

Pricing Strategy for Shankara Skincare Products in the Global Market

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Abstract: Today, the skincare market segment is the fastest growing industry than any other part of the beauty industry. The reason being that there are a wide variety of products with benefits. Now, in that segment another segment has been added and that segment is the segment of Ayurvedic Skincare products. The Ayurvedic Skin Care products are based on ancient Indian medicine. These products provide natural care to the skin and at the same time avoid the use of any chemical substances that might adversely affect the skin of a person. These products are said to be the closest one can get to nature. Now, talking about the Shankara Ayurvedic Skincare company, the company believes in a world where natural beauty is celebrated. The company exists to modernize the ayurvedic skincare, to inspire positivity and celebrate radiance in people of all ages. The products produced by shankara are 100% chemical free and it is completely natural. Since, the products are natural hence the price of each of the products is also higher than normal skincare products. This research talks about the various competitors in the current Ayurvedic skincare segment who are competing with shankara to get a hold of the top spot in this segment. We will look into various competitors of the same category and the same segment and look at what kind of pricing strategy they are following for their own product. We also look at the various pricing strategies that are generally followed by putting a price on the product. We will also discuss about the major factors that determines the pricing strategy for any company and best suitable one for Shankara.

Keywords: Skincare market, segment, secondary sources, ayurvedic skincare, pricing strategy.

1. Introduction

Ayurvedic Skincare Segment is a very largely growing Segment with wide variety of skincare products. Today, the ayurvedic Skincare market in the world is about USD 6.5 Billion which is expected to reach USD 21.12 billion by the year 2028. Naturally there is huge competition and so our focus will be to determine the best optimal pricing strategy for Shankara Company.

The Objective of this project is as follows:

1. To identify the shankara product prices over the e-commerce platform as well as on the shakara websites of various countries.
2. To explore the pricing strategies of various leading Global Skincare Brands along with Shankara's current pricing strategy.
3. To examine the factors that affect the pricing

strategy of the shankara's products as well as the global skincare brands in the global market.

The price on the product is value that is put to a product or service and is the result of a complex set of calculations, research and understanding and risk-taking ability. A pricing strategy takes into account segments, ability to pay, market conditions, competitor actions, trade margins and input costs, amongst others. It is targeted at the defined customers and against competitors. There are about 10 types of pricing strategies that one can use to price their products. The aim in this project is to determine which of the pricing strategies out of the ones mentioned below is most suitable for Shankara Skin Care Products. So, following are the pricing strategies:

1. Demand pricing is also called demand-based pricing, or customer-based pricing. Here, the prices are put on the products based on the demand of the products.
2. Competitive Pricing is a pricing strategy wherein the prices of your products are based on the competitors pricing.
3. Cost-Plus Pricing is a pricing strategy wherein while setting the cost-plus price, you take the cost of the raw materials and the cost of production and add them to the overhead costs of a product or service. To this total, you add a markup percentage (this is your profit margin) and this total sum is your cost-plus price.
4. Penetration Pricing is a pricing strategy wherein you introduce your products at a low cost in market and when the demand of the product or sales of the product increases you gradually increase the price of your products.
5. Price Skimming is a pricing strategy wherein you introduce your products at a very high cost due to you having competitive advantage because of your product USP. This strategy is used for generating high short-term revenue.
6. Economy Pricing is a very familiar pricing strategy with the retailers and wholesalers. In this pricing strategy the prices of the products are kept low and then we try to target the sales at a particular sales segment of the market that is very price sensitive.

7. Psychological Pricing is a strategy to of doing minor changes to the prices so that it appears less to the people. Eg.: The price of the cloth of Rs. 400 can be rewritten as Rs. 399.
8. Discount Pricing is a strategy wherein the products and services are offered at a discount price. Some good examples are loyalty discounts, seasonal discount etc.
9. Geographic Pricing is a pricing strategy wherein different prices are charged in different geographical locations or markets for the exact same product or service.
10. Price Bundling is a pricing Strategy wherein the products are lumped together in one bundle and then a price is decided. E.g., Cadbury dairy milk Diwali pack.

