



ORIGINAL RESEARCH PAPER

Management

A STUDY OF THE PERCEPTION OF RESPONDENTS ON ELEMENT PRICE AMONG THE NEW ENTREPRENEURS OF UDAIPUR

KEY WORDS: Marketing mix, Price, Price Skimming.

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ABSTRACT

Research Question: The primary research inquiry that guided the study was "What is the opinion of respondents on the second 'P' Price of Marketing mix among the entrepreneurs of Udaipur?" **Objective Of The Study:** The primary aim of this study is to identify the perception of respondents on the Price element of the marketing mix among the upcoming entrepreneurs of Udaipur. **Research Methodology:** This study adopts a descriptive approach and employs primary data collecting through surveys. The research utilises a planned selection technique, specifically selecting individuals from the investor population in Udaipur as the sample. The study employed a sample size of 146 participants. Ten Likert statements were constructed to assess the respondents' view of the idea of sustainable financing. Subsequently, the obtained findings were subjected to hypothesis testing based on the Likert statements. The data synthesis process involved the utilisation of SPSS software and MS Excel. Statistical analysis of the data involved the utilisation of an independent t-test, as well as the calculation of counts and percentages. **Data Analysis And Findings:** The data analysis component used a Likert scale format. The study results indicate that most participants have a common perception of the Price element when it comes to starting their business. The respondents had a common approach towards price skimming as their market entry style. **Limitations Of The Study:** One of this study's primary constraints is the restricted geographical scope and the relatively small sample size. **Practical Implications:** The research conducted in this study possesses practical significance due to its unique subject matter and national importance. The latest breakthrough has single-handedly transformed the entire system.

1.2 INTRODUCTION

A marketing mix is a collection of tools that can be combined to form a comprehensive strategy and comprise several areas of concentration. The phrase refers to a classification that originally stood for "product, price, placement, and promotion" (the "4 P's") but has now evolved to include "product, price, promotion, place, people, packaging, and process." Jerome McCarthy first developed the 4 Ps marketing mix concept in his book "Basic Marketing: A Managerial Approach," which became known as the 7 Ps of marketing. It describes a firm's carefully crafted combination of tactics to boost sales and effectively promote its products. These four initial components—Product, Price, Place, and Promotion—were then broadened to include additional factors, including People, Packaging, and Process. These are now regarded as the components of the "7 P's" combination.

1.3 Pricing

Pricing is one of the four main elements of the marketing mix. Pricing is the only revenue-generating element in the marketing mix (the other three elements are cost centres—that is, they add to a company's cost). Pricing is strongly linked to the business model.

The business model is a conceptual representation of the company's revenue streams. Any significant changes in the price will affect the viability of a particular business model.

A well-chosen price should achieve three things: it should meet the company's financial objectives (profitability); it should be in line with market realities (customers are willing and able to pay the set price), and it should support a product's positioning and be consistent with the other elements of the marketing mix (product quality, distribution problems, promotion difficulties).

Pricing strategy involves changing and adjusting the price of goods and services in response to market factors. Research, Market conditions, consumers' willingness to pay, competition, trade margins, expenditures incurred, etc., are all considered while developing a pricing strategy.

Setting a price varies from pricing strategy. It employs factors

that are not taken into consideration while setting a price. There are a variety of pricing strategies available. Price skimming, Pricing for market penetration, premium pricing, economy pricing, bundle pricing, value-based Pricing, and dynamic Pricing are a few of them.

Price determination involves assessing the business and competitors' goals and consumer preferences.

The following are a few pricing strategies that businesses adopt:-

1.3.1 Price Skimming:

A skimming pricing strategy is a technique in which a business sets its initial price high and gradually lowers it when more competitors enter the market. This is ideal for businesses that are entering an emerging market. Here, businesses maximise profit by utilising the price demand of specific markets.

They possess the first-mover advantage and are the first to introduce or market the product or service. The skimming pricing strategy profits in the early stages of the product or service's market until other competitors enter and supply increases.

1.3.2 Pricing For Market Penetration:

It is the opposite of price skimming. Skimming starts with huge prices, and the penetration pricing strategy uses low prices to enter the market. This is done to attract the existing consumer base of the competitors. Once a reliable pool of consumers is established, the costs slowly increase. Penetration pricing strategy depends mostly on the ability of the business to bear the losses made in the initial years. Big MNCs especially employ this to get a strong footing in developing countries' markets.

1.3.3 Premium Pricing:

Premium pricing strategy involves businesses that create high-quality products and market them to high-income or net-worth individuals. The key here is to manufacture unique, high-quality designs and products that convince the users to pay such huge amounts. The premium pricing strategy targets the luxury goods market.

