

Pricing Strategies Adopted by Udyam-Registered Micro Enterprises in Mysuru District: A study

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Abstract

Micro enterprises play an important role in local economic development, particularly in districts like Mysuru, where trading, manufacturing, and service activities contribute significantly to employment and entrepreneurship. Pricing strategy is a critical marketing decision that influences competitiveness, profitability, and customer perception. The present study examines the pricing strategies adopted by Udyam-registered micro enterprises in Mysuru district. Primary data were collected from 150 micro enterprises, including 60 trading, 45 manufacturing, and 45 service enterprises, using a structured questionnaire. The Garrett Ranking technique was used to analyse and rank pricing strategies. The findings reveal that competitive pricing and discount/promotional pricing are the most widely adopted strategies among micro enterprises. Manufacturing enterprises primarily rely on cost-plus pricing, while service enterprises emphasise premium and value-based pricing. The study highlights the need for microenterprises to adopt more market-oriented pricing approaches to enhance business performance.

Keywords: Pricing Strategy, Micro Enterprises, Garrett Ranking

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in India's economic development by promoting entrepreneurship, generating employment, and supporting regional industrial growth. Among these, micro enterprises constitute the largest segment of the MSME sector and significantly contribute to local economies. In Karnataka, particularly in the Mysuru district, micro-enterprises engaged in trading, manufacturing, and service activities provide livelihood opportunities and support economic diversification. The Government of India has strengthened the MSME sector through initiatives such as Udyam registration and revised MSME classification limits announced in the Union Budget 2025, which aim to enhance access to finance, technology, and market opportunities for small businesses.

Pricing strategy is one of the most critical elements of marketing decision-making for micro enterprises, as it directly influences sales volume, profitability, competitiveness, and customer perception. Due to limited financial and managerial resources, micro enterprises must adopt pricing strategies carefully to sustain in competitive markets. Traditional pricing methods such as cost-plus pricing continue to be widely used, while market-oriented approaches such as competitive pricing, discount pricing, and value-based pricing are becoming increasingly important in response to changing consumer behaviour and market dynamics.

The adoption of pricing strategies varies across sectors depending on the nature of business operations. Manufacturing enterprises often rely on cost-based pricing, trading enterprises emphasize competitive

pricing, and service enterprises focus on value perception and service quality. Therefore, understanding the relative importance of pricing strategies across sectors is essential for improving business performance and decision-making.

This study examines the pricing strategies adopted by Udyam-registered micro enterprises in Mysuru district using the Garrett Ranking technique, with a sector-wise comparison of trading, manufacturing, and service enterprises.

2. Literature Review

Hinterhuber (2012) explains that most firms cluster into three broad approaches: cost-based, competition-based, and customer value-based pricing. The study argues that superior pricing performance depends on building pricing capabilities and top-management attention, because value-based pricing requires deeper customer insight, segmentation, and disciplined execution. This is relevant for micro enterprises, where limited resources and market data often restrict movement toward value-based pricing despite its profitability potential. The work strengthens the rationale for recommending pricing skill development and systematic pricing processes for MSMEs.

Singh and Janor (2013) examined how SMEs adopt different pricing methods and highlighted that pricing decisions vary with organizational context and ownership structure. The study emphasizes that SMEs often combine cost, competitor, and customer considerations rather than using a single “best” method. It also notes that limited pricing expertise and information constraints can lead SMEs to depend more on simpler approaches (e.g., cost-plus or market-following). This supports the need for sector-wise analysis of pricing strategy preference, especially in micro enterprises where managerial resources are limited and pricing is frequently guided by practical experience.

Ingenbleek and van der Lans (2013) bridged “price strategy” (visible in the market) and “price-setting practice” (internal decision processes). Their findings show that firms implement strategies through the information they use—cost, competition, and customer value. Importantly, they observed mismatches: some firms do not clearly pursue any strategic pricing approach, while others use practices without strategic clarity. This supports research that ranks pricing approaches (like competitive, cost-plus, and value-based) to reveal what micro enterprises actually prioritize in practice across trading, manufacturing, and service sectors.

