

Comparative Study of Pricing Structure in Online and Offline Sale

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Abstract

The paper here studies that market which consist of a conservative offline retailer and an online retailer, both offering a competing attribute of pricing. The offline retailer is better in terms of social concepts of the shopping practice, like cooperation of salesman, as compared to the online retailer who offers the prospect of rapid and suitable procurement. More importantly, consumers are considered to be heterogeneous to a extent in which they value each trait. The paper here studies the scenario of a fully-covered market, in which consumers' valuations of the attributes are quite high so that each shopper purchases product from one of the either channels. In this case, it can be said that, closed type of the retailers' pricing strategies along with their expected profits, and their market shares is the key to understand pricing strategy. In some cases, the retailer's online price is higher than the traditional retailer's, despite the lower costs incurred by the former. The sensible scenario wherein the market is not fully covered meaning consumers have the choice to avoid purchasing altogether, and then compare it with the fully-covered market situation can identify the situation under which, at symmetry, every consumer purchases a product, despite of consumers' valuations of the attributes.

Key Words:- Attribute, buyer , online, offline, pricing

Introduction

In order to maximize the retailer's profit, retailer need to change their Pricing structure and management strategies to cater the needs and wants of customer. This research paper highlights the importance of using the correct pricing structure in a multichannel environment onto retailers and how they can compete to have a successful business. By operating business in both offline-online retail environment, it is crucial to ensure that the products are able to wholly satisfies the customers directly (bricks and mortar) or indirectly (clicks and mortar) thus, enables the retailers to survive in this competitive world.

For an offline or an online vendor, the most outstanding and preliminary step is to define the brand. Being a seller means having a suitable retail management system prepared in place. The brand positioning can describe the business statistics all along the way. It is important to understand whether the seller wants to sell at low prices, have an elite store or sell first-class products to a very minute forte spectators. The type of business the seller wants to conduct will help to get the correct prices.

The retailer with an offline presence only, should not make any changes in the pricing strategy for online buyers. As well as , it can be seen that many upcoming online buyers can be seen tracking the online competitors like Amazon, eBay prices, which can be said that it is very unnecessary. Monitoring the pricing according to the location, shop proximity, zip code, zones, province and market. And this can be easily done by companies which excel in tracking prices online and offline. *By 2023 ,according to a survey, online retail buying is expected to shoot up from 14.1% to 22%⁽¹⁾* That's really huge.

Web browsing is a normal routine of today's techno savvy , hence customers are prior informed about what they are looking for. Multichannel selling is a set of behavioral pattern in business sense that involve selling commodities or services to consumers through multiple channels. Everything is a click away and can be found easily, Hence creating fair opportunities for retailers of multi-channel Product selling

range. Hence retailers consider product selling through multiple channels or just through an online channel that can prove to be cost effective for business compared to a conventional brick and mortar retailing. Physical stores who operate an online store may develop both efficient search tools and website designs to lessen any complexity in searching information and progressing any behavioral control. The paper here focuses on the procedure of pricing strategies of the multiple channel environment of retailing which has its own importance like different other strategies which are required to run a Business successively and to attract various type of prospective consumers in online and offline retailing channels

Different types of pricing strategies which influence retailer's decision in setting suitable pricing.

Sr.no	Types of pricing	Attributes for offline retail	Attributes for online retail
1.	Price discounts	applies when the business is new, setting a lower price, customer awareness, spread news by mouth to mouth	Penetration by low initial prices
2.	Cash Discount	Offer buying and discounts for fixed time	Certain discounts given by complete and advance payments
3.	Quantity Discount	let new products restock the store by selling in bulk with lower price to the customers.	Products with nearby expiry date in bulk can be sold
4.	Seasonal discount	With the cycle of seasons which are summer, winter, autumn and spring in certain countries, retailers can use this pricing strategies to gain more profit by having different products sold in different seasons such as having warm wear before winter starts in a four seasons countries	with the cycle of seasons which are summer, winter, autumn and spring in certain countries, retailers can use this pricing strategies to gain more profit by having different products sold in different seasons such as having warm wear before winter starts in a four seasons
5.	Loss Leader pricing	loss leaders are products sold below cost for promotional purposes	loss leaders are products sold below cost for promotional purposes
6.	Special Event pricing	pricing in shopping mall and warehouse sales by using special events to clear the old stock and gain profits from customers	works very well and applicable in a short run term with a huge red promotional discount sign which influences psychologically the consumer choice that he wants to buy the discounted products
7.	Discreminatory pricing	retailers can charge the identical goods or services in different prices to maximize the profit	retailers will charge different prices based on different consumer groups, location and how the product look like in

			term of size and quality
8.	Image Pricing	pricing products higher than comparable products pricing to raise the product price although it may be the same products on common but sell in different prices	Premium pricing strategy. Retailers use this image pricing to raise the product price although it may be the same products on common but sell in different prices
9.	Optional Product Pricing	Optional product pricing is the adding of options to your product to get a higher price and more profits, like all those “service contracts” that retail stores offer	The price of a main product will always be tagged along with complementary items

Discussions

Different pricing strategies are used in retail section in both online and offline, or exclusive bases it on single channel to earn utmost profits to endure in this competitive world. A foremost factor in creating long-term interaction is the stipulation of finer service, past customer expectations. Chiefly, major of the online marketers uses price penetration strategy to magnetize as many customers as they can by having an exceptional competence in delivering goods such as Myntra, the online fashion retailer . Many multiple online channels have become elaborately famous like Ajo, Tatacliq etc becoming very popular online retail shopping and are now the eminent not only in India but in Asia with their high-quality services to suit the customer`s prospect. In the upcoming times,the technological advancement will lead the competitors in the same fashion line to follow Myntra`s footstep in secure and consistent concept of delivering the goods on time. Hence, increasing the numbers of competitors and benefiting the shoppers by giving the choice options and buying what is needed easily. For setting the pricing strategy correct, pricing information needs to be integrated by the retailers with other strategies of marketing, relatable to pricing options easily as compared to other marketing mix decisions. Checking the current pricing strategies and considering the market situation also form cutthroat information and consumer market characteristics to match the relevancy of business goals. A unique retail notion allows to differentiate reconsidering the brand image and services presented to discriminate self from counter competition. Innovative Product strategy and diverse strategy can be implied to provide an wholly unlike association of marketing strategies to enlarge business by targeting diverse consumer.

Conclusions.

A general idea of use of the correct pricing strategies in a multiple-channel retailing business by extending the perception in purchaser`s behavior and the outcome of using precise pricing practices on shopper decision; with the core conclusion on the significance of a role of consumers to decide whether the business will endure and bloom or not in this competitive world. Customer reliability and fulfillment, as well as security and privacy have to be emphasized .They are noteworthy in closing the gap of insecurity between customer`s expectations and needs; for the illustration of a supplier`s inadequate indulgence and lack of knowledge in understanding the information of the products and poor communication by sellers. Customer satisfaction must be prioritized so that measurement of how well a supplier is doing with the current market offers and alleged by existing customers. To maximize profits, retailers should scrutinize well which pricing strategies are suitable for the dealing purpose, at the same time perceptive understanding of the importance of effectiveness and competence in providing the best service for the consumer.

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