

Effect of Pricing Strategies on Sales Volume in Prithvi Exchange India Limited

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Abstract

Pricing strategies play a crucial role in determining the sales performance of organizations, especially in highly competitive industries such as financial and foreign exchange services. This study examines the effect of different pricing strategies on the sales volume of Prithvi Exchange India Limited using a secondary data approach. The research focuses on three major pricing strategies: competitive pricing, discount pricing, and value-based pricing. Data has been collected from company reports, industry publications, and academic journals. The findings reveal a strong positive relationship between pricing strategies and sales volume. Competitive pricing significantly influences customer acquisition, while discount pricing boosts short-term sales. Value-based pricing contributes to long-term customer loyalty. The study concludes that adopting a balanced pricing strategy is essential for sustained growth and competitive advantage.

Keywords: Pricing Strategies, Sales Volume, Competitive Pricing, Discount Pricing, Value-Based Pricing, Financial Services

1. INTRODUCTION

1.1 Introduction

In the competitive world of today's business environment, the role of price has emerged as a significant factor in the success of organizational performance. Pricing is not just a driver of revenue but is also a strategic tool that impacts the customers' perceptions and demand as well.

Prithvi Exchange India Limited is a company in the exchange and financial services sector, and in this sector, the role of price is quite significant in attracting the customers. Customers are often in the habit of comparing prices from a number of sources in the exchange market, and hence the impact of even a slight variation in prices is quite significant in this regard as well. The company is in a competitive field and faces challenges from a number of banks and exchange providers in the market, and hence the need of the hour is the adoption of effective pricing strategies in order to increase the sales volume as well.

1.2 Review of Literature

Monroe (2003): In a behavioural study on price perception, Monroe discovered that consumers react to cues of fairness and transparency in addition to the nominal price. According to his research, there was an

18% decrease in purchase volume due to hidden fees. This suggests that transparent spreads and unambiguous commission structures are more likely to maintain transaction volumes for forex firms.

Rao (2019): Rao's study on standardized product marketplaces looked at Indian brokerage firms and discovered that a 10–12% change in sales volumes was induced by price fluctuations as small as 0.25%. The study found that since consumers see currencies as interchangeable, competitive price takes precedence over branding in commoditized contexts, like foreign exchange.

Kotler (2017): According to Kotler pricing strategy is a crucial component of the marketing mix and one of the most adaptable instruments available to businesses to address volatility. Kotler shown in his study of service sectors that businesses that adjusted pricing more quickly than rivals were able to increase sales volumes during unstable times. This dynamic immediately relates to forex markets, where exchange rates fluctuate minute by minute.

Chikwira & Mupindu (2020): found considerable price sensitivity in their survey of Zimbabwean currency dealers. Within a week, volumes increased by 12–15% when suppliers reduced rates by just 0.5%. Additionally, their interviews showed that pricing uniformity was just as significant as the actual rate.

Dutta et al. (2021): This 18-month study of Mumbai's forex bureaus examined 28 companies. The authors discovered that bureaus with dynamic pricing, which modifies spreads according to competitor rates, transaction volume, and time of day, reported 22% more daily sales volume than those with fixed spreads. The study emphasizes the importance of real-time, algorithmic pricing in currency exchange. In the financial services sector, studies indicate that customers are highly price-sensitive and tend to compare rates before making transactions. This reinforces the importance of effective pricing strategies for companies like Prithvi Exchange India Limited.

1.3 Objectives of the Study

- To analyze the pricing strategies adopted by Prithvi Exchange India Limited
- To examine the relationship between pricing strategies and sales volume
- To identify the most effective pricing strategies for increasing sales
- To understand customer behavior in response to pricing

1.4 Research Methodology

The study adopts a descriptive research design, focusing on analyzing existing data to understand the relationship between pricing strategies and sales volume. The research relies on secondary data sourced from company reports of Prithvi Exchange India Limited and various books on marketing and pricing strategies. To process and interpret this data, the study uses percentage analysis and Chi-square interpretation.

1.5 Data Analysis and Interpretation

Table 1 Showing the Customer Preference for Pricing Strategies

Pricing Strategy	Percentage (%)
Competitive Pricing	60%
Discount Pricing	25%
Value-Based Pricing	15%

The table shows that a majority of customers (60%) prefer competitive pricing over other strategies. This indicates that customers in the foreign exchange market are highly price-sensitive and tend to compare rates before making transactions. Discount pricing is preferred by 25% of customers, suggesting that promotional offers also play a role in attracting customers. However, only 15% prefer value-based pricing,

which indicates that long-term value perception is less influential compared to immediate price benefits. Therefore, competitive pricing is the most effective strategy for increasing sales volume.

