International Journal of Advances in Engineering and Management (IJAEM)
Volume 5, Issue 3 March 2023, pp: 322-326 www.ijaem.net ISSN: 2395-5252

A Study on export pricing with special reference to Pharma Industry

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Date of Submission: 25-02-2023 Date of Acceptance: 05-03-2023

ABSTRACT
Export marketing is the first step toward internationalization since it involves diagnosing and capitalizing on possibilities in target markets based on a realistic appraisal of internal strengths and weaknesses and an examination of macro and microenvironments. The pharmaceutical industry introduces a refined export and worldwide marketing approach. The paper begins with a brief overview of the most widely accepted theories pertaining to internationalization, then moves on to an analysis of the various approaches to determining whether an organization is ready to engage in export activities, and finally concludes with an analysis of a conceptual model based on a single case study approach applied to a sample of seven top domestic companies through the use of primarily questionnaires and some in-person interviews to mitigate potential bias.
The study's goals have been met by thoroughly covering the unique characteristics of the pharmaceutical marketing environment and so disclosing the unique dimensions of pharmaceutical marketing that have been properly placed inside the relevant underlying model. Expert comments gleaned from survey responses were used to hone the new model for the worldwide endeavours of the pharmaceutical industry.

I. GENERAL INFORMATION

Setting the right rates in export markets is critical to a company's bottom line, but it's also very difficult due to the complexity and number of elements involved. Export pricing decisions are made to effectively respond to contingencies in the external environment, as proposed by contingency theory Therefore, companies who achieve a high degree of alignment between their export pricing strategy and the circumstances in their external markets will have more success than their competitors (Dow 2016).

In a recent and thorough review of the literature on export pricing, Tan and Sousa found that most studies concentrate on the adaptation/standardization of export prices and on the comparison of local and foreign prices, with relatively little attention paid to the actual pricing strategies employed by exporters.

In their 2016 article, Tan and Sousa argue that the present methods to export pricing in the literature are insufficient in advising exporters on how to carry out efficient pricing strategies. The first factor is that the correlation between pricing competitiveness and export success has produced contradictory findings (see Tan and Sousa 2018). Second, research evaluating the substance of export pricing regimes is lacking.

As an example of this issue, consider the fact that many academics don't agree on what really constitutes export pricing while conducting studies. It is indeed challenging to ascertain whether the export price under consideration is the cross-border price (the transfer price between the exporter and its overseas distributor) or local rates supplied to international customers.

In an export agreement, this is a crucial consideration since overseas suppliers seldom have influence on domestic pricing (Cavusgil). Lastly, it is remarkable that no existing research have investigated the impact of the information environment on the design and efficacy of export pricing strategies, given the international setting in which exporters work to make up for a structural knowledge deficit (Myers, 2017).

We respond the common need for a more rigorous conception and measurement of export pricing by illuminating the causes of these discrepancies and proposing solutions. We call the practices through which exporters manipulate prices in order to make their wares more competitive in international markets "export pricing."

Additionally, we analyze intermediated exporting and the ongoing1 application of cross-border pricing, which is to say, the manipulation of transfer prices that exporters present to importers

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throughout the development of commercial partnerships.

Additionally, we can analyze the effects of any kind of price manipulation that exporters might utilize since our method disentangles these components. We begin by using the structure-conduct-performance method (Cavusgil and Zou) to analyze how the competitive environment of the target market abroad affects export price and how effective a given pricing strategy is.

To further explore how information context affects our model, we secondly use sensemaking theory (Weick, Sutcliffe, and Obstfeld, 2015). Specifically, we (1) investigate the moderating effect of information asymmetry on the impact of export pricing on the economic performance of exporters, and (2) examine the impact of foreign environment ambiguity on the link between competitive intensity and price.

Projects of all kinds are often referred to as "management" projects. Planning, leadership, control, and coordination are all necessary for a task to provide the intended outcomes. This might include importing, exporting, buying, and selling. Exporting has the potential to be a very profitable and simplified operation with the right management. Export management is better referred to as export marketing management because of the significance of marketing to any business.