1.3.4 Economy Pricing:

The strategy targets customers who prefer to save money. Big companies employ the strategy to make customers feel they are in control. Walmart in the U.S. is an example where they offer deals that please customers. This does depend on the overhead costs and the value of the products.

1.3.5 Bundle Pricing:

As the name suggests, it is a strategy where a business sells a bundle of goods together. Typically, the total of the goods is lower than the individual products sold separately. This helps in moving the inventory and selling the stocks that are left over. The strategy can make profits (or save from losses) on low-value items.

1.3.6 Value-based Pricing:

This concept is similar to premium-based pricing. Here, the business decides the price based on the customer's valuation of the product's worth. This is best suited for unique products.

1.3.7 Dynamic Pricing:

In marketing, a dynamic pricing approach involves adjusting the price of the goods in response to the current market demand.

1.4 Review Of Literature

1. (Yusuf *et al.*, 2022) in their research work titled "ANALYSIS OF THE EFFECT OF THE MARKETING MIX ON PURCHASING DECISIONS", they stated that tea powder is a delectable beverage powder in Bandung. As its business grows, the organisation will enlarge its sales territory in each subdistrict. The corporation decides on product positioning specifically for the sweet bread industry and selects the low-end category, which is considered low-cost. A marketing mix plan has been implemented by management. However, there is still disagreement on its efficacy, particularly in light of issues with the growth of the sales area. A complete research study is required to measure the marketing mix and its impact on choices, data, and consumer loyalty.

The study's findings suggested that the general hypothesis was probably correct and that there were noteworthy influences of the product, distribution, and promotion on consumer decisions; noteworthy influences of the product and price on consumer satisfaction; noteworthy influences of the consumer's decision on consumer satisfaction and loyalty; and noteworthy influences of the consumer's satisfaction on consumer loyalty.

2. (Karim *et al.*, 2021) in their research work titled "The impact of 4ps marketing mix in tourism development in the mountain areas: A case study," the study results show that neither the price mix nor the promotion mix significantly affects tourism growth. Price is less significant because tourists are less concerned about costs like mountaineering and hiking fees. Traditional advertising is no longer efficient at luring tourists because most of them now rely on social media for information.

3. (Mahmoud, 2018) their research work titled "Impact of green marketing mix on purchase intention" stated that a concept known as "green marketing," which is based on environmental issues, encompasses a range of actions, including product modification, production process adjustments, advertising, and packaging modifications. This study looks into how different aspects of the green marketing mix affect the products, prices, distribution, and promotions. It offers policymakers in government useful information for promoting green marketing in manufacturing farms.

4. (Thabit *et al.*, 2018) their research work titled "The evaluation of marketing mix elements: A case study" stated that A key component of the marketing mix, product promotion, affects customer happiness, product sales, and

overall organisational performance. The study emphasises the importance of promotion components' effects on product sales and business promotion practises.

5. (Goi, 2009) their research work titled "A review of marketing mix: 4Ps or more" stated that The 4Ps, which marketers have employed to accomplish their marketing goals, are reviewed in this study's analysis of the present marketing mix. Microeconomic theory gave rise to the idea of the marketing mix, which has since changed to fit a competitive context. The 4Ps continue to be a cornerstone of the marketing mix despite objections from numerous studies, with the successive Ps still requiring agreement on eligibility and actual implementation. The study offers insightful information that marketers may use to successfully achieve their marketing goals.

1.5 Objective Of The Study

The key objective of the research paper was to identify the perception of respondents on various techniques of pricing for new entrepreneurs.

1.6 Research Methodology

The data supporting the present paper has been collected from the primary mode.

Primary Research:

The data was gathered by the administration of a meticulously designed questionnaire to a sample of investors residing in Udaipur.

Sample Size: The sample size taken was 146 respondents.

Statistical Tools for Analysis:

The data acquired from the administered questionnaire was evaluated using SPSS software and other statistical tools to display the analysed data and results based on the specified parameters for the desired objectives.

The following was the pattern of the Likert scale adopted for the study:

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

One hypothesis was framed to be tested statistically, for which an independent t-test was applied to reach noteworthy conclusions.

1.6.1 Likert Statement

To testify to the loudly spoken words penetration pricing, in all, 5 Likert statements, which are actually the characteristics of penetration pricing, were drafted to be presented to the respondents on a five-point Likert scale ranging from strongly agree to strongly disagree. This was done to understand the applicability of the subject from the perspective of respondents.