2. Statement of the Problem

The main aim of this project is to make the readers aware about different types of pricing strategies that exist and also about the time and scenario of using those strategies. The focus of this project will revolve around the best pricing strategy that can be used for shankara. The optimal pricing strategy will be determined based on the prices of the shankara skincare luxury products and also the country that they are promoting in. To keep our task simple, I have divided the countries as Developed countries and developing countries. The other factors that will be taken into consideration while determining the pricing strategy will be the Top Competitor's products and the factors like product prices in the luxury skincare segment, demand of Shankara Ayurvedic Skincare products, Quality of the product, Awareness of the Shankara Products online & offline (Promotion), and lastly Government Regulations.

Based on these factors we will finally be able to streamline the best possible pricing strategy that Shankara skincare Company can adopt to be more successful. To do this I will conduct a survey and based on the result of the survey, I will be able to conclude the best possible Pricing Strategy for shankara for developed as well as developing countries.

3. Literature Review

M Jyothi, Research Scholar, Department of Commerce Osmania University, India and Professor Mr. H. Venkateswarlu, Department of Commerce, Osmania University, India; in the year 2020 published a paper named "Pricing Strategies and Consumer Perceptions – A Study of Skin Care Products". The research paper proposes to understand the perception of the respondents with respect to the prices of the skincare cosmetics products. [2]

Abbott Jason Haron, Professor of RMIT University, Melbourne, in year January 2016 published a paper entitled "Factors Influencing Pricing Decisions". The research paper proposes looking at factors that affect how marketers set prices. The final price for a product might be influenced by numerous factors, which can be categorized into two main groups, internal factors and external factors, both areas are discussed in further

detail in this paper. [3]

Paul Ingenbleek, Professor Wageningen University & Research, Mr. T.M.M Verhallen, Professor Tilburg University and Mr. Ruud. T. Farm Bach, Professor Vrije University Amsterdam, In the year May 2013 published a paper entitled "Best Practices for New Product Pricing: Impact on Market Performance and Price Level under Different Conditions". The research paper proposes to examines three managerial price-setting practices for new products, i.e., value-informed, competition informed, and cost-informed pricing. By engaging in these practices, managers can develop and compare quantifications in order to attain an introduction price for the product. [4]

Edwin Agwu, Regent University College of Science and technology, In the year August 2014, published a paper entitled "A Review of the effect of Pricing Strategies on the purchase of the Consumer Goods". The research paper proposes to examine the effect of the pricing strategies on the purchase goods and also the effect of internet on the informed purchased decision. [5]

Deonir De Toni from Universidade Caxias do Sul, Bento Gonçalves, RS, Brazil, and Mr. Gabriel Sperandio Milan, Mr. Evandro Busata Saciloto, Mr Fabiano Larentis from Universidade Caxias do Sul, Caxias do Sul, RS, Brazil, In the year December 2016, published a paper entitled "Pricing strategies and levels and their impact on corporate profitability". The aim of this study was to propose and test a theoretical model showing the impacts of pricing policy on corporate profitability. To this end, 150 companies in the metal-mechanic sector situated in the Northeast of Rio Grande do Sul State, Brazil were studied, integrating customer value-based pricing strategies, competition-based pricing strategies and cost-based pricing strategies with price levels (high and low) and performance with respect to profitability. [6]

4. Research Methodology

1) Sample

A sample Size of 33 was taken based on the factors like Demand of Ayurvedic products, Quality of the Skincare products, and promotion. We have Random Sampling to conduct our Survey and for the sake of convenience will refer this data as part-1.

Next, a sample of 100 top competitors of shankara from E-commerce websites like NYKAA, Amazon, Myntra and TATACLIQ were taken along with their products and prices. This part of the data will be referred to as part-2.

2) Measure

The data collection process has been divided into 2 parts:

1. Data collection about the Demand of Ayurvedic products, Quality of Skincare Products and Promotion. This is done with the help of a questionnaire.
2. Data collection about the Top competitors along with their top products in the same segment as Shankara.

The Pricing Strategy dependence can be put in the form of Mathematical Equation as follow:

Pricing Strategy = f (Demand of Ayurvedic products, Quality of the Skincare products, promotion, Competitor's products with their respective prices).

The factors such as Demand of Ayurvedic products, Quality of the Skincare products and promotion will be analyzed with the help of survey.

While, the final factor which is the top competitors and their products with their respective prices in the same segment as shankara will be analyzed separately from the questionnaire. Here, the data is collected product-wise with their respective brand names and prices being listed simultaneously. In the end both the analysis will be taken into consideration while giving the final verdict about the Pricing Strategy for Shankara Skincare Products in The Global Market.

