



A Study On Penetration Pricing Strategy And Its Role In Entering The Indian Market: The Case Of Lotus Biscoff

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Abstract: The Indian Fast-Moving Consumer Goods (FMCG) market is highly competitive and price sensitive, making market entry a challenging task for international brands. Among various market entry strategies, penetration pricing has emerged as an effective approach to attract consumers, encourage trial purchases, and gain rapid market acceptance. This study examines the effectiveness of the penetration pricing strategy adopted by Lotus Biscoff in entering the Indian market. The study is empirical in nature and is based on primary data collected from general consumers such as working professionals, homemakers, and regular FMCG buyers through a structured questionnaire. The research analyses the impact of penetration pricing on consumer purchase behaviour, brand awareness, and overall market acceptance. Descriptive and percentage analysis methods have been used for data interpretation. The findings reveal that penetration pricing significantly influenced trial purchase and positively shaped consumer perception of Lotus Biscoff, thereby contributing to its successful market entry. The study concludes that penetration pricing, when supported by effective branding and distribution, is an effective strategy for international FMCG brands entering emerging markets like India.

Keywords: Penetration Pricing, Market Entry Strategy, Indian FMCG Market, Lotus Biscoff, Consumer Behaviour

1. Introduction

Globalization has enabled multinational companies to expand beyond domestic markets and explore opportunities in emerging economies. India, with its large population, growing middle class, increasing disposable income, and changing consumption patterns, has become one of the most attractive destinations for international FMCG brands. However, the Indian market is characterized by intense competition, strong domestic players, and high price sensitivity among consumers, making market entry particularly challenging.

Pricing strategy plays a crucial role in determining the success of new products in such markets. One widely used strategy is penetration pricing, where products are introduced at relatively low prices to attract a large number of consumers and quickly gain market share. This strategy is especially relevant in the FMCG sector, where consumers frequently compare prices and are willing to experiment with new brands if perceived risk is low.

Lotus Biscoff, a Belgian-origin biscuit brand under Lotus Bakeries, offers a unique case for studying penetration pricing in India. Although positioned as a premium brand globally, Lotus Biscoff adopted competitive pricing in India to encourage trial and build market presence. This study analyses how penetration pricing contributed to Lotus Biscoff's successful entry and acceptance in the Indian market.

2. Statement of the Problem

International brands entering the Indian FMCG market face several challenges such as price sensitivity, brand loyalty towards domestic products, and intense competition. Premium pricing often restricts product trial, while aggressive low pricing may negatively impact brand image and profitability. Therefore, the problem addressed in this study is to examine whether penetration pricing is an effective strategy for international premium food brands entering the Indian market.

The study specifically investigates whether the penetration pricing strategy adopted by Lotus Biscoff influenced consumer purchase decisions, brand awareness, and market acceptance, thereby supporting successful market entry.

3. Objectives of the Study

The present study has been undertaken with the following three objectives:

1. To examine the role of penetration pricing strategy in the market entry of Lotus Biscoff in India.
2. To analyse consumer perception and purchase behaviour towards Lotus Biscoff with reference to its pricing
3. To evaluate the effectiveness of penetration pricing in achieving market acceptance and brand awareness.

4. Scope of the Study

- The study analyses the **penetration pricing strategy of Lotus Biscoff** in the Indian FMCG market, focusing on biscuit and spread variants.
- It examines the effect of pricing on **consumer awareness, trial purchases, repeat buying behaviour, and brand perception.**
- The research is based on **primary data from 300 consumers** across urban and semi-urban areas, supported by limited secondary sources.
- The findings offer insights for **international FMCG brands** planning market entry or expansion in India through competitive pricing strategies.

5. Limitations of the Study

The study has certain limitations that should be considered while interpreting the findings. The research is based on convenience sampling, which may not fully represent the entire population of Indian consumers. The data is limited to 300 respondents and is confined to urban and semi-urban areas, thereby excluding rural consumer behaviour. Time constraints restricted the use of advanced statistical tools. Additionally, consumer responses may be subject to personal bias and perception.

6. Research Methodology

This section explains the methods adopted to conduct the study systematically.

