
**OPINION OF RETAILERS ON PRICING STRATEGIES OF SELECT MINERAL WATER COMPANIES - A
STUDY WITH REFERENCE TO CUDDALORE DISTRICT**

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ABSTRACT:

Marketing is a management discipline and it is equally a part of organizational and management philosophy, reflected in attitudes and approaches across the whole organization. Marketing provides the focus for successful organizations. The starting point lies in recognizing the fact that marketing deals with identifying and meeting human and social needs. Further, marketing is a management process because it identifies the customer need and then meets customer requirements product/services efficiently and profitably, and in the whole process strategy plays a more important role, so successful marketing depends upon good strategy. Today, there are several small and medium size companies that are producing mineral water and only few of them are exporting into the markets of regional countries. But, there is still a lack of consistency in production, lack of knowledge on marketing and especially on marketing strategies. A point to note is the fact that most producers strongly believe that pricing has a very high influence on consumer's choice. However, given the fact that many elements constitute, one is not sure pricing play equal role in influencing choice or if some play a higher role than others. This is the crux of the problem in this study.

Keywords: Pricing, Mineral Water Company, Market segment, Customer demand, Social need

Marketing is a process through which one can assess the need of market/customer/user, and provides those service which satisfy the needs profitably. Smith defines that “Marketing is a stance and an attitude that focuses on meeting the need of users”. Strategy is the key to successful marketing. Marketing is a management discipline and it is equally a part of organizational and management philosophy, reflected in attitudes and approaches across the whole organization. Marketing provides the focus for successful organizations. The starting point lies in recognizing the fact that marketing deals with identifying and meeting human and social needs. Further, marketing is a management process because it identifies the customer need and then meets customer requirements product/services efficiently and profitably, and in the whole process strategy plays a more important role, so successful marketing depends upon good strategy.

The essence of marketing strategy is to provide the organization with a suitable competitive advantage in the markets in which it operates. This requires that the organization both understands consumer needs and identifies how those consumers can be grouped into different market segments. The marketing strategies may be related to its product, pricing, physical distribution and promotion. The industry must establish an appropriate position for its products in the target markets by properly defining the image the industry wishes to weak for its product. The product attributes, pricing decision, method of distribution and communication should all seek to reflect the chosen position. The strategic planning for marketing the products is essential in industries. Bottled water production has become very popular after 2000. Before that, only an unimportant percentage of people used to drink still water in bottles. Since there was no tradition producing still water, it was imported from abroad and this was seen as a good opportunity from local companies to produce still water and supply the market on an increasing demand for this type of water, in order to substitute large amounts of imports and create very fast a part of market share that was dominated by international companies.

Statement of the Problem

Today, there are several small and medium size companies that are producing mineral water and only few of them are exporting into the markets of regional countries. But, there is still a lack of consistency in production, lack of knowledge on marketing and especially on marketing strategies. Water producers are concentrated more on producing goods by attracting on the tourist customers, tempting to produce qualitative goods which will bring new customers and opening the window for export of goods into the region and beyond in the near future. In the bottled water industry in Tamil Nadu, it may be expected that the issue of “better quality” should not arise. Yet most consumers of

this product would readily pay a premium price or are price insensitive when it comes to the purchase of a particular brand of regulated water. This gets one wondering, could it be that consumers in making choice are merely responding to the outcome of their perception which is a function of such attributes like brand name, mark, package, company-of-make etc. A point to note is the fact that most producers strongly believe that pricing has a very high influence on consumer's choice. However, given the fact that many elements constitute, one is not sure pricing play equal role in influencing choice or if some play a higher role than others. This is the crux of the problem of this study.

Objectives of the study

1. To identify and assess pricing strategies of select mineral water companies
2. To compare the pricing strategies of select mineral water companies

Hypothesis

The following hypothesis stated in their null forms was tested in this study.

