

Internship Report

On

Pricing Strategy

Acknowledgement

I would like to express my sincere gratitude to Mr. Sourav Panja, Director of SAJ Pvt. Ltd. for granting me the opportunity to complete my internship at the company. His kind permission and support allowed me to gain valuable industry exposure.

I am deeply thankful to Mr. Sanjoy Basak, Senior Commercial Manager at SAJ Food Products Pvt. Ltd. (Bisk Farm) under whose guidance I carried out my internship. He has provided me with his valuable guidance, insightful explanations and patient supervision.

Finally, I am grateful to the entire team at Bisk Farm for their cooperation and encouragement during my 2-week placement. Their professional approach and welcoming attitude made my learning experience both meaningful and memorable.

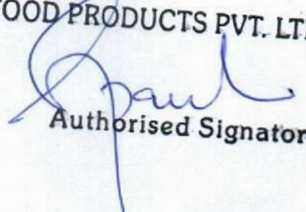
Certificate

To Whom So Ever It May Concern

This is to certify that Aditya Banerjee, Grade 12, Dubai International Academy, Emirates Hills has successfully completed his summer internship at SAJ FOODS Pvt. Ltd. from July 7- 21 under the guidance of Mr. Sanjoy Basak, Senior Commercial Manager at SAJ FOODS Pvt. Ltd. is an authentic work.

He demonstrated exceptional dedication, a keen interest in learning and professionalism throughout his internship period. He performed his responsibilities with sincerity and competence.

We wish him success in his future endeavors.

For SAJ FOOD PRODUCTS PVT. LTD.

Authorised Signatory

I. Introduction

Pricing strategy is not merely a figure in the current competitive fast-moving consumer goods (FMCG) market, but it is an indication of cost structure, market positioning, consumer psychology, and competition. The two weeks of my summer internship at Bisk Farm, an Indian food brand located in Kolkata, gave me an opportunity to understand the complexity of the price-setting process and how the companies must strike the balance between the cost-effectiveness and the attractiveness to customers.

Bisk Farm has a range of products including biscuits, cakes, rusks, and snacks and is reputed to serve both premium and low-cost customers. My internship was aimed at getting first-hand experience of how economic principles are used in a real-life scenario to set the prices of products. I paid close attention to how Bisk Farm employs cost-based pricing, competitor analysis, and packaging to make sure that the company is profitable and competitive in a diverse and price-sensitive market such as India.

This report presents the economic justification of the pricing strategies of Bisk Farm. It is based on my internship experiences and economic principles like demand elasticity, cost structures and value-based pricing. It will help to fill the gap between the knowledge gained in the classroom and the practical application of this knowledge by using the example of a well-established FMCG company.

II. Elements of Price Setting

The basis of any pricing strategy is the knowledge of the cost structure of the product. The key cost elements at Bisk Farm are raw materials (flour, sugar, milk solids, and chocolate), labor costs (factory and packaging personnel), manufacturing overheads, and marketing costs. Packaging material, particularly on products such as cakes and cream biscuits, also adds a lot to the final price.

Bisk Farm uses both cost-plus pricing and value-based pricing in economic terms. Cost-plus pricing is the method of adding a fixed percentage mark up to the cost of production. This is feasible when dealing with products whose demand is stable and input prices are stable. Nevertheless, in more competitive product lines, such as cream biscuits or festive cakes, Bisk Farm also takes into account the consumer willingness to pay, and it is a value-based strategy. An example is that a high-

quality chocolate-filled biscuit might only slightly increase in cost to manufacture but is sold at a higher price because it is perceived as high quality.

There is no single department that deals with pricing. Rather, the marketing department collaborates with the raw materials and production departments to revise prices on a regular basis. Whenever there is an increase in the cost of input, e.g. wheat or oil, the analysis is done across the departments to determine whether to increase price, decrease the pack size or reformulate the product.