6.1 Research Design

The study follows a **descriptive and analytical research design**, aimed at describing consumer perception and analysing the effectiveness of penetration pricing.

6.2 Variables

- **Independent Variable:** Penetration Pricing Strategy
- **Dependent Variables:** Consumer purchase behaviour, brand awareness, market acceptance

6.3 Data Overview

The study is based on **primary data** collected using a structured questionnaire. The respondents include working professionals, homemakers, and general FMCG consumers who are aware of or have used Lotus Biscoff products. Convenience sampling method was used for data collection. Limited secondary data from books, journals, and industry reports was used for conceptual support.

6.4 Hypotheses

- **H0:** Penetration pricing strategy has no significant impact on the market entry of Lotus Biscoff in India.
- **H1:** Penetration pricing strategy has a significant impact on the market entry of Lotus Biscoff in India.

6.5 Analytical Method

The data collected was analysed using **percentage analysis and descriptive statistical tools**. The results were interpreted logically and presented in tabular and graphical form.

7. Review of Literature

Kotler and Keller (2016) stated that penetration pricing is an effective strategy in price-sensitive markets where the objective is rapid market entry and large-scale consumer adoption. They emphasized that low introductory pricing reduces perceived risk and encourages trial purchases.

Aaker (2014) highlighted that pricing strategy plays a vital role in shaping brand perception and consumer loyalty. According to the author, penetration pricing must be supported by strong brand positioning to avoid dilution of brand image.

Narasimhan and Wilcox (2018) studied pricing strategies in emerging markets and found that consumers in developing economies respond positively to value-based pricing, especially in FMCG categories where alternatives are abundant.

KPMG (2020) in its FMCG industry report observed that international food brands entering India often adopt penetration pricing and smaller pack sizes to overcome affordability barriers and gain shelf space.

Chaudhuri and Holbrook (2021) concluded that penetration pricing, when combined with consistent product quality and distribution, leads to higher brand trust and long-term customer retention.

8. Influence of Penetration Pricing on Consumer Buying Behaviour

8.1 Effect on Product Awareness and Initial Purchase

Penetration pricing helps create product awareness and encourages first-time purchases in price-sensitive markets. By offering Lotus Biscoff at an affordable introductory price, the brand reduced consumers' perceived risk and increased trial purchases. The strategy also attracted customers from established biscuit brands, enabling faster market acceptance.

8.2 Impact on Repeat Buying and Brand Image

Following the initial trial, repeat purchase behaviour was influenced by consumers' satisfaction with product quality and value. The study indicates that competitive pricing did not weaken the premium image of Lotus Biscoff. Instead, consumers perceived the brand as offering superior quality at a reasonable price, which strengthened brand credibility and trust. This positive perception encouraged repeat purchases and contributed to the development of long-term customer relationships.

9. Supporting Strategic Factors Strengthening Penetration Pricing Effectiveness

9.1 Contribution of Distribution Network and Market Availability

The success of penetration pricing is closely linked to product accessibility and distribution strength. Lotus Biscoff ensured widespread availability through modern retail outlets, specialty stores, and online platforms, enhancing consumer convenience. This extensive distribution network ensured that interested consumers could easily purchase the product, thereby converting pricing appeal into actual sales. The combination of competitive pricing and strong market reach significantly improved the brand's penetration in urban and semi-urban markets.

9.2 Long-Term Viability of Penetration Pricing

Although penetration pricing is highly effective during the market entry phase, its long-term continuation requires careful financial planning. Sustained low pricing can reduce profit margins if not supported by operational efficiency and cost control. In the case of Lotus Biscoff, gradual brand acceptance, economies of scale, and strong brand positioning helped support the long-term viability of the pricing strategy. Strategic price adjustments, aligned with consumer-perceived value, ensured profitability while maintaining customer trust and brand equity.