3) Data Collection

The type of data collected is both primary data and secondary data. Here is how data was collected for the above two different samples.

1. The data about the factors like Demand of Ayurvedic products, Quality of the Skincare products, and promotion were taken through the survey. Hence, the part-1 of the data that I have collected is primary data. Here, we have collected about 33 samples from people belonging from various backgrounds. There were about 10 questions present in the Questionnaire belonging to each of the 3 factors.
2. The data about the factors like top competitors of shankara on an Ecommerce website were taken along with their products and prices. This data was readily available on the E-commerce website and hence, the Part-2 of the data that I have Collected is Secondary Data.

The Data was collected here through the process of product, price, competitor's name listing on a single excel sheet. This process is called competition mapping in terms of marketing.

There were about 100 listings from each of these websites: - NYKAA, Amazon, Myntra and TATACLIQ. which were divided based on categories like cleanser, Moisturizer, serums, Body scrubs, Body Wash, Hair oil, Masks, and antiaging.

5. Data Analysis

The data Analysis of the two samples collected separately will also be analyzed separately. Finally, the result of the two separately analyzed samples will have combined to give a combined analysis and result.

Now, coming to the Analysis part of the data for the sake of convenience we have divided the analysis of the two different samples as Analysis Part-1 and Analysis Part-2.

Analysis Part-1: In this part we will be analyzing the data collected through the survey via a questionnaire. In this part of the analysis, we will take factors like Demand of Ayurvedic products, Quality of the Skincare products, and promotion. We will analyze this in a general way. Since we have 33 respondents, we will be able to generalize the results in a descriptive way. Apart from generalizing the result we will keep tabs on each of the above-mentioned factors.

Now, let's look at the analysis result:

A. Demand of Ayurvedic Product

There are about 87.9% people among the respondents that say that the demand for ayurvedic products is increasing at a very fast pace. There are about 84.8% of the respondents that say that there is a high demand for ayurvedic products in the developing countries. There are also about 87.9% of the respondents that say that there is a high demand for ayurvedic products in the developed countries.

B. Quality of the Skincare products

About 72.27% people are willing to buy a Skincare product if it is 100% natural and Ayurvedic but expensive over the other skincare products which are cheap but come with chemicals in the market. There are about 69% respondents who are willing to buy an ayurvedic product which is 100% pure and is chemical free if it belongs to a price range of Rs. 750- Rs3000, i.e. the shankara price range.

C. Promotion

There are about 90.9 % respondents who say that using social media platforms and the Internet is the best way of promotion in developing nations. There are about 87.9% respondents who say that using social media platforms and the internet is the best way of promotion in developed nations. 90.0%. respondents believe that the best way to promote the products in the segment in which Shankara is operating is by keeping the price low initially and then gradually increase it later. When it comes to the market of developing countries. 69% respondents believe that the best way to promote the products in the segment in which Shankara is operating is by keeping the price low initially and then gradually increase it later. When it comes to the market of developed countries. 87.9% respondent believe that the promotion over social media platforms and the internet is a more effective method. for a skincare company like "shankara" if it has recently entered the market of a developing or developed country over TV ads or banners.

Analysis Part-2: In this part of the analysis, we are going to analyze the various competitors and their product's price range in the global market. Notice that I am only taking the competitors which belong to the same or different segment as that of Shankara. For the Sake of convenience and ease of analysis I have segmented the brands based on their price range (Low, Equal or similar & High) of their respective products.

The price range that has been taken into account are as follows:

1. *Lower Price Range than Shankara:* This is the price range which is below the shankara's own price range but the products belong to the same or different segment as that of the shankara. The brands in these segments have a price range in between Rs. 600 – Rs. 1200.
2. *Equal or similar price Range than Shankara:* This is the price range which is equal or similar to Shankara's own price range. The products in this segment belong to the same or different segment as that of the Shankara. The brands in this segment have a price range between Rs. 1200 – Rs. 3000.

3. *Higher Price Range than Shankara:* This is the price range which is Higher than that of the shankara’s own price range but the products belong to the same segment or different as that of the shankara. The brands in these segments have a price range above Rs. 3000.

