Forex-Adaptive Pricing Strategy for Mercedes-Benz India: Navigating Euro-INR Volatility and Revenue Performance

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1. Executive Summary:

This project aims to analyze the impact of Euro-INR currency fluctuations on Mercedes-Benz India's vehicle pricing and sales performance. Using data analytics and pricing simulations, the project will support leadership in making informed pricing decisions that balance cost pressures with sales retention in a highly competitive luxury automobile market.

2. Problem Statement:

Background: Sustained Euro-INR volatility, with the Euro remaining above ₹100, has increased import and production costs for Mercedes-Benz India. This has forced price hikes, increasing the risk of customer churn to competitors such as BMW and Audi.

Objective: To design a data-driven pricing strategy that determines optimal price increases for CKD(locally assembled), SKD(partially assembled abroad and finished locally), and CBU(fully imported) models while minimizing demand loss.

Scope: The analysis focuses on currency impact, model-wise price sensitivity, customer switching behavior, and revenue outcomes for key Mercedes-Benz models in the Indian market.

3. Data Sources:

Primary Data:
 Mercedes-Benz India monthly sales data
 Vehicle pricing data by model and segment
 Internal stock classification (**CKD / SKD / CBU**)
Secondary Data:
 Historical Euro-INR exchange rate data
 Competitive pricing benchmarks from the luxury automobile market

4. Methodology:

Data Analysis (Excel):
Analyze historical Euro-INR trends and correlate them with monthly vehicle sales to identify demand sensitivity to price changes across CKD, SKD, and CBU vehicles.

Data Segmentation (SQL):
Segment national inventory data into CKD, SKD, and CBU categories to evaluate the differential impact of import duties and currency fluctuations.

Price Elasticity Modeling (Python):
Calculate price elasticity to identify the price point at which customers switch from premium models (e.g., E-Class) to lower segments or delay purchase decisions.

Scenario Simulation:
Develop pricing scenarios to simulate revenue and sales outcomes under different cost-absorption and price-pass-through strategies for CKD, SKD, and CBU models.

5. Expected Outcomes:

- Identification of optimal price increase thresholds for **CKD, SKD, and CBU** vehicles
- Insights into customer switching behavior across vehicle segments
- A pricing simulation model supporting leadership decision-making
- Improved balance between margin protection and sales retention

6. Tools and Technologies:

- **Excel:** Currency trend analysis and scenario modeling
- **SQL:** Data segmentation and inventory analysis
- **Python:** Price elasticity analysis and demand modeling
- **Power BI / Tableau:** Executive-level dashboards and simulations

7. Risks and Challenges:

- Limited availability of granular customer-level pricing data
- Assumptions required for elasticity modeling
- Market behavior changes due to competitor pricing strategies
- Currency volatility exceeding historical patterns

8. Conclusion:

This project provides a strategic, data-driven approach to pricing under currency volatility, enabling Mercedes-Benz India to make informed decisions that protect market leadership. By incorporating **CKD, SKD, and CBU** vehicle categories, the project delivers actionable insights for executive leadership and supports sustainable revenue performance in a challenging macroeconomic environment.