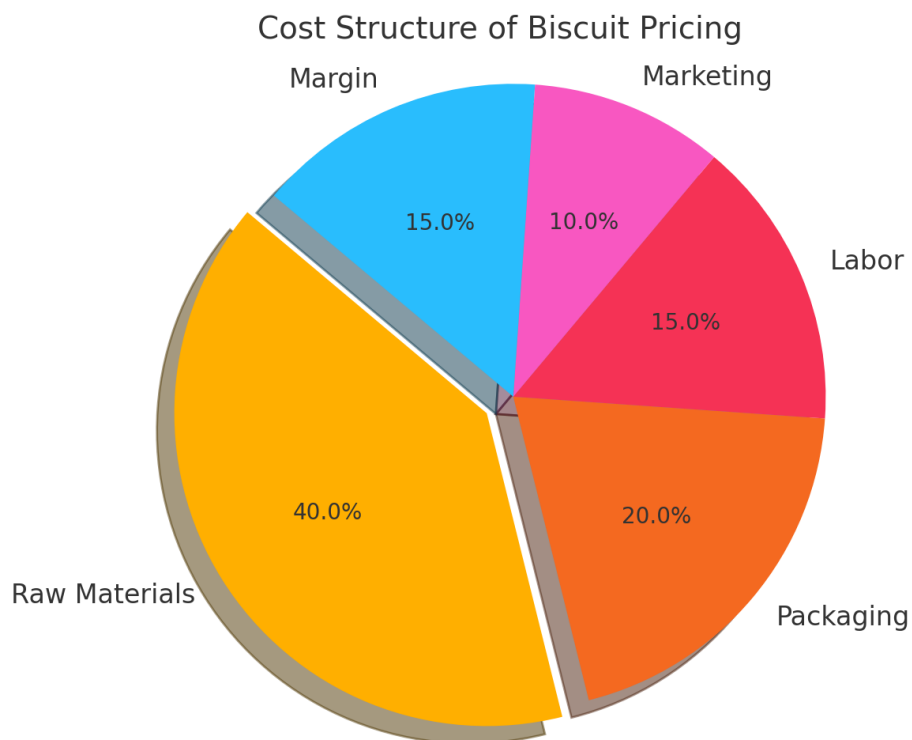


Figure 1. Breakdown of Biscuit Pricing Costs (Illustrative)

The pie chart shows how the cost is distributed in the production of a standard biscuit product at Bisk Farm. Raw materials take the biggest portion of 40%, followed by packaging (20%) and labor (15%). Marketing and profit margin are 10 percent and 15 percent respectively. The chart indicates that about two-thirds of the cost is determined by the production inputs, which is why efficient sourcing and manufacturing are critical in the pricing strategy.

III. Types of Pricing Strategies

Bisk Farm uses both conventional and dynamic pricing approaches that are applicable in the Indian FMCG market.

Segment-Based Pricing

The products are categorized as budget (e.g., glucose biscuits), mid-range (e.g., Marie or milk biscuits) and premium (e.g., chocolate chips or festive cakes). Bisk Farm targets all classes of people with its Rs.5, Rs.10, and Rs.20 packs. In rural markets, family-sized and value-for-money packs are the most popular, whereas urban consumers prefer convenient and unique-flavored smaller packs. South Indian consumers are more inclined towards variety in lower price categories, whereas West Bengal has a demand of larger, family oriented packs.

Psychological Pricing

Bisk Farm does not use charm pricing (e.g., Rs.9.99) as in western markets but rather rounded prices (e.g., Rs.10 or Rs.20). This is in line with consumer trends and minimizes the problem of coin-based change in retail shops.

Promotional Pricing

During festivals like Diwali or Durga Puja, Bisk Farm produces more but does not reduce the Maximum Retail Price (MRP). Rather, they use promotional deals such as Buy 2 Get 1 Free to increase volume and keep profits at the same level. These promotions increase consumer contact and exposure to the brand without undermining the long-term price stability.

Penetration Pricing

When launching new products, especially in the cream biscuit market which is very competitive, Bisk Farm uses penetration strategy to capture initial market share. This usually involves free samples or slightly below the established competitor's pricing of the product.