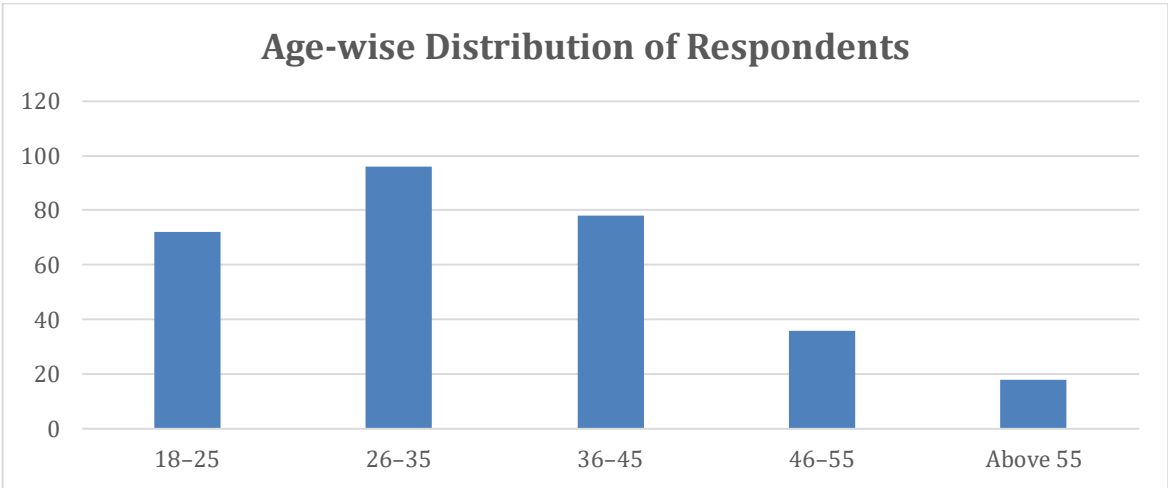
10. Data Analysis and Interpretation

The data analysis is based on responses collected from **300 respondents** using a structured questionnaire. Percentage analysis has been employed to interpret consumer perception regarding the penetration pricing strategy of Lotus Biscoff in the Indian market.

Table 10.1 Age-wise Distribution of Respondents

Age Group	No. of Respondents	Percentage (%)
18–25	72	24.0
26–35	96	32.0
36–45	78	26.0
46–55	36	12.0
Above 55	18	6.0
Total	300	100

Chart 10.1 Age-wise Distribution of Respondents

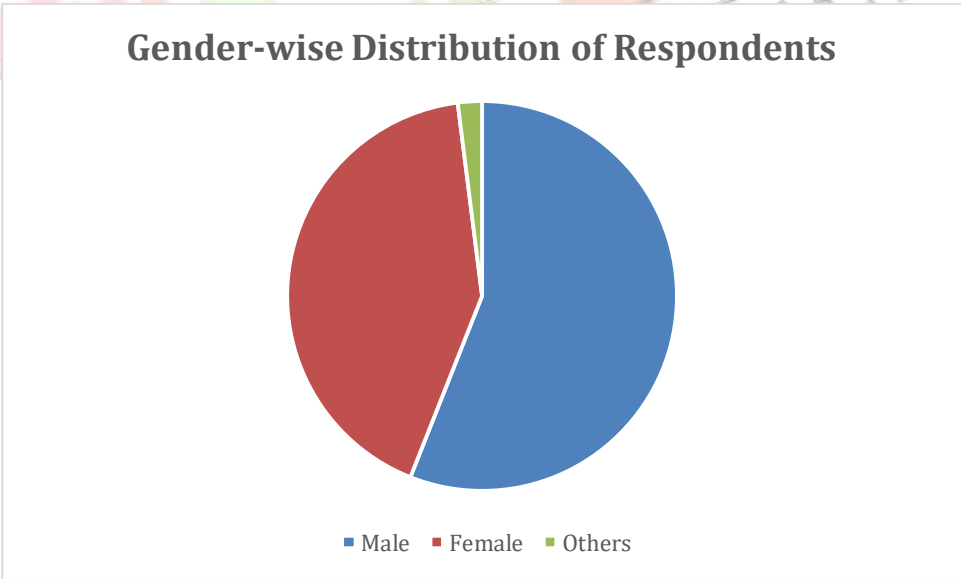


Interpretation:
The majority of respondents (32%) belong to the age group of 26–35 years, followed by 36–45 years (26%). This indicates that working-age consumers form the primary customer base for Lotus Biscoff products in India.