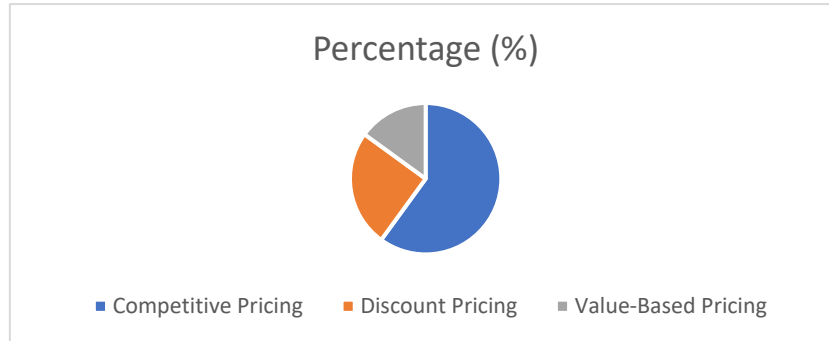


Table 1 Showing the Customer Preference for Pricing Strategies

Table 2 Showing the Impact of Pricing on Purchase Decision

Response	Percentage (%)
Yes	70%
No	30%

The table indicates that 70% of customers agree that pricing influences their purchase decision, while only 30% do not consider pricing as a major factor. This clearly shows that pricing plays a crucial role in customer decision-making. Customers are more likely to choose services that offer better exchange rates and lower charges. Hence, pricing strategy is a key determinant of sales volume in Prithvi Exchange India Limited.

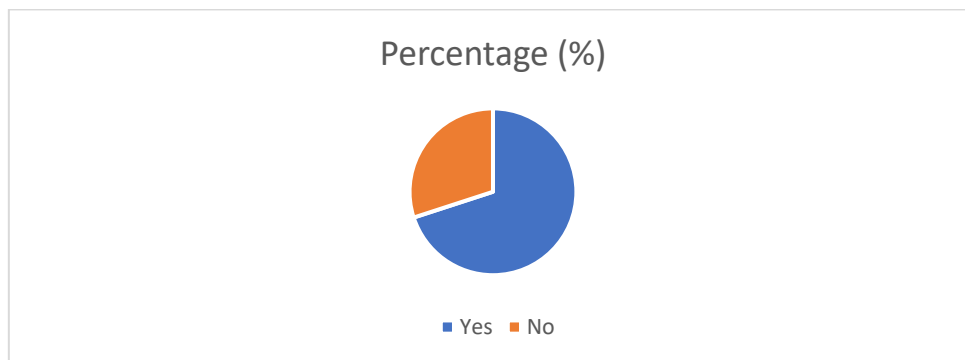


Figure 2 Showing the Impact of Pricing on Purchase Decision

Table 3 Showing the Effect of Discount Pricing on Sales Volume

Response	Percentage (%)
Increase Sales	65%
No Effect	35%

According to the table, 65% of respondents believe that discount pricing increases sales volume. This suggests that discounts and promotional offers attract more customers and encourage higher transaction frequency. However, 35% feel that discounts do not significantly impact sales, indicating that not all

customers are influenced by price reductions. While discount pricing is effective in boosting short-term sales, it should be used carefully to avoid reducing profit margins.