Cant, Wiid, and Sephapo (2016) investigated factors that shape pricing strategy decisions in small businesses. Using survey data, they report that SMEs strongly consider competitor information and macro-environmental factors (such as inflation and fuel prices) while setting prices. The study also indicates that customer relationships and perceived benefits of the product/service influence pricing decisions, suggesting that SMEs may shift from purely cost-based pricing to more market- and value-informed pricing when competitive pressure increases. This directly aligns with comparing competitive and value-based strategies in micro enterprises.

Dost and Geiger (2017) focused on value-based pricing in competitive settings and proposed methods using willingness-to-pay information to support better pricing decisions. Their work highlights that knowing customer value (and how it compares against competitors) is central to effective pricing—yet many firms struggle to operationalize it. For micro enterprises, the practical implication is that even simple customer-value estimation (through feedback, repeat purchase insights, and local market comparison) can improve pricing outcomes. This strengthens the justification for including value-based strategy in pricing rankings and for recommending gradual adoption of value-based practices.

3. Revised MSME Classification

Enterprise Category	Current Investment Limit	Revised Investment Limit	Current Turnover Limit	Revised Turnover Limit
Micro Enterprise	₹1 crore	₹2.5 crore	₹5 crore	₹10 crore
Small Enterprise	₹10 crore	₹25 crore	₹50 crore	₹100 crore
Medium Enterprise	₹50 crore	₹125 crore	₹250 crore	₹500 crore

Source: Union Budget 2025

4. Objectives:

1. To identify the major pricing strategies practised by micro enterprises in Mysuru district.
2. To rank pricing strategies using the Garrett Ranking technique.
3. To compare pricing strategy preferences among trading, manufacturing, and service enterprises.

5. Research Methodology:

The present study is descriptive in nature and focuses on identifying and ranking the pricing strategies adopted by Udyam-registered micro enterprises in Mysuru district. The study is based on primary data collected from micro enterprises operating in the trading, manufacturing, and service sectors. A total of 150 micro enterprises were selected for the study, comprising 60 trading enterprises, 45 manufacturing enterprises, and 45 service enterprises. The respondents were selected using a convenience sampling method. Data were collected through a structured questionnaire in which respondents were asked to rank different pricing strategies followed by their enterprises. The Garrett Ranking Technique was used to analyse the data. The ranks assigned by respondents were converted into percent positions and then into Garrett scores using the Garrett conversion table. Mean scores were calculated for each pricing

Table 1: Profile of Respondents (n = 150)

S.No	Particulars	Category	Frequency	Percentage
1	Type of Enterprise	Trading	60	40
		Manufacturing	45	30
		Service	45	30
		Total	150	100
2	Years of Operation	Below 5 years	38	25.3
		5–10 years	52	34.7
		Above 10 years	60	40
		Total	150	100

3	Number of Employees	Below 5	65	43.3
		5–10	48	32
		Above 10	37	24.7
		Total	150	100
4	Annual Turnover	Below ₹10 lakh	55	36.7
		₹10–25 lakh	58	38.7
		Above ₹25 lakh	37	24.7
		Total	150	100
5	Udyam Registration	Registered	150	100
		Total	150	100