	Statement	SD	D	N	A	SA
1	The game is all based on the best price strategy which best suits the clients.	1	2	3	4	5
2	Penetration pricing is the best way to grab a big market share.	1	2	3	4	5
3	It is the best way to work out a win-win approach.	1	2	3	4	5
4	To raise the demand for the product, this is the only choice.	1	2	3	4	5
5	To fight competition, penetration pricing is the best option.	1	2	3	4	5

1.7 Data Analysis

1.7.1 Rank The Following In Order Of Preference:

The participants were surveyed regarding their preferences for different price techniques and were requested to rank

them, wherein Rank1 states most preferred. The Friedman rank test was utilised to ensure an accurate and systematic evaluation of preferences for different price techniques. The obtained findings of this test are shown as follows.

Table 1.1 Mean Rank Score

	Mean Rank	Rank Assigned
Price Skimming	3.14	Rank 5
Price Penetration	2.84	Rank 1
Cost Plus Pricing	2.94	Rank 2
Value-based pricing	2.99	Rank 3
Competitive Pricing	3.09	Rank 4

In the analysis of different pricing strategies, it was found that **Price Skimming** received the highest mean score of 3.14, placing it at Rank 5. This strategy involves setting a high initial price for a product and gradually lowering it over time. On the other hand, **Price Penetration** received a mean score of 2.84, placing it at Rank 1. This strategy involves setting a low initial price to attract customers and gain market share. **Cost Plus Pricing** received a mean score of 2.94, placing it at Rank 2. This strategy involves determining the price by adding a markup to the product's cost. **Value-based Pricing** received a mean score of 2.99, placing it at Rank 3. This strategy involves setting the price based on the product's perceived value to the customer. Lastly, **Competitive Pricing** received a mean score of 3.09, placing it at Rank 4. This strategy involves setting the price based on competitors' prices in the market.

Test Statistics	
N	146
Chi-Square	3.195
df	4
Asymp. Sig.	.526
a. Friedman Test	

The Friedman test was conducted to analyse the data and determine if there was a significant difference in respondents' preference for different price techniques. The calculated Chi-Square value was found to be 3.95, with a degree of freedom of 4. The corresponding p-value was calculated to be 5.26, which exceeded the significance level of 0.05. Based on these results, we accept the null hypothesis and conclude no significant difference exists between respondents' preference for different price techniques. The majority of respondents exhibited a strong inclination towards the Price Penetration technique.

H₀₁: There is no significant difference in the perception of growing respondents on the importance of penetration pricing in the eyes of respondents

For the purpose of ascertaining the significant difference in the perception, primary data collected with the help of the Likert statement have been averaged, and a one-sample Wilcoxon test was applied using test value 2.5, and the results so derived have been presented.

Table 1.2 Descriptive Statistics

	n	Mean	Median	Standard deviation
	146	3.69	4.17	1.13

The table above exhibits the mean, median and standard deviation of the primary data collected from 146 respondents.

Table 1.3 Summary of Ranks

		n	Mean Rank	Sum of Ranks
- Test Value	Negative Ranks	31	28.87	895
	Positive Ranks	115	85.53	9836
	Ties	0		
	Total	146		

- Negative Ranks: < Test Value (2.5)
- Positive Ranks: > Test Value (2.5)
- Ties: = Test Value

Table 1.4 One-Sample Wilcoxon Signed Rank Test

Total N	146
Test Statistic	9836.000
Standard Error	510.030
Standardised Test Statistic	8.765
Asymptotic Sig. (2-sided test)	.000

Interpretation:

As depicted from the above statistical results, A p-value of <.001 is obtained, below the established significance level of 0.05; the researcher fails to accept the standard null hypothesis for one-sample Wilcoxon test that the sample has been drawn from the population with a median of less than or equal to 2.5.

CONCLUSION:

The researcher thus accepts the null hypothesis framed and concludes that there is no significant difference in the perception of growing respondents on the importance of penetration pricing in the eyes of respondents; the respondents showed their overall inclination towards the agreement side for the Likert statement drafted.

Findings:

The research concludes that penetration pricing is the best way for newcomers to grab the market. There is no doubt about the applicability of penetration pricing in the competitive world. At first, various techniques were asked to be ranked by the respondents; since the respondents are new entrepreneurs, they wisely chose their best choice as penetration pricing since it suits their condition. Our study testified the elementary features of the same, and all the respondents strongly agreed with all the statements. The market penetration strategy can be adopted when the market is filled with competitors and does not have a first-mover advantage. This is employed when the business has to attract the pool of consumers its competitors possess.

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