Table 10.2 Gender-wise Distribution of Respondents

Gender	No. of Respondents	Percentage (%)
Male	168	56.0
Female	126	42.0
Others	6	2.0
Total	300	100

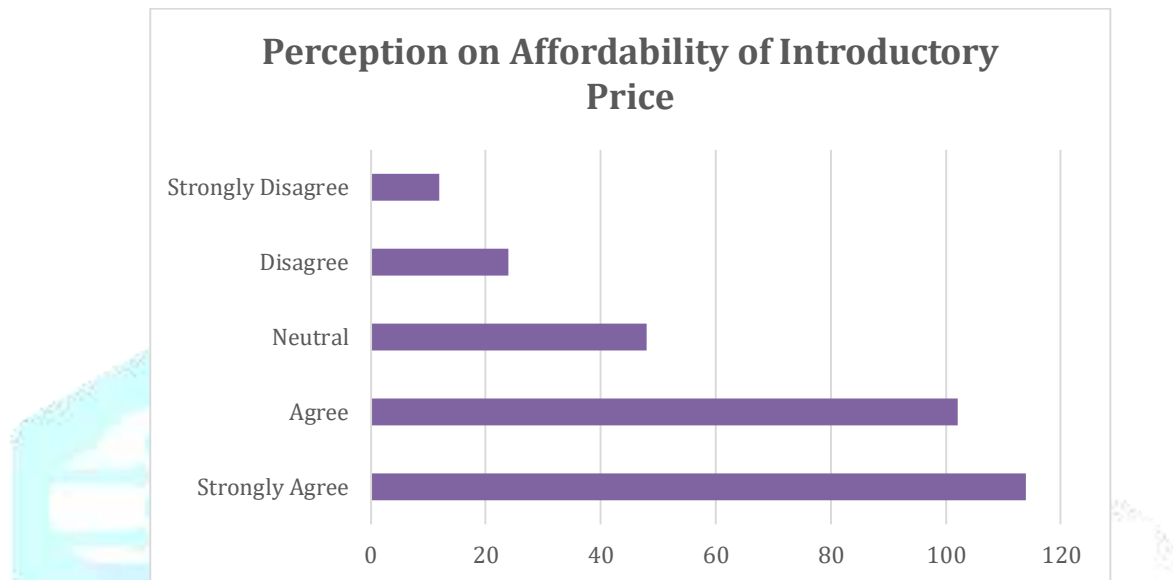
Chart 10.2 Gender-wise Distribution of Respondents



Interpretation:
Male respondents constitute a slightly higher share (56%) compared to female respondents (42%). This reflects a balanced consumer base across genders for Lotus Biscoff products.

Table 10.3 Perception on Affordability of Introductory Price

Response	No. of Respondents	Percentage (%)
Strongly Agree	114	38.0
Agree	102	34.0
Neutral	48	16.0
Disagree	24	8.0
Strongly Disagree	12	4.0
Total	300	100

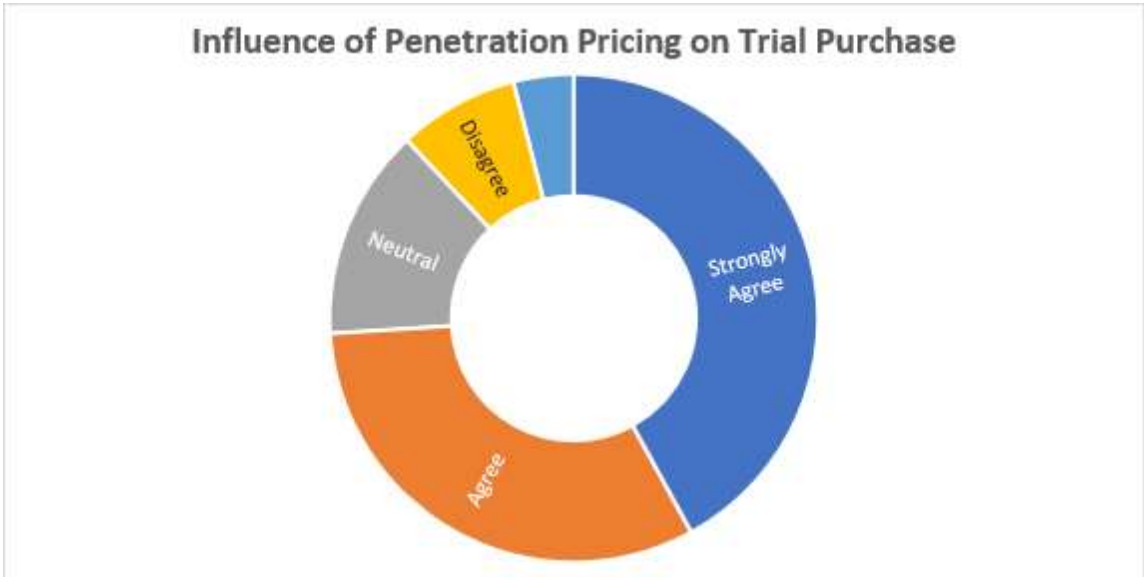
Chart 10.3 Perception on Affordability of Introductory Price**Interpretation:**