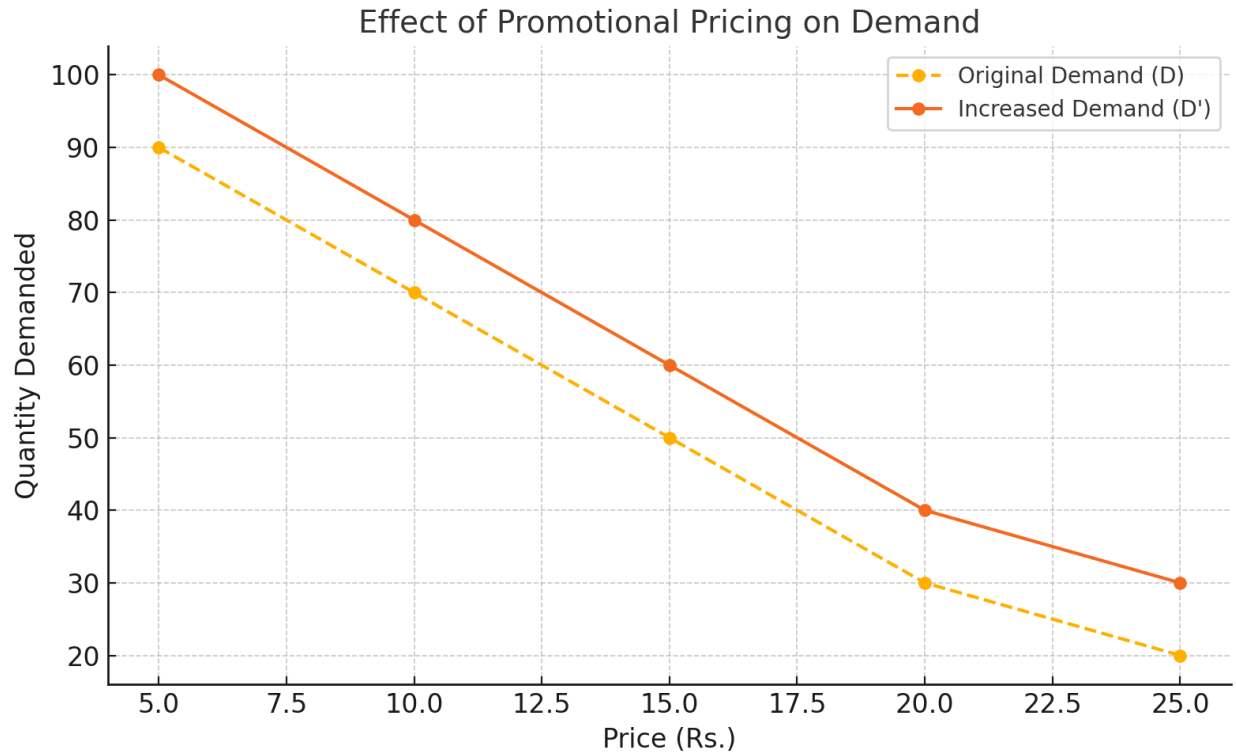


Figure 2. Promotional Pricing Leading to Increased Quantity Demanded

This line graph shows the effect of promotional strategies on consumer demand. The initial demand curve (D) depicts a normal negative association between price and quantity demanded. When there is a promotion like Buy 2 Get 1 Free, the demand curve shifts to the right (D 1) which means that more units are demanded at the same price points. This image proves the economic theory that non-price incentives can be effectively used to raise the volume of sales.

IV. Market Competition Influence

Bisk Farm is a company that competes in the very competitive market with giants like Britannia, Parle, and Sunfeast. The actions of competitors have a great impact on the pricing and product development strategy of Bisk Farm.

Competitive Analysis and Monitoring

Nielsen retail data and agency reports are used by the marketing team to track the pricing and sales of competitors. This information aids in benchmarking and makes

sure that there is no product that is overpriced compared to its category counterparts.

USPs and Product Differentiation

Bisk Farm does not compromise on the quality of products despite the pricing pressures. Their unique selling propositions are regional flavor (e.g. mishti or cardamom-flavored cakes) and appealing packaging that is appealing to the culturally diverse consumers. These USPs allow Bisk Farm to impose small price premiums on certain SKUs.

Brand Positioning

Bisk Farm is a brand that is positioned as a balanced brand, neither cheap nor luxurious. This middle-ground strategy allows it to penetrate rural and urban markets and cater to both volume- and aspirational customers.