Global Competitors of Shankara:

1) *Global competitors having lower price range than Shankara*

1. L’oreal
2. Biotique
3. M’ Caffeine
4. Minimalist
5. Native
6. Himalayan Organics.

2) *Global Competitors having Equal or Similar price range than Shankara*

1. THE BODY SHOP
2. KIEHL’S
3. OLAY
4. Forest Essentials
5. Juicy Chemistry
6. Neutrogena

3) *Global competitors having higher price range than Shankara*

1. CLARINS
2. DARPHINS
3. LA ROCHE POSAY.
4. CLINIQUE
5. OSEA
6. TRUE BOTANICALS

These are some of the very famous brands in the current global market. Now, moving on let’s see how these prices and brands will impact the pricing strategy of the Shankara products in the global market. We will now look into how these brands and their pricing strategies will help shape the pricing strategy for shankara

Products in the Global Market Note,

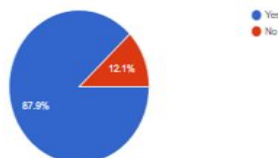
Global Market = Markets of Developing Nations + Markets of developed Nations

6. Analysis Results

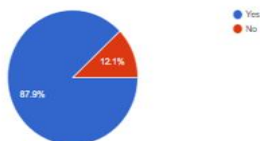
A. *Analysis Part-1 Interpretation*

1) *Demand of Ayurvedic Products*

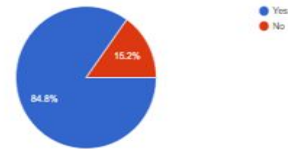
Do you think there is a high demand of Ayurvedic Skincare products in developed Countries?
33 responses



Do you think in Today's world the Demand for Ayurvedic Skincare Products is increasing at very huge pace?
33 responses

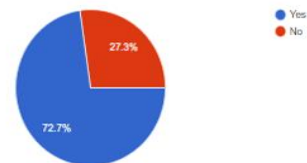


According to you, is there a high demand of Ayurvedic Skincare Products in Developing Countries?
33 responses

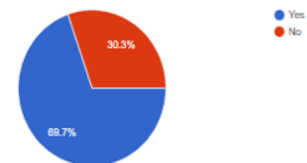


2) *Quality of Skincare Products*

Are you will to buy a Skincare product if it is 100% natural and Ayurvedic but expensive over the other skincare products which are cheap but come with chemicals in the market?
33 responses

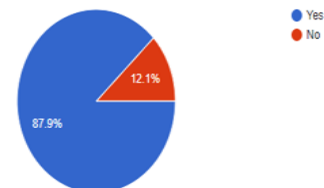


Are you willing to buy an Ayurvedic Skincare Product over the Skincare products if the Ayurvedic skincare product which is 100% natural and chemical free comes under the price range of Rs 750-Rs 3000?
33 responses

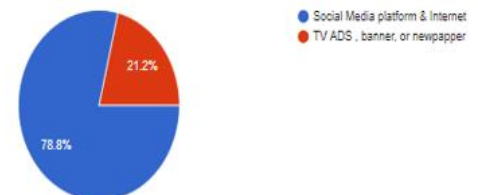


3) *Promotions*

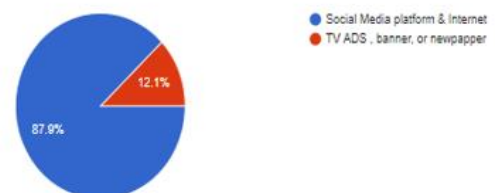
Do You believe that the promotion over social media platform and internet is more effective method for a skincare company like "shankara" which has recently entered the market over TV ads or banners?
33 responses



What according to you is the best way of promotion of Ayurvedic Skincare products in Developing Countries?
33 responses

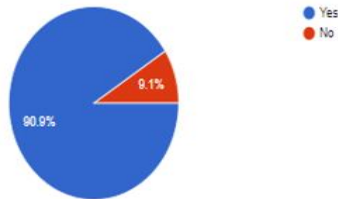


What according to you is the best way of promotion of Ayurvedic Skincare products in Developed Countries?
33 responses



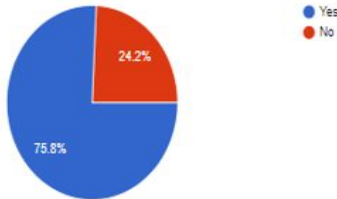
The best way to Sell Ayurvedic Skincare products in market of an developing nation is to keep the price low and increase it later?

