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A Empirical Study On Dynamic Pricing In Business

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Abstract

Value is more expensive than price" the beautiful quote written by Toba Beta. This quote implies on current situation of economy of the world the price changing, value changing of any product in the market. Is it going in a positive way? Various pros and cons are available for this particular thing. Dynamic nature of E-commerce produced a flexible change now in the market, But the question is what is dynamic pricing? so the DYNAMIC PRICING is the dynamic adjustment of prices based upon the value of the product that the customer approaches it. In simple words to change the prices of goods and services on the basis of the customer demands. After research in this article, it clarifies the different price of the products in the current market. This study provides that it is good or bad for market mainly pros and cons such as higher profit and sales, Flexibility, adjustment in this market competition, customer dissatisfaction and price fluctuations. This research defines that how Business keeps dynamic price of the product. This study provides some methods, types, findings and practical implication of the dynamic Pricing. This research also discuss that how dynamic pricing is useful for Business.

Keywords: - Demand, Price fluctuations, dynamic pricing, customer satisfaction, market competition

Introduction

Dynamic pricing also referred to as demand pricing or time based pricing is a pricing strategy in which business at flexible prices have products or services based on current market demands of business are able to change prices based on algorithm that take into account competition pricing supply and demand and other external factor in the market dynamic pricing is a common practice in a several Industries such as hospitality tourism entertainment retail electricity in public transport industry takes a slightly different approach to dynamic pricing based on its in individual needs and the demand for the product dynamic pricing techniques are now a days widely used in various business and in some cases considered as very demandable. In other words, we can say we cannot live without it the type of case of pricing policies after many researchers and operations the dynamic pricing and learning has grown faster in recent years the survey and research aims to bring together literature from different fields of pricing and highlighting some of the Literature also, but before writing the whole study of the researcher, they try to highlight some factor related to dynamic process that how the price is changing in the market.

Factors

1. Customer Behavior: As per search customer habits and behavior allows to work out a pricing formula that maximizes the profit. It is the important part of any pricing strategy of an organization or business to formulate the price about what customer likes and dislikes customer can upset if any organization certainly makes a rise in the price without any reasonable justification. So it is essential steps to ensure the benefit of the dynamic pricing.

2. Environmental factors: after study the researcher wants to tell that dynamic pricing also needs to take the account about environmental factors. The factors may be different whether it is social political and economic and market Trends social movement, like elections was at 17 regulation or market competitors performance can affect the customer demand according to that the price of the product can be effected business organization have to compete on price on competitors that what they are keeping the price of the product becomes crucial at a stage.
3. Organizational goals: according to the research pricing strategy. Can we develop according to the organizational goals of a business different goals can affect different pricing strategy of a business for example Kajaria a tile company, which has a high and brand image their product prices are at premium range because their goals are WhatsApp per the price is their qualities should be taken first at the other end Shiva a tile company that I want to be a costly debate quality doesn't matter. So their prices are low. So according to the need of the organization the pricing strategy changes.
4. Value: According to the study dynamic pricing is actually similar to the value-based pricing means by figuring out how much value a product can bring to a customer organization can charged accordingly amount of money in past there were no easy way to communicate different prices to different customer, but with advanced technology, it is possible to take each individual buying habits and personal information and then channelize their price.
5. Time factors: Times factors are called into the research the researcher wants to tell the time factor slot in the organization their dynamic pricing strategy can change any time according to the demand and the supply day night factors, the dynamic pricing model comprises of three different categories first gather information s process and third adjust prices matters a lot in real time, for example, a customer wants to make a transaction of payment after selecting the product that he wants to the system might able to check that. The customer has purchased it before or not in process the information according to the customer performance. It depends on the basis of customer needs and demand time factors are called into the research the researcher wants to tell the time factor slot in the organization their dynamic pricing strategy can change any time according to the demand and the supply day night factors, the dynamic pricing model comprises of three different categories first gather information s process and third adjust prices matters a lot in real time, for example, a customer wants to make a transaction of payment after selecting the product that he wants to the system might able to check that. The customer has purchased it before or not in process the information according to the customer performance. It depends on the basis of customer needs and demand.
6. Pricing software: According to a study the last element of the dynamic pricing is that rising software means in the business, it is impossible to rely on dedicated person software to work out in the necessary algorithm optimization of the business market is not at constant. It is changing. So if a company setup price of the product, it is not necessary that tomorrow it does not change factor depends on consumer ability and demand. So taking all this dynamic pricing involves. The processing of real latter having a cloud based system for Information retrieval of a business to know about the market knowledge and storage is also a must part of it.