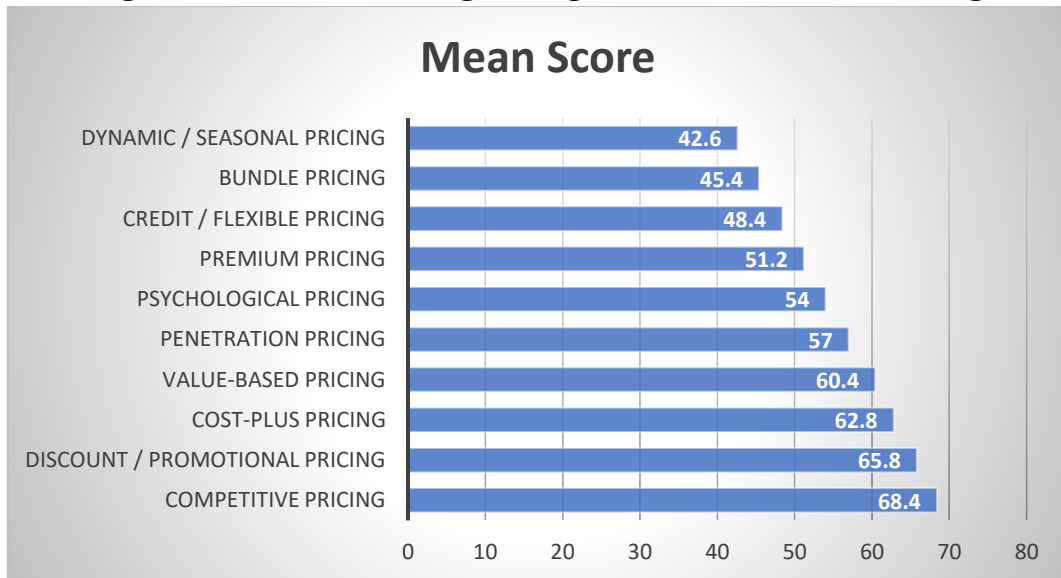
Table 1 presents the demographic and enterprise profile of the respondents selected for the study. Out of 150 Udyam-registered micro enterprises in Mysuru district, 60 (40%) belong to the trading sector, while manufacturing and service enterprises each account for 45 respondents (30%). Regarding years of operation, a larger share of enterprises (40%) have been operating for more than ten years, indicating business stability and experience in pricing decisions. About 34.7% of enterprises have been operating for 5–10 years, while 25.3% are relatively new. In terms of employment size, most micro enterprises (43.3%) employ fewer than five workers, reflecting the small-scale nature of operations. Turnover distribution shows that 38.7% of enterprises fall in the ₹10–25 lakh category, followed by 36.7% below ₹10 lakh. All respondents are Udyam-registered micro enterprises.

Table 2: Garrett Ranking of Pricing Strategies (Overall, n = 150)

S.No	Pricing Strategy	Total Score	Garrett	Mean Score	Rank
1	Competitive Pricing	10260		68.4	I
2	Discount / Promotional Pricing	9870		65.8	II
3	Cost-Plus Pricing	9420		62.8	III
4	Value-Based Pricing	9060		60.4	IV
5	Penetration Pricing	8550		57	V
6	Psychological Pricing	8100		54	VI
7	Premium Pricing	7680		51.2	VII
8	Credit / Flexible Pricing	7260		48.4	VIII
9	Bundle Pricing	6810		45.4	IX
10	Dynamic / Seasonal Pricing	6390		42.6	X

Table 2 shows the overall Garrett ranking of pricing strategies adopted by micro enterprises in Mysuru district. Competitive pricing obtained the highest mean score (68.4) and ranked first, indicating that most micro enterprises rely on market-based pricing to remain competitive. Discount and promotional pricing ranked second (65.8), reflecting the importance of customer attraction and sales promotion in small business operations. Cost-plus pricing ranked third (62.8), suggesting that cost considerations remain important, particularly for production-oriented enterprises. Value-based pricing secured the fourth rank (60.4), indicating a growing focus on customer perception of value. Penetration pricing and psychological pricing occupied middle ranks. Premium pricing, credit pricing, bundle pricing, and dynamic pricing received comparatively lower scores, indicating limited adoption among micro enterprises due to resource and market constraints.

Fig:1 Mean Score of Pricing Strategies based on Garrett Ranking



The figure shows that **competitive pricing and discount/promotional pricing have the highest mean scores**, indicating their strong adoption among micro enterprises. In contrast, **dynamic/seasonal pricing and bundle pricing show lower mean scores**, suggesting limited usage in the current MSME pricing practices.