33 responses



The best way to Sell Ayurvedic Skincare products in market of an developed nation is to keep the price low and increase it later?

33 responses



B. Data Analysis Part-2 Interpretation

Lower Price Range (500-1200)	Similar Price Range as Shankara Naturals (1200-1800)	(1800-3000)	International Brands (>3000) Global Brands
The Tribe Concepts	100% PURE	SOLU TREE	Jane Beauty
Soulflower	OSEA	Podrim Naturals	True Botanicals
Neutrogena	THE BODY SHOP	Caudale	Mattseance
Jacy Chemistry	RENES	Maryann Organics	Usha Major
Himalayan Organics	Clay Total Effects	Popani	CLARIS
Minimalist	Green Tidings	Green Tidings	DIARRHIS
JUST HERBS	Ammadam	Soutree	LA ROCHE POSAY
Botique	Forest Essentials	TRIMTUA	Kieh's
Jacy Chemistry	Jacy Chemistry	Ohria Ayurveda	CLANIQUE
Jacy Chemistry	RAWI CONCOCTIONS	Neutrogena	Caudale
Nature	KAMA AYURVEDA	Clay Total Effects	OSEA
McAfee	COSRX	Forest Essentials	Herbuore
Instanatural	Clinique	Kieh's India	
L'OREAL	Timeless Organics	Caudale	
Simplified Skin	Orived	Darphin	
Luzac Herbal	Natural Vibes	OSEA	
	Maryann	Usha Major	
	LA ROCHE POSAY	Biossance	
	Instanatural	100% PURE	
	TuSkin	True Botanicals	
	Tree of Life	Herbuore	
	LEVI SADD	Hempz	
	Podrim Naturals	Neutrogena Naturals	
		LA ROCHE POSAY	

7. Findings

A. Data Analysis Part-1 Findings

The Part-1 of the analysis talks about Demand of Ayurvedic products, Quality of the Skincare products, and promotion affects the Pricing strategy for any product.

The following are things that I found out through my survey and analysis:

- The current Market of Ayurvedic products is rapidly growing and its demand in the developed as well as undeveloped countries is very high.
- People are ready to buy ayurvedic products over chemical products even if they happen to be expensive. However, there are still many people who would prefer to buy Skincare products which are not Ayurvedic. Thou, the result in our survey shows that there are 73% people out of 33 people taken for a sample that would prefer ayurvedic over Chemical.
- There are people Less people who are willing to purchase the ayurvedic skincare products in the price range of 750-3000. This is the exact price range of Shankara products.

- There are a max number of people who say that doing promotion online rather than doing it on TV, newspaper, magazines or banners would be more effective.

B. Data Analysis Part-2 Findings

The part-2 of the analysis talks about the remaining factors that weren't considered during the part-1 of the analysis. This part of the analysis includes the analysis of the various competitors of shankara along with their product's and their price range in the global market.

The following are the findings that I able to find out after analysis of the part-2 of the findings:

- There are many tough competitors in the Skincare Global Market. Some of the Competitors have been listed in the above "part-2 Analysis" section.
- The brands selling their products at a lower price range in the global market have a greater showing in the developing countries like India, Bangladesh, Sri Lanka Etc. They do have good sales in developed nations as well but if sales in developing nations are compared with the sales in developed nations. The sales in developing nations will take the peak.
- The brands Selling above the shankara Price range are having greater sales in developed nations than the developing nations.
- The brands selling in the price range of Rs1000-3000 i.e. the shankara product range, then there is moderate growth of sales in the developing as well as developed nations.

C. Data Analysis Part 1 + Part 2 Findings

This section gives you a brief understanding of the findings obtained from part-1 and part-2 of the analysis. It combines the findings from the above mentioned two parts to give an even better understanding of the pricing strategy.

The Combination of the part-1 and part-2 of the findings are as follows:

1) Demand of the Ayurvedic Product

My findings tell me that there is a huge demand for ayurvedic products in the global market and this segment will continue to grow over the years to come. There is a huge demand for the ayurvedic product in both developed and developing countries.

2) Quality of the Product

Through my findings I found out that there are many people in the world that would choose quality over quantity. However, when it comes to developing nations the price becomes the most important factor to be considered.

3) Promotion

My findings tell me that the most effective way to promote the Shankara skin care products would be that they are promoted through social media platforms or websites with the help of the internet.

