products and services which does not only rely on good tactics. However, the same can be achieved by investing in specific areas of organizational capital, they've to make it a strategic weapon that competitors can only envy.

Companies need to invest in innovation to enable them to offer new products or existing products with new features/upgrades. This will help them to maintain their pricing strategies and profitability. If they stop innovation, competition will eventually catch up and compete with similar feature equipment, putting pressure on pricing margins. The stage at which the equipment is of the product life cycle, plays a key role in pricing decisions.

The earlier stages of product life cycle, allows companies to keep a higher pricing. As the product moves into maturity and decline, pricing pressure comes in. It is important that companies have a robust product pipeline, enabling newer products to be launched in the medium and long term. In summary, evaluating the pricing strategies of multinational companies in India's manufacturing industry has significant research implications. It contributes to a deeper understanding of market dynamics, informs business practices, guides policy formulation, and enhances knowledge about consumer behavior and competitive strategy in an increasingly complex economic landscape.

6.3 Recommendations for Future Research

Regarding pricing strategies, it has been noted that performance is not the center of attention in the current existing literature on pricing and that investigations are required with regard to pricing revenue management, especially in the Indian context. Given the important role digital marketing is likely to play in future marketing and pricing strategies, the price and values of digital services could be investigated.

Additionally, case study research could be conducted to explore pricing collaborations and networks for more business-to-business pricing research. As this could be considered an embryonic, non-linear project, a mixed-method approach with case study firms, including interviews and primary data, would be suitable.

Longitudinal field studies over more than a decade, including within India, could also be conducted to evaluate changes in management, tools, and resources and how this links to impacts on the business and market practices of firms. Finally, research could explore effective network pricing and collaboration settings, including approaches to handling conflicts and negotiations in networks and managing tension in them.

Industry setting. As this research was exploratory and focused on analyses with successful multinational companies in the service and regulatory market, further comparative studies, potentially within the manufacturing sector, would be of value to explore this general market orientation for multinational companies in India. Business performance could be an important factor affecting pricing strategies. Thus, studies of international and multinational pricing strategies could also investigate impacts on business growth, branding, and performance.

As many management issues are seen as linked, collaborative pricing could also be studied using a resource-based view as part of a bigger strategy. Finally, business performance and other components of pricing strategy and consumer behavior could also be studied using case study companies. Current studies could also be expanded upon by examining price mindset issues.

6.4 Conclusion

The primary result of this research is that in emerging markets in general, and in India in particular, an appropriate pricing strategy framework has been developed. The study determines the factors influencing the price of products largely in manufacturing firms. The proposed model or framework would be utilised by corporations to develop an effective product pricing strategy. Since the model is substantiated by theoretical results and current pricing practices in all corporations, enterprises may use the best pricing strategy framework to employ in a specific scenario.

Besides placing the most suitable price environment for the industry, we were also concerned with the role of the external business environment in resolving a reasonable pricing strategy for the company. Another major outcome obtained from the confirmation is the continued importance of empirical and theoretical work in the realm of global operations, such as the Indian market.

The purpose of this inquiry was to take advantage of the philosophical trends outlined in this part, particularly in the study of industrial works where research into price competitiveness, market-sharing, business success criteria, and complementary service delivery from product providers has been insufficient to describe businesses' pricing strategies.

The relevance and use of the study framework is not only for the management of pricing strategies taken by large multinational corporations and giant Indian firms, but also for the acceleration of public and high-ranking market evolution of policy formulation capable of supporting domestic companies in the Indian manufacturing sector. In the context of manufacturing industries, there are numerous options or degrees in terms of pricing methods, and the quality of each option is influenced by internal and inter-firm factors.

Given that global marketing practices and international pricing mix principles have really been ineffective, the market location of national companies is commonly established through product quality and marketing activities. Therefore, firms must work hard to deliver higher quality. For both international subsidiaries and trading partners, transfer pricing and other tax relocation instruments are indispensable. The transparency and honesty of accounting and strategic information, as well as the situational period, relevant multi-national factors, other marketing variables such as pricing and marketing mix, and adjustment to the economy of the companies, have demonstrated favourable influence on transactions and evolutionary dealings.

This research, among other things, recommends that comparative empirical research in industries with similar competitiveness dynamics, commodities, business and company size in the Indian scenario be carried out. All the knowledge illustrates that such scientific knowledge will be desirable.

APPENDIX A

SURVEY COVER LETTER

Evaluating Pricing Strategies of Multinational Companies in India

Dear Participants,

Thank you for participating in this research study. The purpose of this interview/survey is to collect insights on evaluating pricing strategies of MNCs in India. Your viewpoints are extremely valuable for understanding the challenges, successes, and opportunities in different pricing methods companies uses especially in the Indian market that is saturated with many multinational companies. Your contributions are essential for informing future feasibility initiatives in this area.

