

**THE STUDY OF THE IMPLEMENTATION  
OF PRICING STRATEGY OF  
NESTLE LANKA LTD.**

DISSERTATION SUBMITTED TO THE DEPARTMENT OF  
COMMERCE AND MANAGEMENT STUDIES IN PARTIAL  
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## INTRODUCTION AND IMPORTANCE

Marketing consists of individuals and organisational activities aimed at facilitating and expediting exchanges within a set of dynamic environmental forces. In every exchange process price is a very important one and it plays a wide role in the whole economy of the world. Every economist's view point price has been a very important concept. The price set for goods and services serves as the basis of exchange in our society and is an index of value for goods. Price plays an important role for the economy as a whole by serving to bring demand and supply into balance. Price is all around us. Everything has a value and it is decided by the price. We pay the price for different exchanges in various names; such as salary, wage, rent, fee, commission, rate etc. Due to the increased transaction by money in the modern economy the concept of price has been considered worthwhile. Pricing decisions are important for any organisation as they directly govern revenues, (Revenue = price x quantity). Every firm has objectives and to achieve those objectives they have to price their goods and services in a proper way. Price directly affects revenue obtained per unit, and it interacts with other marketing mix elements to affect the number of units demanded. Price is the easiest marketing mix for the layman to understand, consumers and public policy makers can more readily comprehend changes in product prices than they can differences in product quality, promotional strategies or distribution decisions. Consequently, pricing decisions are closely scrutinized by the society in which the organisation functions. Price is very important for consumers because it is their cost of living.

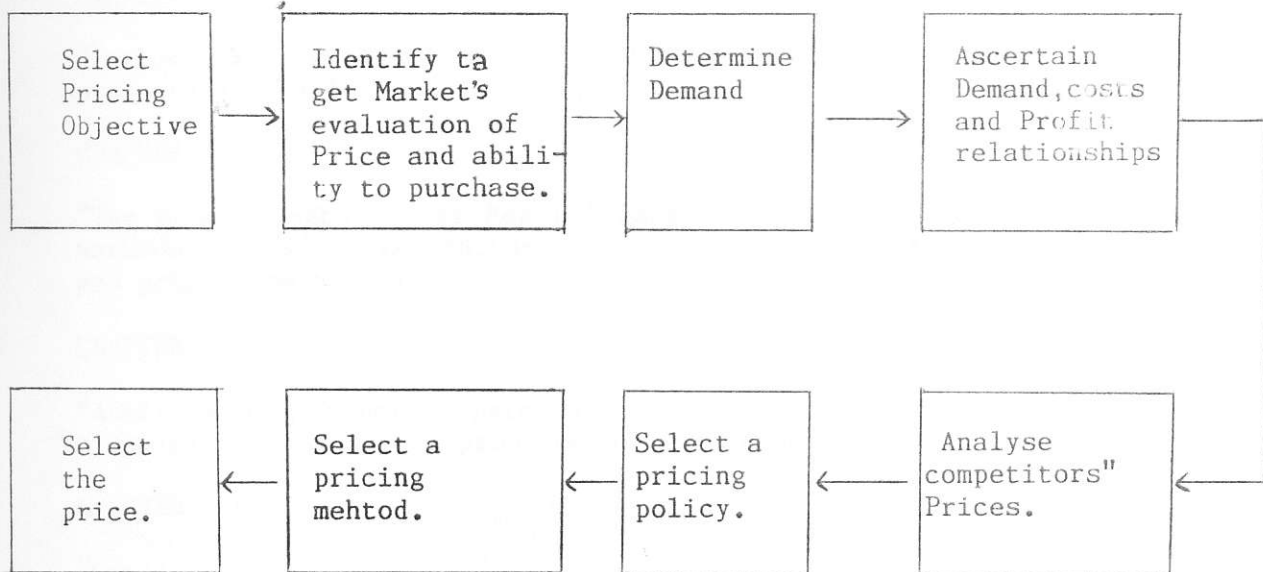
Price, then plays a major role in the economy as a whole, and is increasingly important to the individual firm, and has direct impact on consumers. Therefore the researcher considered the price and choosing it as the topic of the research study. Nestle' Lanka Ltd. is one of the leading firms in Sri Lanka and researcher considered the pricing strategy of Nestle' Lanka Ltd. to analyse.

## OBJECTIVES OF THE RESEARCH

The success of any organisation depends on its proper way and method of suitable pricing. The main objective of this research is to analyse the concept of pricing with regard to the Nestle' Lanka Ltd. Pricing has to pass various stages and overcome many difficulties. Any wrong approach of pricing in a firm would be subject to loss and failure in the business. Therefore, the concept of price should be clearly understood and firms must choose the suitable price for their products. Using the pricing strategy theoretically, researcher is going to analyse the pricing strategy of NLL.

## THEORITICAL BACKGROUND OF THE RESEARCH

Researcher concentrates pricing theories and concepts in research study. Also researcher concerns the eight step procedure for setting prices which is mentioned below.



#### SOURCES OF DATA

Here researcher used both primary data and secondary data. According to this research study, primary data is collected mainly from user organisation - Nestle' Lanka Ltd. which is situated in Colombo. Secondary data is collected from the sources such as text books in marketing management, Central Bank Annual reports and especially Nestle's publications such as Annual reports and Nestle' Puvath.

#### METHODOLOGY

Methodology depends on the topic of the research study. According to this research study, the interview method is applied to collect primary data. However, because of the difficulties in using the interview method researcher mainly consider Secondary data in this research study. For the analysis research has been done using the theory section.

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