Literature Review

Dynamic pricing has been trending in the business industry since 2012, but first in 2019. The reason behind this consuming and supply of goods and services. There is a principle in finance that money has a time value, same matters here. According to the stats, we see in 2012 the consume and supply of goods and services to consumers was 2:1 or we can say the simple manner that time there were no such type of innovation and Research, so people cannot know about the products so the consuming and supply were less. But in 2019 or nowadays, there are many Innovation and research in the business industry. So at a time the demand is high or consuming power is high and supply is less. After the scenario of covid-19 pandemic people don't come out from their house. The businesses were shut down because the demand

where high and due to the transportation of goods and services or production of goods doesn't happen. So supply was less. This helps our online platforms business holder like Flipkart, Amazon and UBER etc., For example UBER start surging. According to the study, we found that in 2013 New York was in the middle of powerful storm and UBER saw prices go up into 6 or into 8 times. This strategy backfired and lots of people stormed UBER pricing policy. After this event UBER placed caps on the high on their surge pricing strategies. Now we can clearly see that this online cab services UBER surges.

The study being proposed by the researcher at the researcher tries to clarify about the various dynamic pricing models through his research at he sees that the people are not aware about the pricing of the product, what company uses strategy to make a price. People or consumers only accept or make a conflict about this matter when the price fluctuates or they transfer it to a democratic matter.

Researchers have done many studies about the pricing strategy of an organization. He also puts some various factors that are involved in pricing strategy of any commodity or product. Putting that on it he chooses a factor and he made descriptive research on it. The factor of the dynamic pricing was time factors. The researcher finds a very unique research trending in the market and it is of food and hospitality industry. How the time matters to the price. To find this researcher finds a concept of 'THE UNLIMITED PIZZA'. Unlimited Pizza concept is that we have to pay a certain amount to them and they offer unlimited Pizzas and desserts to us. We can eat unlimited, but the thinking is that when anyone go to the shop, they offer two or three different types of meal. The ingredients in that meal is similar, but when you go in the morning afternoon and evening or night, they offer different prices to us. Why so? To find this price fluctuation of the unlimited pizza concept that they are providing same meal, but prices are different in other time. The researcher contacts from local or other state businesses owners to find this. He researches and find on an average note about this concept is that the owners said we provide different prices meal at morning, it is of 199 Rupees. At afternoon, it is up to 249 Rupees, and at evening or night, it goes to 299 Rupees. The reason behind it is that the customer demand. At morning people generally not come because they prefer light food, then there is no staff at the morning shift and there is less use of electricity. So according to that factor the price is of 199 Rupees. At afternoon, people start coming and have lunch in our shop but the people prefer not desserts. They only want meals. The staff and electricity are used, so we increase the price to 249 Rupees. At evening or night the demand is much high and rushed. The consume is also high. Electricity is used. At evening people prefer desserts and like it. Takeaways are there. So we extended the price to 299 rupees. These are the main reasons behind it. After the review and research, the researcher takes it to the article and wants to confess through the research or example because the price fluctuates at demand.