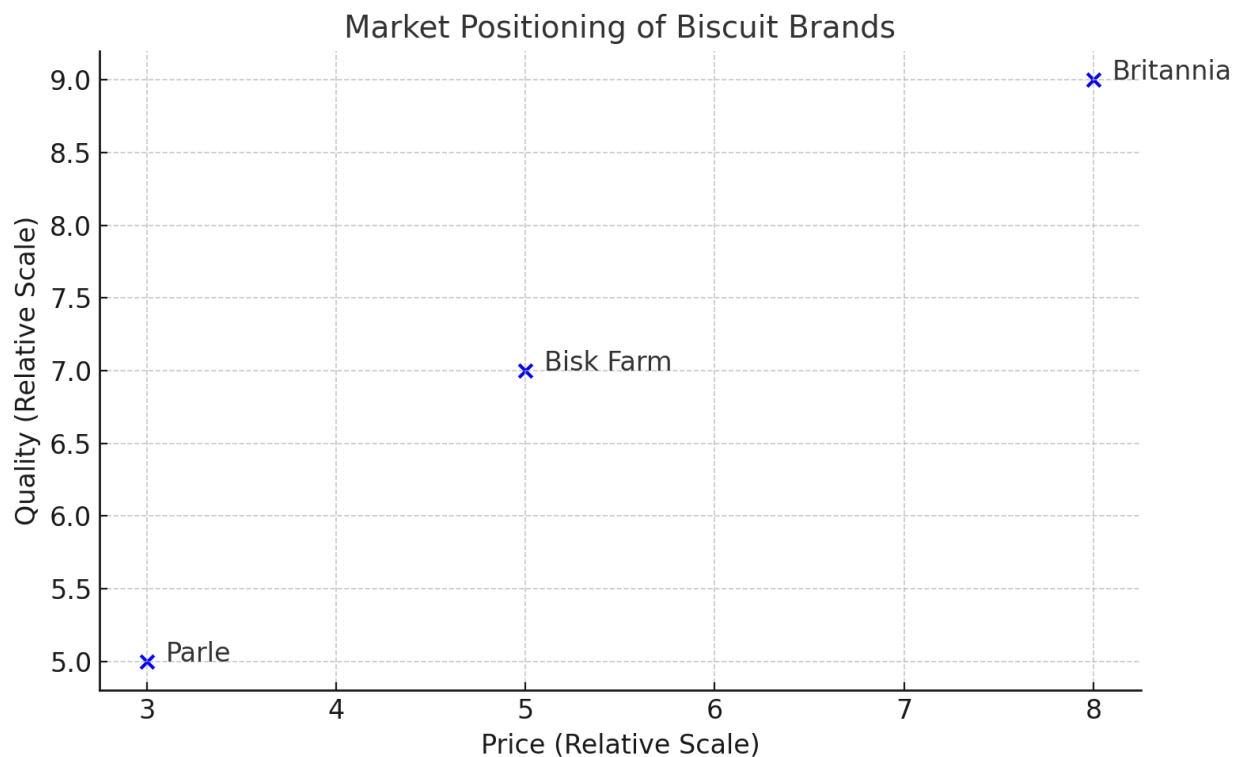


Figure 3. Market Positioning of Major Biscuit Brands

This scatter plot plots the relative positioning of Bisk Farm relative to its key competitors- Britannia and Parle in terms of relative price and quality. Britannia is in the high-price, high-quality quadrant and Parle is in the low-price, moderate-

quality segment. Bisk Farm is in the middle ground, and it attracts both price-sensitive and quality-oriented consumers. This strategic middle-ground assists Bisk Farm to attract more customers.

V. Regional knowledge and consumer preferences

The right price can be determined by understanding consumer behavior. As part of my internship, I was able to understand how the demographic data, buying behavior, and packaging preferences influence price-setting.

Rural and Urban Patterns of Consumption

In the rural markets, the consumers are focused on quantity and affordability. Rs.10 and family packs are better. The consumers in the urban areas, however, demand individuality, innovative tastes, and snack packs. Cultural landmarks also play a role in the difference in preference, schools, offices, and the calendar of festivals all have an impact on demand.

Packaging and Variety

The size of packaging is strategic. As an example, Rs.5 packs are necessary to be on retail shelves and to be impulse-bought. Larger packs are family friendly and add value. Flavour variety also enhances repeat purchases especially in metro cities where brand switching is high.

Innovation and Feedback Loop

Bisk Farm has a customer feedback system that is 24/7 through its marketing team. Complaints, product suggestions and reviews are analyzed to make changes in flavors, pack sizes and sometimes prices. This customer-focused strategy is in line with behavioral economics, in which satisfaction of the customer determines the perceived value more than the actual price.