H1: There is no significant difference in pricing strategies adopted among select

Mineral water companies

Sample Selection and Data Collection

Convenient Random Sampling method was used in this study. The survey was conducted from March to April 2014. The target group was from 5 to 10 years old retail shops in Cuddalore district of Tamil Nadu. The plan was to deliver 300 copies of questionnaires. 75 copies of questionnaires were delivered in each selected five major towns in Cuddalore district namely Cuddalore, Chidambaram, Virthachalam, Neyveli and Vadalore . The questionnaires were translated into Tamil in case some retailers cannot understand English very well. The data collection process lasted for 2 weeks and 278 questionnaires were recovered and the recovery rate was 92.67 percent. From these questionnaires 274 questionnaires were valid and the efficient rate is 98.56 percent

Pricing Strategy

The success in pricing strategies for businesses is heightened with clarity on market conditions, an understanding of the consumer's unmet desire, and the amount they are willing to pay to fulfill it. Pricing strategy in marketing is the pursuit of identifying the optimum price for a product. Pricing policy and strategies are very much relevant in the mineral water industries due to the fact that they affect the demand as well as profitability. The industries have to think their

marketing policies – more so the pricing due to stiff competition and aggressive marketing strategies and innovative product by other competitors with the free flowing wind of globalisation and liberalization.

This strategy is combined with the other marketing principles known as the 4 P's (product, place, price, and promotion), market demand, product characteristics, competition, and economic patterns. The pricing strategy tends to be one of the more critical components of the marketing mix and is focused on generating revenue and ultimately profit for the company.

Companies will lean on discount pricing as part of product promotions which is generally used for increasing traffic and attracting new customers. Skim pricing is a technique that companies use to find the optimum price point for a product, usually a unique item with unknown consumer demand. The market penetration pricing strategy has the main objective of gaining market share early for a company. The respondents are asked to rate the above said variables related to the Pricing strategy at five point scale namely highly considered, considered, moderate, not considered and not at all considered. The scores assigned on these scales vary from 5 to 1 respectively. The mean score of these variables has been computed to analyse the extent to which the industries considered the variables in designing their pricing strategy. One way analysis of variance (ANOVA) has been administered to analyse the significant difference among the selected companies regarding the importance given to these variables. Table 1 presents the results of One way analysis of variance (ANOVA) relating to pricing strategies.

TABLE 1
RESPONDENTS' PERCEPTION ON PRICING STRATEGY OF
MINERAL WATER COMPANIES

S. No.	Variables	Mean Score among Industries in				F Statistics
		Real pure	High Chill	KAC	New Rain	
1	Printed the MRP on label	2.162	2.568	3.021	2.946	4.687
2	Discount to dealers	3.564	2.945	3.508	3.018	10.564*
3	Sessional price offer to customers	2.988	2.864	2.779	2.849	8.617*
4	Allowed installment payment	3.437	3.528	3.621	3.567	4.069*
5	Fewer advance and easy payment	2.801	3.114	2.648	2.822	15.342
6	Fixing reasonable price	3.248	3.456	3.467	3.241	9.461*

Source: Computation from Primary Data * Significant at 5 per cent level

It could be inferred from Table 1 that the highly considered variables in the pricing strategy of Real pure industry are discount to dealers, allowed installment payment and fixing reasonable price since the mean scores are 3.564, 3.437 and 3.248 respectively. In the case of High Chill, the highly considered variables relating to pricing strategy are allowed installment payment, fixing reasonable price and fewer advances and easy payment since the respective mean scores are 3.528, 3.456 and 3.114 respectively. In the KAC industries, the highly considered variables are printed the MRP on label, discount to dealers ,allowed installment payment and fixing reasonable price since the respective mean scores are 3.021, 3.508,3.621 and 3.467. The highly considered variables relating to pricing strategy of New Rain Company are discount to dealers, allowed installment payment and fixing reasonable price since the respective mean scores are 3.018, 3.567 and 3.241 respectively. The significant difference among the four types of companies is identified regarding the importance given to the variables namely discount to dealers, sessional price offer to customers , allowed installment payment and fixing reasonable price since the respective 'F' statistics are significant at five per cent level. Hence the null hypothesis is rejected and it is concluded that there is a significant among the selected companies towards pricing strategies.

Conclusion

Mineral water production and marketing is becoming more competitive because of more and more businessmen enter into this industry. One company wanting to set up a business in the industry can easily do so with needing much financial capital to start off. Apart from having good marketing strategies, for these companies it is necessary to expand the business by expanding into new markets and introducing new or modified products, as well as responding quickly to market needs and consumer taste changes. Water producers should improve their strategies if they are aiming to survive in a very competitive environment.

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