

## Summary

In this Project, a strategy for pricing in Teklan Machine Manufacturing firm has been presented. This company is one of the suppliers for two major car companies, Sapa and Renaultpars (Reno-Pars).

Various products are produced in this company's factory and 2 important issues have been considered to determine the pricing strategy.

The first is the factors involved in the price, which are divided into the following topics:

- Internal factors: marketing objectives - marketing mix - cost
- External factors: market and demand - other external factors
- Target market of the product
- Positioning objectives

In the second part of this project, considering the previous factors, the pricing process and conditions of each product have been examined separately. This section includes the following topics:

- Pricing process
- long term purposes
- Demand forecasting
- Cost estimate
- Analysis of products and competitors

Finally, in the third part, the pricing strategy is presented as follows:

- Allocating the second marketing mix to Tondar fuel tank due to the monopoly of this company in order to ultimately lead to an increase in profit.
- Allocating the first marketing mix to other products to maintain a position in the market and have a steady profit

As Teklan machine manufacturing firm is dependent on its parent company, it does not have much discretion, but still, the mentioned strategies might be useful. In addition, the research and development team (R&D) should try to monitor the new products of the car companies and acquire the licence to manufacture different products for the paren companies.

## **1- important factors in pricing**

### **1-1. Internal factors**

#### **1-1-1. marketing goals:**

- Keeping the current position: 80%
- Keeping the current quality: 20%

#### **1-1-2. Marketing mix**

A) Tondar fuel tank

B) The other products

#### **1-1-3. Cost**

Price	Product	Row
350000 IRR	Tondar fuel tank	1
330000 IRR	Tuba fuel tank	2
300000 IRR	Pride fuel tank	3
280000 IRR	Tiba Lower Engine tray	4
270000 IRR	Pride Lower Engine tray	5
400000 IRR	Pride Front Bracket	6
400000 IRR	Pride rear Bracket	7
700000 IRR	Nissan-Mazda Bracket	8

## **1-2. External factors**

### **1-2-1. Market and demand:**

Oligopoly market for all the products except Tondar fuel tank (monopoly)

### **1-2-2. Competitives cost, price and offers:**

Usally cost-plus

### **1-2-3. the other external factors**

Economic sanctions have forced the company to aim on surviving.

## **1-3. Target market**

Saipa and reno-pars are the only and forced customers.