II. INTRODUCTION OF THE STUDY

When determining export price for the International market, the exporter needs also take into account a number of additional criteria. Following is a basic overview of the many aspects that go into price decisions:

- The cost of production

It is a primary consideration when determining the final selling price of an exported product. The cost is substantially impacted by this factor. It's important to include in the raw material costs directly associated with export price. It is important to include in indirect expenses, such as distribution costs.

- Supply and Demand

The form of the demand curve for a product has a significant impact on the price at which that product trades. Profit maximization occurs regardless of whether or not expenses grow, and an increase in costs may be justified by an increase in price. Although doing so could be viable in certain situations, it would not be possible in others due to market response.

- Strife

There is significantly more rivalry on the international market than there is at home because exporters must compete with foreign firms that operate in a different regulatory and economic climate.

In order to compete on the international market, developing nations may have to raise prices to meet the standards set by the industrialized world.

- Consideration for National Products

In the global marketplace, consumers sometimes have an unconscious bias towards products made in underdeveloped nations. When determining their selling price, exporters should consider the fact that consumers are willing to pay more for products made in industrialized nations.

- Identifying market niches and establishing a positive brand reputation

If the items are sufficiently distinct and the company has established a positive brand image, the company may confidently raise pricing while remaining competitive. Prices for well-known brands like Dunlop, Bata, Colgate, etc., tend to be more than those for generic equivalents.

- Nature of the Purchase

There may be a price discount when buying in bulk. People will pay a premium amount for present things if they really like them.

III. LITERATURE REVIEW

Businesses in the modern era have operated in a highly dynamic and very complicated environment. Customers' wants and requirements are always shifting, new goods are constantly being produced, competition is always on the rise, decision-making is fraught with ambiguity, and new agents are constantly entering the market. The pharmaceutical industry is no new to this problem, since it is notoriously difficult to foresee how the environment would act in this industry. Because of this, businesses have been working tirelessly to stay up with the ever-shifting nature of the market. According to a 2010 study by Rivera, Avila, López, Garzón, and Flores, the pharmaceutical industry is distinguished by the presence of many agents and components in its surroundings, as well as the development of novel products made possible by advances in technology.

High rates of product renewal and differentiation, as well as the production of benefits for both corporations and patients (the latter via lower treatment costs and inpatient days) are additional hallmarks of the pharmaceutical industry.

These features promote supply-and-demand interactions in a unique market setting. Notable on the consumer side is the involvement of several agents in the purchase of products, and on the retailer side is the market strength that corporations obtain by the creation of legal monopolies, brand loyalty, and adverse selection. Due to these characteristics, we are able to situate the pharmaceutical business in a scenario of numerous market failures, which encourages government involvement.

Given the existence of a list of generic and essential medicines to which those affiliated with social security are entitled, the existence of multiple distribution channels, and a price regulation and market concentration policy that often ignores the particularities of the sector, there are substantial interactions between private producers and public-sector distributors in Colombia's pharmaceutical market. In addition, some of the sector's regulations were altered by Law 100 of 1993's health care reform without taking into account the effect of such a change on the healthcare system's overall performance and accomplishments.

National enterprises control 67% of Colombia's pharmaceutical market, while foreign labs account for the remaining 33%. (ANDI, 2018). Because the pharmaceutical industry in Colombia depends on imported raw materials and finished goods, the trade balance of the industry is defined by a larger number of imports than exports. Therefore, this interplay between exports and imports determines the robust international dynamics of Colombia's pharmaceutical industry. As with other industry, Colombian businesses in this space face competition from outside. Companies in Colombia often get their raw materials and suppliers from outside in an effort to save money.