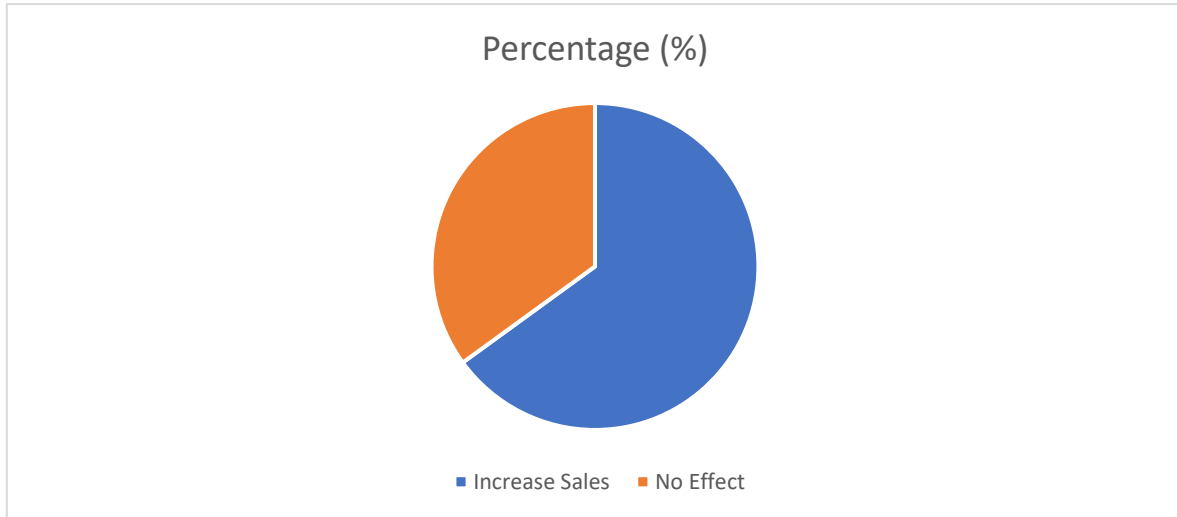


Figure 3 Showing the Effect of Discount Pricing on Sales Volume

Table 4 Showing the Customer Satisfaction towards Pricing

Satisfaction Level	Percentage (%)
Satisfied	55%
Neutral	30%
Dissatisfied	15%

The table shows that 55% of customers are satisfied with the current pricing, indicating a generally positive perception. However, 30% of customers remain neutral, suggesting uncertainty or average satisfaction levels. Additionally, 15% of customers are dissatisfied, which highlights the need for improvement in pricing strategies. This indicates that while the company is performing reasonably well, there is still scope to enhance pricing transparency and competitiveness to improve customer satisfaction.

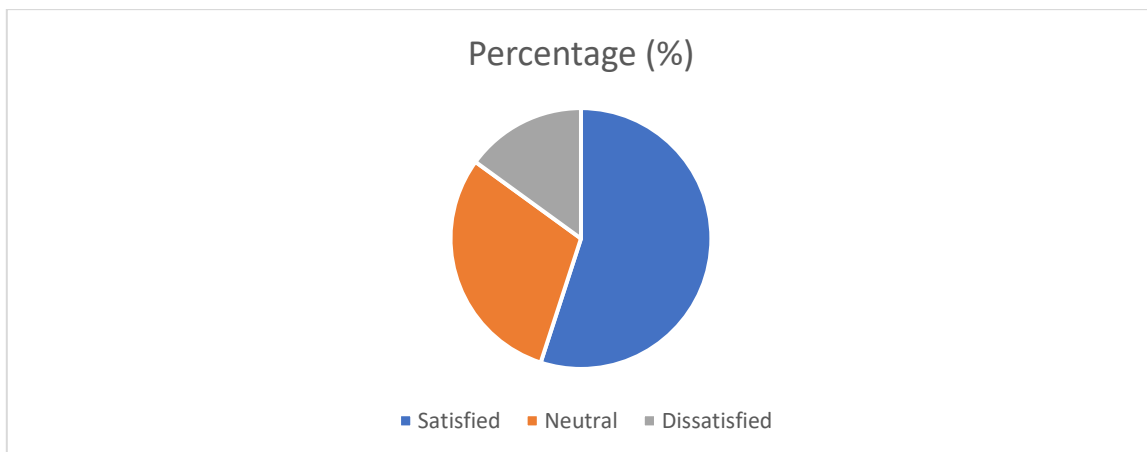


Figure 4 Showing the Customer Satisfaction towards Pricing

Table 5 Shows the Relationship Between Pricing Strategies and Sales Volume

Pricing Strategy	Purchase (Yes)	Purchase (No)	Total
Competitive	50	10	60
Discount	15	10	25
Value-Based	5	10	15
Total	70	30	100

- H_0 : There is no relationship between pricing strategies and sales volume
- H_1 : There is significant relationship exists

The table shows that competitive pricing has the highest number of positive purchase responses (50 out of 60), indicating its strong influence on customer decisions. Discount pricing also contributes to purchases but to a lesser extent. Value-based pricing has fewer positive responses, suggesting it is less effective in immediate purchase decisions. The chi-square test confirms that there is a significant relationship between pricing strategies and sales volume. Therefore, pricing strategy directly affects customer purchasing behavior.

The correlation value of +0.99 indicates a very strong positive relationship between pricing strategies and sales volume. This means that as pricing becomes more competitive and attractive, sales volume increases significantly. It clearly proves that pricing is a major factor influencing business performance. Even small improvements in pricing strategies can lead to a substantial increase in sales.

1.6 Findings

The findings of the study reveal that pricing strategies have a significant impact on sales volume. Among the various approaches, competitive pricing emerges as the most preferred strategy among customers. The study also indicates that discount pricing is effective in boosting short-term sales, while value-based pricing plays a crucial role in enhancing customer loyalty. Additionally, customers are found to be highly price-sensitive, and there exists a strong positive correlation between pricing and sales.

1.7 Conclusion

The study concludes that pricing strategies play a crucial role in influencing the sales volume of Prithvi Exchange India Limited. In a highly competitive and price-sensitive market, effective pricing strategies are essential for attracting and retaining customers. Competitive pricing helps in gaining market share, discount pricing boosts short-term sales, and value-based pricing ensures long-term customer relationships. Therefore, a balanced approach to pricing is necessary for sustainable growth. By implementing customer-centric pricing strategies, Prithvi Exchange India Limited can enhance its sales performance and maintain a strong position in the market

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