### **1-4. Positioning objectives**

Obtaining the privilege of producing new car parts

## **2. the pricing process**

### **2-4. Analysing the competitors' products and prices**

#### **2-4-1. Tondar Fuel tank**

- Market share: 100%
- Profit:  
15 %  
60000 IRR per unit
- Competitor:
- No

#### **2-4-6. Pride front bracket**

- Market share: 61.39 %
- Profit:  
10 %

40000 IRR per unit

- Competitors:  
Akhovat Group: 30 %  
Others: 8.61 %

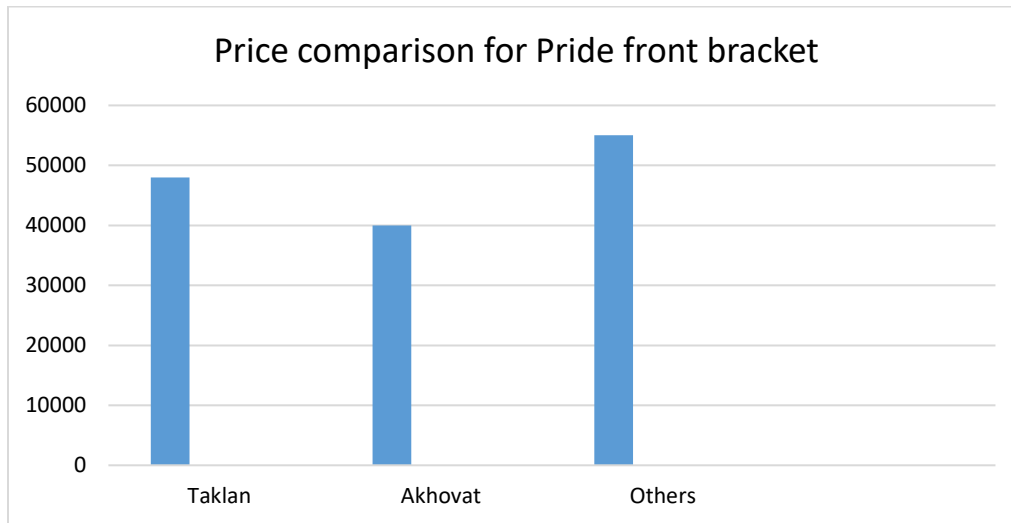


Fig. 2- Pride front bracket Price comparison

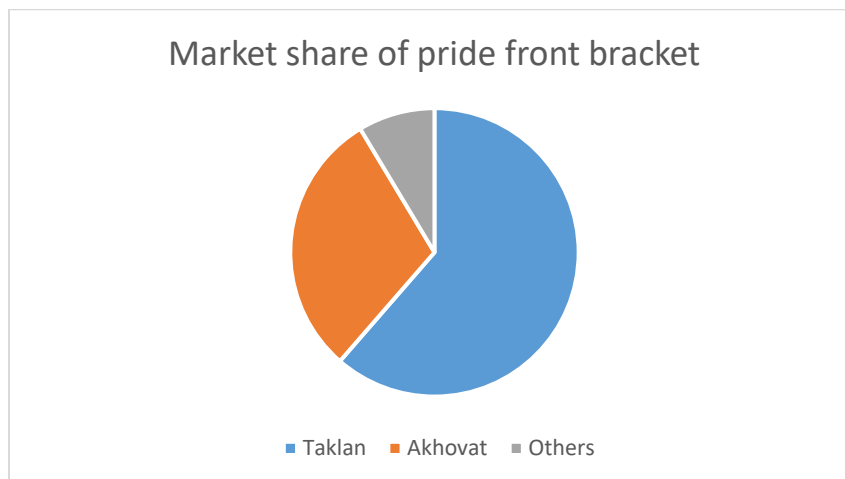


Fig. 3- Pride front bracket Market share comparison

### 3. the proposed strategy

Tabel 10- The proposed strategy of the first group of products

<b>Pride Lower Engine tray</b>	<b>Tiba Lower Engine tray</b>	<b>Pride Fuel Tank</b>	<b>Tiba Fuel Tank</b>	<b>Tondar Fuel Tank</b>	
Survive	Survive	Survive	Survive	Survive Keeping the high quality	<b>Company goals</b>
B	B	B	B	A	<b>Marketing mix</b>
Moderate	Moderate	High	High	High	<b>cost (qualitative)</b>
Mobarakeh Steel Company	Mobarakeh Steel Company	Reno-pars (from South Korea)	Reno-pars (from South Korea)	Reno-pars (from South Korea)	<b>Raw material supplier</b>
Oligopoly	Oligopoly	Oligopoly	Oligopoly	Monopoly	<b>Market</b>
Elastic	Elastic	Elastic	Elastic	Inelastic	<b>Demand</b>
No privilege	No privilege	No privilege	No privilege	-	<b>Cost, price and offers of competitors</b>

Obligated to car company	Obligated to car company	- Obligated to car company - High economic sanctions effects	- Obligated to car company - High economic sanctions effects	- Obligated to car company with more freedom - High economic sanctions effects	<b>Other external factors</b>
Saipa	Saipa	Saipa	Saipa	Reno-Pars	<b>target market</b>
Saipa + Free Market	Saipa + Free Market	Saipa	Saipa	Renopars + Free market	<b>Positioning objectives</b>
Preserve the share	Preserve the share	Preserve the share	Preserve the share	Preserve the share	<b>long term purposes</b>
4000 to 8000	4000 to 8000	6000	5000	10000	<b>Demand forecast (monthly)</b>
108,000,000 to 216,000,000	112,000,000 to 224,000,000	180,000,000	165,000,000	400,000,000	<b>Cost (monthly)</b>
Cost-plus 10%	Cost-plus 10%	Cost-plus 7%	Cost-plus 10%	Cost-plus 15%	<b>Current strategy</b>
10,800,000 تا 21,600,000	11,200,000 تا 22,400,000	12,600,000	16,500,000	60,000,000	<b>Total current profit (monthly)</b>
Cost-plus 10%	Cost-plus 10%	Cost-plus 7%	Cost-plus 10%	Cost-plus 20%	<b>New strategy</b>

10,800,000 to 21,600,000	11,200,000 to 22,400,000	12,600,000	16,500,000	80,000,000	<b>Total new profit (monthly)</b>
Unchanged	Unchanged	Unchanged	Unchanged	Increasing the profit	<b>Results</b>