Your feedback will help us understand the current business environment, identify areas for improvement, and develop strategies to better meet the needs of customers and businesses. By sharing your insights and experiences, you are playing a vital role in enhancing business education and positively impacting many lives.

We kindly ask you to take a few moments to complete the survey. Rest assured that your responses will be kept confidential and used only for research purposes. We greatly appreciate your honest feedback, as it will assist us in enhancing our initiatives in higher education.

If you experience any difficulties or have questions about the survey, please contact my supervisor, Professor David Annan, at david.annan@ssbm.ch.

Your feedback and suggestions are important to us, and we are committed to supporting you in any way possible. Thank you again for your participation and valuable insights.

Warm Regards

Ajith Dharan

APPENDIX B

INFORMED CONSENT

EVALUATING PRICING STRATEGIES OF MULTINATIONALS IN INDIA

I, ... agree to be interviewed for the research which will be conducted by ....a doctorate student at the Swiss School of Business and Management, Geneva, Switzerland.

I certify that I have been told of the confidentiality of information collected for this research and the anonymity of my participation; that I have been given satisfactory answers to my inquiries concerning research procedures and other matters; and that I have been advised that I am free to withdraw my consent and to discontinue participation in the research or activity at any time without prejudice.

I agree to participate in one or more **electronically recorded** interviews for this research. I understand that such interviews and related materials will be kept completely anonymous, and that the results of this study may be published in any form that may serve its best.

I agree that any information obtained from this research may be used in any way thought best for this study.

……………………………………… ………………

Signature of Interviewee **Date**

APPENDIX C

PRICING STRATEGIES OF MULTINATIONAL COMPANIES IN INDIA

This survey is being done as part of the Doctoral in Business Administration under SSBM Geneva. The survey intends to understand the pricing strategy adopted by multinational companies in capital equipment industry. How do the companies differentiate between segments in the market – premium segment and performance segment and specific pricing strategies, various levers available in the organization to boost profits.

1. Of the various 'P's of Marketing (Product, Place, Promotion & Price) which P do you think is the most important for organizational growth and profit?

- Product
- Place
- Promotion
- Price

2. How do you see the impact of pricing on the overall organizational profit? (Rating 1 to 5, 1 being least important and 5 being most important)

3. Do companies differentiate between segments in the market – premium segment and performance segment and follow different product and pricing strategies. Does your organization follow a similar concept? If so, can you please elaborate your approach?

4. How do you see the market willing to pay the premium based on the country of Origin? Do you see multinational companies able to get a higher pricing for the similar product?

5. Companies follow differentiation, cost leadership and focus market approach in pricing. Can you elaborate which strategy you organization follows and reasons for the same?

- Differentiation Approach
- Cost Leadership Approach

○ Focus Market Approach
○ Other (please specify)

6. TCO “the total cost of acquiring, using, managing and withdrawing an asset over its entire life cycle.” In this sense, TCO brings together all of the costs associated with a particular product or service throughout its life cycle, not only considering direct costs, but also indirect costs, also known as “hidden” costs. Do you use this approach while promoting your products?

7. There are three common pricing methods, and these are expressed in different terms:

a. cost-based / cost plus pricing
b. competition / market-based pricing
c. value-based / strategic pricing

Can you briefly tell us which pricing method your organization uses and the reasons for the same?

○ Cost Based/Cost Plus Pricing
○ Competition/Market Based Pricing
○ Value Based/Strategic Pricing
○ Other (please specify)

8. Maximizing revenue stream from the entire product line (accessories, spare parts, etc.) is an important consideration in pricing strategy. Extension of the product line occurs when the company develops its product line beyond the current assortment range and can be extended downstream, upstream, or in both directions. Does your company look at product extensions? If yes, can you please comment the benefits you see.

○ Yes
○ No
○ Other (please specify)

9. The strategic approach to pricing requires a new type of relationship between the various functions of the organization, given the balance to be achieved between the customer's need to obtain value for the price paid and the company's need to cover costs and earn a convenient profit.
How do you see the various functions in the organization collaborate on pricing decisions – sales, marketing, finance and manufacturing. (Ranking 1 to 5, 1 being least and 5 being most collaborative)

- No Collaboration
- Some Collaboration
- Good Collaboration
- Excellent Collaboration

10. Innovation can be a key strategic tool in companies' profitability and pricing decision. How does your organization look at Innovation and their impact on pricing strategy?

11. The product life cycle plays a key role in the pricing strategy, at what stage of life cycle management is the product, accordingly companies can decide for premium pricing or cost-plus pricing. Do you see the impact of life cycle in pricing decisions?

12. How do you see the impact of external factors influencing the pricing decision making - environmental factors (government influences and constraints, inflation, currency fluctuations and business cycle stage) and market factors (customer's perceptions, customer's ability to pay, nature of competition and competitors' objectives, strategies).

13. Companies should invest in resources, infrastructure, and processes to build the capability to set the right price at the right time. How do you see your organization developing organization-wide capabilities by investing in three areas: human capital, systems capital and social capital?

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