A significant majority (72%) of respondents agree that Lotus Biscoff's introductory price was affordable. This clearly indicates the success of penetration pricing in reducing entry barriers.

Table 10.4 Influence of Penetration Pricing on Trial Purchase

Response	No. of Respondents	Percentage (%)
Strongly Agree	126	42.0
Agree	96	32.0
Neutral	42	14.0
Disagree	24	8.0
Strongly Disagree	12	4.0
Total	300	100

Chart 10.4 Influence of Penetration Pricing on Trial Purchase

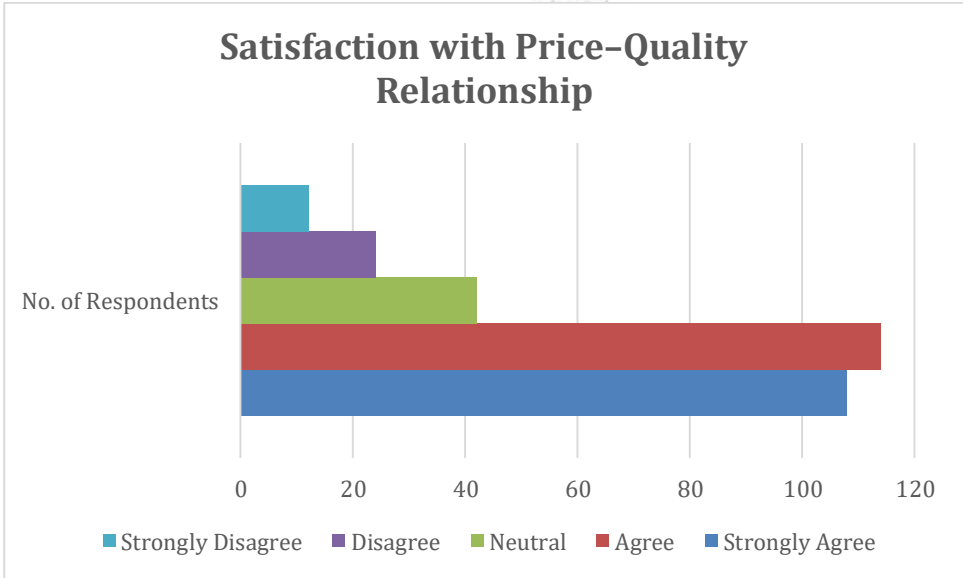


Interpretation:
Nearly 74% of respondents stated that penetration pricing encouraged them to try Lotus Biscoff for the first time, highlighting pricing as a major trigger for initial adoption.