Table 3: Sector-wise Garrett Ranking

Strategy	Trading Mean	Rank	Manufacturing Mean	Rank	Service Mean	Rank
Cost-Plus Pricing	60.2	III	69.5	I	55.4	V
Competitive Pricing	72.8	I	63.1	III	66.2	II
Penetration Pricing	59.4	IV	61.3	IV	50.2	VII
Premium Pricing	48.1	VIII	46.2	VIII	68.5	I
Discount Pricing	70.3	II	58.4	V	64.1	III
Value-Based Pricing	62.5	V	55.1	VI	67.2	II

Psychological Pricing	57.2	VI	52.3	VII	53.6	VI
Credit Pricing	55.3	VII	50.2	IX	52.1	VII
Bundle Pricing	50.4	IX	48.5	X	49.3	IX
Dynamic Pricing	46.1	X	51.6	VIII	48	X

Table 3 presents the sector-wise Garrett ranking of pricing strategies among trading, manufacturing, and service enterprises. Trading enterprises ranked competitive pricing first (72.8), followed by discount pricing, highlighting strong market competition in trading activities. Manufacturing enterprises ranked cost-plus pricing first (69.5), reflecting reliance on production cost structures for price determination. In contrast, service enterprises ranked premium pricing first (68.5) and value-based pricing second (67.2), indicating a focus on service quality, brand perception, and customer experience. Competitive pricing remains important across all sectors, though priorities differ depending on business nature. Strategies such as bundle pricing and dynamic pricing received lower ranks across sectors, suggesting limited adoption among micro enterprises. Overall, the results indicate clear sector-wise variation in pricing strategy preferences.

6. Findings of the Study

1. Competitive pricing emerged as the most preferred pricing strategy among micro enterprises, indicating strong market competition and price sensitivity in the local MSME environment.
2. Discount and promotional pricing ranked second, showing that micro enterprises rely on sales promotion techniques to attract and retain customers.
3. Manufacturing enterprises primarily depend on cost-plus pricing, reflecting the importance of production cost structure in price determination.
4. Service enterprises show higher preference for premium and value-based pricing, indicating the role of service quality, customer experience, and perceived value.
5. Dynamic pricing and bundle pricing are least adopted, suggesting limited technological adoption and pricing flexibility among micro enterprises

7. Suggestions

1. Micro enterprises should adopt value-based pricing strategies to improve profitability and customer satisfaction.
2. Training and awareness programs on modern pricing strategies should be organized by MSME support institutions and industry associations.
3. Manufacturing enterprises should combine cost-plus pricing with market-oriented pricing methods to remain competitive.
4. Service enterprises should strengthen branding and service differentiation to support premium pricing strategies.
5. Micro enterprises should gradually adopt digital tools and dynamic pricing techniques to respond effectively to market demand changes.

Conclusion

The study examined the pricing strategies adopted by Udyam-registered micro enterprises in Mysuru

district using the Garrett ranking technique. The findings reveal that competitive pricing and discount/promotional pricing are the most widely adopted strategies among micro enterprises, reflecting the competitive nature of local markets and the importance of customer attraction. Manufacturing enterprises primarily rely on cost-plus pricing due to production cost considerations, while service enterprises emphasize premium and value-based pricing strategies that focus on service quality and customer perception. The study also indicates that advanced pricing practices such as dynamic pricing and bundle pricing are relatively less adopted among micro enterprises, possibly due to limited technological adoption and market awareness. Overall, the results highlight the importance of sector-specific pricing approaches and the need for micro enterprises to adopt more innovative and customer-oriented pricing strategies. Strengthening pricing knowledge and strategic decision-making can help micro enterprises improve competitiveness, profitability, and long-term sustainability in the evolving business environment. Strategy to determine their relative importance and final ranking. The results were presented using tables and charts for better understanding.

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