IV. BACKGROUND OF THE STUDY

Exporters may set their own prices. If you are a merchant exporter, for instance, you must account for the purchase price, as well as the cost of shipping, warehousing, transportation, taxes, customs, and tariffs that the goods incurred before it reached your clients. Production costs, which might be either constant or variable, will serve as the basis for your export producer pricing. Add the fixed cost to the price of your goods, and it will become more expensive overall.

It should go without saying that you need to investigate the marketplace and the competitors. However, according to Mahavir Pratap Sharma, Immediate Past Chairman of the Carpet Export Promotion Council, including a distinguishing feature in your product is essential for making it stand out.

You need to include elements that are unique to you or your region, such as the work of local artists and craftspeople. There are several ways to differentiate your goods from the competition beyond just price.

Can the government affect the cost of exports in any way?

The government might potentially affect the cost by

One method of controlling pricing is to set a floor price below which no exporter may go, or a ceiling price beyond which no exporter can offer a higher price.

The government of the nation doing the exporting may provide financial incentives like the Duty Drawback Scheme, sales tax exemptions, excise duty exemptions, income tax exemptions, and marketing development aid (MDA), among others.

Third, there are customs charges and taxes, which are levied by the governments of the importing nations. The exporter must factor in these costs while setting the export price.

Fourth, international agreements might set a ceiling or floor on export pricing; these pacts can be bilateral or multinational. The exporter is obligated to honour the agreed upon pricing and may not impose any additional charges.

This study details recent trends in Colombia's pharmaceutical export market. The challenges that Colombian pharmaceutical firms face are highlighted, as is their impact on export expansion. In addition, using a quantitative approach that comes quite near to reflecting reality in the industry, we pinpoint the resources, capabilities, and institutional elements that impact export growth.

V. PROBLEM STATEMENT

It's depressing to see medication development stagnate over the last decade. Unfortunately, few companies in the pharmaceutical industry are capable of doing ground-breaking research that would lead to market-dominating medications. Significant increases in scientific output are essential if the pharmaceutical industry is to recover from its current downturn.

OBJECTIVES OF THE STUDY

1) To determine factors with are affecting to select pricing of pharmaceutical product.
2) To know about pricing in pharma export business.
3) Generating revenue for government within the sort of customs and excise duties.
4) To analyse the international market rates and implementing on pricing of new products for new entrants.
5) To know how to organize and implement export pricing within firms and how this affect export performance.

VI. RESEARCH METHODOLOGY

METHODS FOR DATA COLLECTION & VARIABLES OF THE STUDY

Methods for data collection

Primary Data
Secondary Data

Primary Data

Primary source of data was collected by questionnaire.

Secondary Data

Secondary source of data was collected from
Books
Journals
Magazines
Web's big data es

Sampling

The sample technique utilized for data gathering is convenient sampling. The convenience sampling method is a non-probability strategy.

Sampling size

Big data indicates the numbers of people to be surveyed. Though large samples give more reliable results than small samples but due to constraint of time and money,

Plan of analysis

- Diagrammatic representation through graphs and charts
- Big data able inferences will be made after applying necessary statistical tools.
- Findings & suggestions will be given to make the study more useful.

LIMITATIONS OF THE STUDY

- Commodity value added is hard to defend.
- An individual's valuation may shift over time.
- Choosing a fair price is more difficult.
- Market rivalry and specialized niches.
- needs plenty of study, effort, and money.
- little evidence to draw firm conclusions...
- This hampers scalability.
- Manufacturing expenses

VII. CONCLUSION/SUGGESTIONS

This review shed light on the methodology and pharmaceutical price components and pharmaceutical supply chain, as well as their relationship with medication pricing. Manufacturers, market warehouses, distribution centers, wholesalers, and retailers were highlighted as major components of the pharmaceutical value chain. We also spoke about how the legislation affects things like private healthcare facility and service regulation, tariff exclusions, and external and international reference pricing. Finally, we looked at patient medication expenditure factors such as out-of-pocket spending and out-of-pocket prices. In the absence of any other price control technique, the restriction of markups results in reduced drug costs.

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