4) Competitor's Product and Price Range

Through my findings I found out that the Skincare products which are tough competitors of shankara and sell at a price range below that of the shankara are highly sold in developing countries than the developed countries. Also, the products that are above the price range of shankara are highly sold in

developed nations that in shakara. In Addition to this, the products which sell at a price range of shankara are selling at a moderate rate in both developing as well as developed countries.

8. Results

The findings from the analysis has revealed a lot about the how the Shankara pricing strategy is to be determined.

A. Pricing Strategy for Shankara Products in the Developed Countries

We know that the pricing strategy is the function of Demand, Quality of the product, Promotion and Competitors products and their respective prices. It can be represented mathematically as follows:

Pricing Strategy (P.S) = f (Demand, Quality of the product, Promotion and Competitors products and their respective prices)

1) Demand

The Shankara Products are Ayurvedic in nature. They are 100% chemical free and since the demand of Ayurvedic products in the market is continuously growing in developed countries hence Shankara will experience growth as well.

2) Quality of the products

The Shankara products are very high in Quality which causes them to become expensive. However, the price is not the down aspect in case of Developed countries. Hence, people will still buy them regardless of its price.

3) Promotion

My research suggests that the best way to promote the shankara products in developed countries is by having them promoted on the social media platforms of Ecommerce websites or other relevant websites with the help of the internet. This will save money and time.

4) Competitor's product and Price Range

Through my research I have come to realize that Products which are selling in the price range above or equivalent to shankara in developed countries are having a high sale. Hence, it would be better if Shankara is able to shift to a higher price range or even if it doesn't shift its prices to a higher price range, shankara will still be able to generate high sales in developed countries.

B. Pricing Strategy for Shankara Products in the Developing Countries

We know that the pricing strategy is the function of Demand, Quality of the product, Promotion and Competitors products and their respective prices. It can be represented mathematically as follows:

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1) Demand

The Shankara Products are Ayurvedic in nature. They are 100% chemical free and since the demand of Ayurvedic products in the market is continuously growing in developing countries hence Shankara will experience growth as well.

2) Quality of the products

The Shankara products are very high in Quality which causes them to become expensive. This is a down aspect in case of developing countries. People in developing nations prefer quality products but the price becomes an essential factor while actually buying the product.

3) Promotion

My research suggests that the best way to promote the shankara products in developing countries is by having them promoted on the social media platforms of Ecommerce websites or other relevant websites with the help of the internet. This will save money and time.

4) Competitor's product and Price Range

Through my research I have come to realize that Products which are selling in the price range below shankara in developing countries are having a very high sales compared to the ones that are not. Hence, it would be better if Shankara is able to shift to a lower price range in case of selling its products to the developing nations.

9. Conclusion

I would Like to conclude this research by giving what type of Pricing Strategy Shankara Skincare Company must follow depending upon the type of country it is selling its products.

1) For developing countries

The Pricing Strategy that Shankara can follow for such types of countries can be a combination of penetration pricing Strategy and Discount Strategy. The combination of both these strategies should yield higher results for shankara in developing countries. This can be backed up by the fact that people in developing countries ultimately narrow down their choices to the price of the product. True, there are people in developing nations who will opt for quality products even if they are expensive but such people are very low in number. Hence, Penetration Pricing Strategy with a combination of Discount Strategy should yield higher results than any other pricing strategy in developing countries.

2) For developed countries

The Pricing Strategy that Shankara can follow for such types of countries can be Premium Pricing. Premium pricing strategy is the practice of keeping the price of one of the products or service artificially high in order to encourage favorable perceptions among buyers, based solely on the price. This Pricing Strategy will work in case of marketing Shankara products in developed countries. Even if Shankara plans to continue with the current Pricing Strategy in Developed Countries it will still produce high results. So, basically Premium Pricing Strategy could be an alternative pricing strategy to the current Shankara's Pricing Strategy.

10. Recommendations

The Suggestion that I would recommend Shankara is to change its current pricing strategy for the developing countries. The pricing strategy that is to be opted by shankara in case of developing countries should be a combination of penetration pricing and discount pricing.

In the case of Developed countries, I would like to say that it is fine even if Shankara keeps on executing its current pricing strategy. However, if Shankara ever wanted to change the pricing strategy for the developed countries it would be better if it went for premium pricing.

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