Table 10.5 Satisfaction with Price–Quality Relationship

Response	No. of Respondents	Percentage (%)
Strongly Agree	108	36.0
Agree	114	38.0
Neutral	42	14.0
Disagree	24	8.0
Strongly Disagree	12	4.0
Total	300	100

Chart 10.5 Satisfaction with Price–Quality Relationship

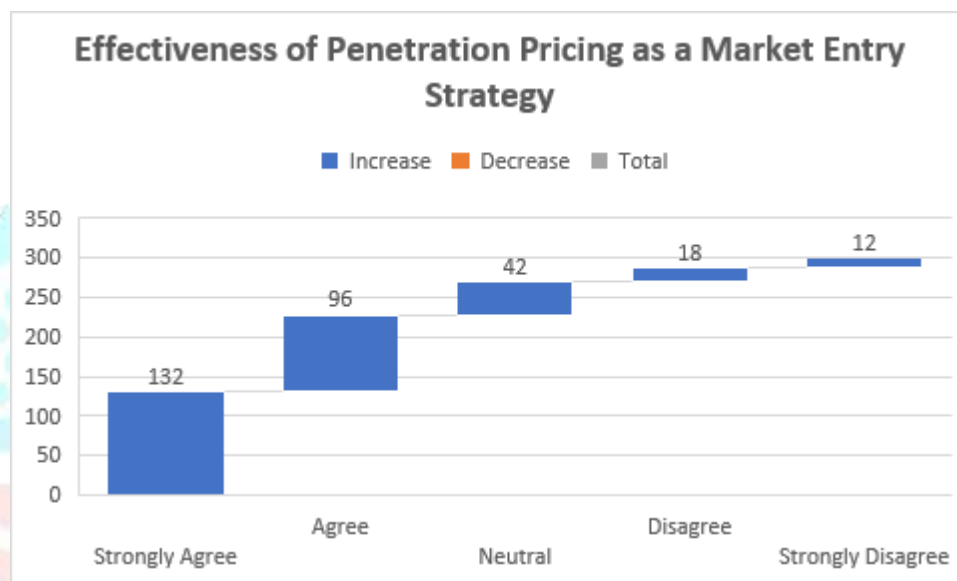


Interpretation:

About 74% of respondents expressed satisfaction with the price–quality balance of Lotus Biscoff, suggesting that penetration pricing did not dilute the premium perception of the brand.

Table 10.6 Effectiveness of Penetration Pricing as a Market Entry Strategy

Response	No. of Respondents	Percentage (%)
Strongly Agree	132	44.0
Agree	96	32.0
Neutral	42	14.0
Disagree	18	6.0
Strongly Disagree	12	4.0
Total	300	100

Chart 10.6 Effectiveness of Penetration Pricing as a Market Entry Strategy**Interpretation:**

A combined 76% of respondents believe that penetration pricing has been an effective strategy for Lotus Biscoff's entry into the Indian market. This supports the alternative hypothesis that penetration pricing significantly impacts market entry success.

11. Discussion

The findings of the study clearly demonstrate that penetration pricing significantly contributed to the successful entry of Lotus Biscoff into the Indian market. Competitive pricing lowered the initial purchase barrier and encouraged consumers to try a relatively new international brand. Once trial was achieved, the unique taste, quality, and premium appeal of the product helped in generating repeat purchases.

The study also highlights that pricing alone is not sufficient for long-term success. Lotus Biscoff effectively combined penetration pricing with strong branding, availability across modern retail and e-commerce platforms, and social media visibility. This integrated approach helped the brand maintain a premium image despite competitive pricing. The results align with existing literature on pricing strategies in emerging markets.

12. Recommendations

Based on the findings of the study, it is recommended that international FMCG brands entering the Indian market should adopt penetration pricing during the initial stage to encourage trial and gain market acceptance. However, pricing should be supported by consistent product quality, strong branding, and effective distribution networks. Companies should gradually revise prices once brand loyalty is established to improve

profitability without affecting consumer trust. Continuous consumer feedback and market monitoring are essential to sustain long-term growth and competitiveness.

12. Conclusion

The study concludes that penetration pricing strategy played a vital role in enabling Lotus Biscoff to successfully enter and establish itself in the Indian FMCG market. By offering a premium international product at an affordable introductory price, the brand effectively attracted consumers and achieved high levels of awareness and acceptance. The analysis of primary data from 300 respondents confirms that pricing significantly influenced purchase decisions and trial behaviour.

The case of Lotus Biscoff highlights that penetration pricing, when strategically implemented along with strong branding and distribution, can serve as an effective market entry strategy in emerging economies like India. The study provides valuable insights for marketers and international brands planning expansion in price-sensitive markets.

13. References

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