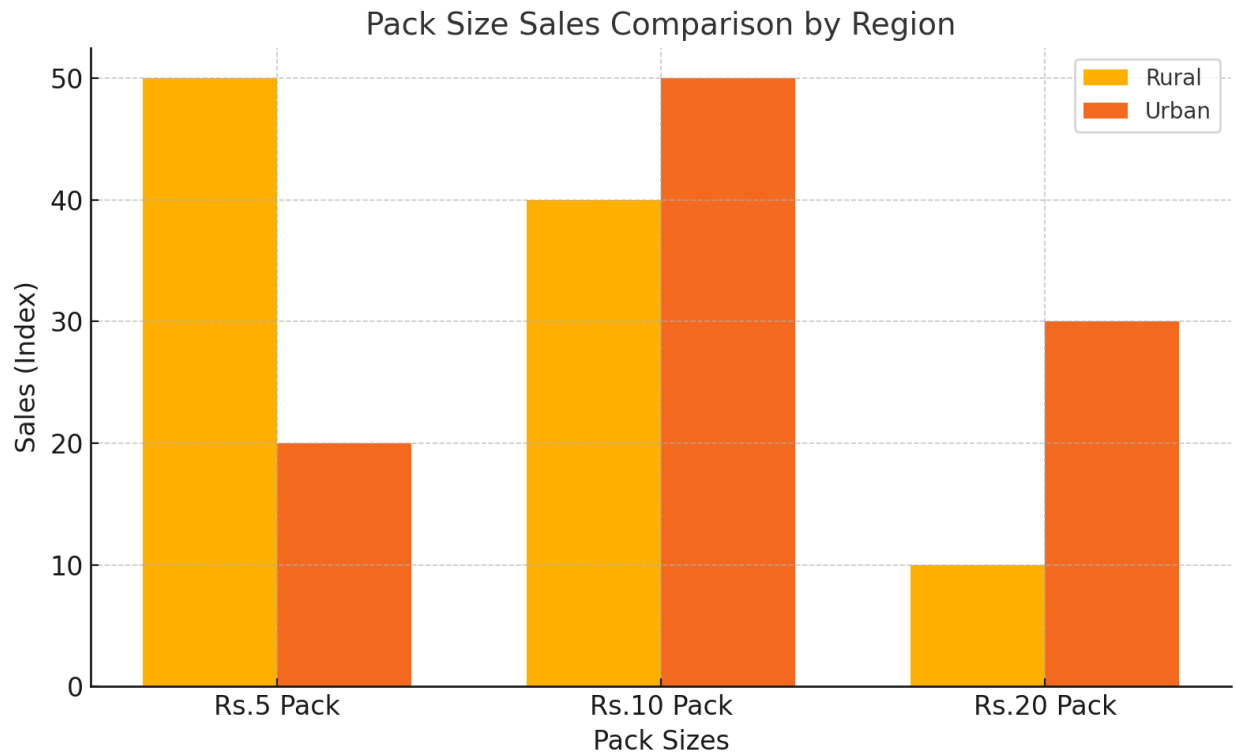


Figure 4. Sales by Pack Size and Region

This bar chart shows the comparison of performance of Rs.5, Rs.10 and Rs.20 pack size in urban and rural markets. The most popular packs in the rural areas are the Rs.5 packs followed by the Rs.10 packs with the least traction being the Rs.20 packs. In contrast, the urban consumers are more inclined towards Rs.10 and Rs.20 packs. This local variation brings out the significance of differentiated pricing and packaging to meet the local purchasing power and consumption habits.

VI. Conclusion and Reflections

The internship at the Bisk Farm was a practical experience of how economic theory and business practice interact. I was able to observe how such concepts as cost structures, price elasticity, and competition work outside textbooks. The pricing strategies of Bisk Farm are a good balance of all these factors, covering costs, considering competition, and respecting consumer behavior.

Bisk Farm does not use a one-size-fits-all strategy; instead, the company adjusts its prices depending on the regional markets, products, and seasons. The rounded prices, flexible packaging, and the changes based on the feedback demonstrate the dynamic nature of the firm in response to the market needs.

This has helped me realize the importance of marginal cost, market segmentation and reality of value-based pricing in an economic manner. In the future, Bisk Farm will be able to utilize AI-based pricing models and demand forecasting to optimize prices further and maximize revenue.

The internship did not only reinforce my theoretical knowledge but also gave me the confidence to interpret real-life economic situations, which is a good basis of my future academic and professional life.

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