Findings

Dynamic pricing strategy that utilizes variable prices instead of fixed ones. The idea is that sell the same product in different prices at different group. Our country is a mixed economy. People are rich and some are poor. Day to day activities products are consumed from all types of economy. So its demand is also high. The researcher wants to put the matter at the right direction. There are various points to justify that the price of product fluctuated at any stage. We have discussed it that there are many factors such as customer demand, social scenario, organizational goals, Time factors. If the price changes it also affect the market. Something that comes as a positive matter and some of them as a negative. The researcher tries to justify this in a sequence manner. First he clarifies that when price changes, how it affect the market in a positive matter. Very first that firms can increase its revenue or profit and enable to wide range of services or grow its business. Yes, it states that all organizations want to survive, grow and to make profit. So if the price changes at low or high if its demand is high customer wants that product. Customer purchase that product and it get promoted also, so business get affected and starts growing.

Second positive affect the customer wants that customer who travel at unpopular times can benefit from lower prices, for example, if a person go to Manali at winter his/her travelling and staying cost higher because in that time the demand is higher. But if the same person goes to Manali at summer the travelling and staying price cost lower because in that time travelers don't want to travel in that region. So the demand is low. So that person gets benefited with lower prices. After researching the price affect the researcher also put some negative effect that come in market. The highlighting feature are that consumer who pay high prices may feel ripped off. No customer wants to give extra money for that product whose prices are lower at constant rate. Let we give an example in that. We all see eatable products or a day-to-day product shows a drastically price change in COVID times. In that time customer demand and time place was different and the supply of goods were low. So customer without happy mind and helplessness, they give extra money to purchase it. It affects their mind mentality and they ripped off. Consumers encouraged to spend time and find another way around the dynamic pricing. Consumers don't want to pay high price, according to its demand and its value, but if it's gotten higher customer find different ways such as they try starting to find new alternatives of that similar products, whose prices are low and affordable. There are also various types of dynamic pricing some of them are given below. First is service time. For example, the price of dry cleaning on the same day is higher. It is because the casual and normal delivery time is approx between 3 to 5 days. When we want the service on the same day, then we have to pay more.

Second is Peak users. For example the fair of trains and airline tickets is higher during the holidays because there is rush everybody wants to travel. It is high because the services are in high demand. If you don't take care of the deal, someone take it and benefit him/her from that deal. Third and last one is segmented price. According to the research. We find that people are capable and willing to pay more for the product or service if the quality and benefit matters. For example, the pricing of airline tickets of Business and first-class is higher because the rich and business people can pay more. It is because people prefer luxury and comfort over price. So, these are the various factors that affects the price in the market according to the customer demand, willing to purchase, time etc. We have researched all these various factors put the pros and cons and it concluded the methodology of this project.

Methodology

Prices regulates the economic of the country. It affects the standard of the living and livelihood due to inflation. Dynamic pricing involves this type of situations. Taking to this action we have researched above the dynamic pricing of the consuming goods and services and mentioned in the research paper. We have taken the different source from various factor Such as customer demand value and quality and time factors related issues. Analyzing that factor, we found a very suitable company that reflects this point. The company named is "Uber" for this we have read many articles take feedback from different customer who use the service and after all this, we have called to the customer helpline of Uber and we found many things and take away that Riding Uber at short time is very demandable approach of the customer. It provides door-to-door convenience safety that refers its value and reliable quality. Time factors depends on their customers demand traffic and times and wants of customers travelling distance. Their pricing remains fluctuating. Key point is that it is easily and anytime available after this we have approaches some various articles from research gate, your article library that is previously written on this topic. We have gone through to some articles and website that relates it and also gone through for some secondary data also. So, this study list various areas at factor to prove the dynamic pricing affect the business.

Conclusion

Dynamic pricing is an underrated discussion topic where everyone knows that price is fluctuating, but many of those not want to take interest that what is the main reason behind it. They don't want to research it. They just know the price of the commodity/ goods and take it forward to as a democratic matter. The researchers try to take forward this very essential topic to the community through his research and article.

This research focuses on dynamic pricing of the product, how the prices fluctuate. We also provided some negative and positive affects that shows in the market after the fluctuations. The main aim of this survey is to providing a clear and comprehensive review of the dynamic pricing to consumers.

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