

WHITE PAPER

Cracking the Code

Pricing Strategies for Industrial Goods Players in India

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Introduction

India's **Industrial Goods manufacturing sector contributes around 13% to the national economy.**[1] It consequently plays a vital role in shaping the country's economic growth and development. Governmental initiatives, such as production-linked incentive schemes, are driving expansion in emerging areas such as semiconductors and advanced manufacturing. This is creating momentum across multiple upstream and downstream industries.

However, **India remains one of the most complex markets to operate in.** It is often compared to China in terms of complexity due to its size, diversity, and fragmented commercial landscape. Distribution systems have improved but still trail those in more developed regions. Many networks remain inefficient, with inconsistent service levels and coverage gaps. Customer behavior varies widely across the country. Willingness to pay differs not only by geography but also by sector and buyer profile. This makes standard pricing approaches ineffective.

A 2024 **BCG survey of** 81 Industrial Goods companies in India, combined with insights from over 200 client engagements across core sectors in the last five years, **reveals that pricing still lacks the strategic focus it requires.** In many organizations, pricing is not yet treated as a strategic lever for value creation, but rather as a back-office function with limited executive ownership. While we see increasing involvement of the C-suite in pricing decisions, pricing still varies widely and can be as low as C-3 level (e.g., team manager) for industrial goods players in India.

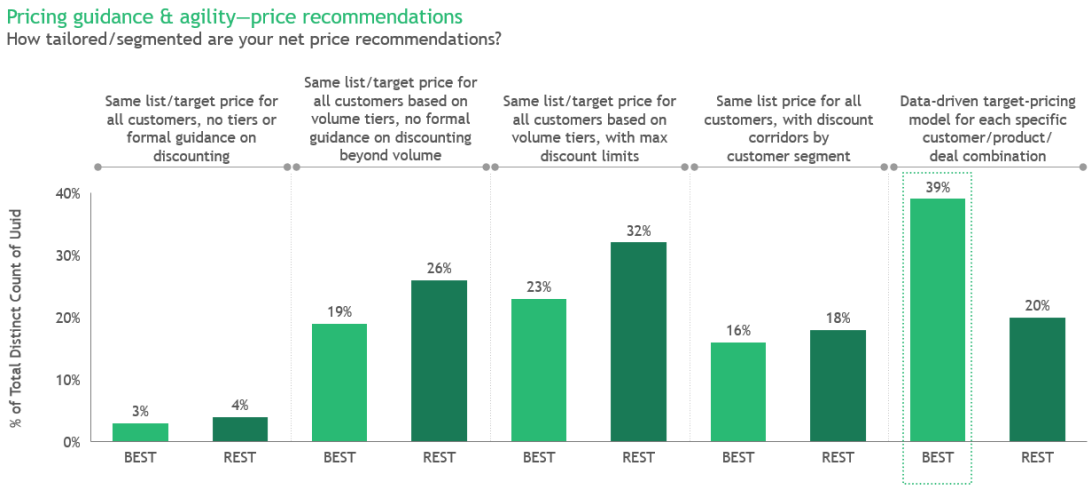
This limited focus is reflected in the low adoption of advanced pricing models. Data shows that **a majority of companies still rely on uniform list pricing with minimal segmentation** or guidance. Only 39% of market leaders have implemented data-based pricing tailored to specific customers, products, or deal contexts.

Even among the top-performing companies—namely firms that have executed price interventions successfully and managed to expand their margins along with market share (we call them "Best" or "Market leaders")—fewer than half have moved beyond basic tiered discounting structures. The gap between potential and practice remains wide. These findings underscore how the absence of strategic attention is holding companies back from capturing the full value that pricing can unlock.

1. The Wall Street Journal, **To Challenge China, India Needs to Get Out of the Way of Its Factory Owners**; Nov 2024.

EXHIBIT 1

While leaders set the pace, widespread adoption of advanced pricing models remains limited



Four Key Findings:

1. Opportunity for Indian Industrial Goods Players to Adopt a "Dynamic Pricing Game" for Global Competitiveness

Drawing on our deep market expertise and following BCG's Unified Theory of Pricing, we have **identified the "Cost Game" as the most dominant pricing strategy for industrial goods companies in** India, with some players operating in the "Power and Custom Game"—or as a combination of either "Cost and Power" or "Cost and Custom".

Cost Game players, such as industrial suppliers, distributors, and government contractors, thrive in fragmented, commoditized markets by driving efficiency to gain pricing flexibility. In these settings, where differentiation is limited, a cost-plus pricing model allows them to maintain margins while staying competitive.

Unlike Cost Game players who use cost-plus pricing in fragmented, commoditized markets, **Power Game** players, like many high-tech suppliers, operate in highly concentrated markets where both buyers and sellers are few. Instead of focusing on efficiency, they rely on strategic negotiation and game theory to price based on relative power and leverage, not cost. Their success hinges on navigating complex dynamics and using subtle advantages to influence high-value deals.

Custom Game players, such as many B2B suppliers, succeed by tailoring deals to individual customers through negotiated discounts, terms, and value-added offerings, even when products appear similar across competitors. Unlike Cost Game players who rely on cost-plus pricing and efficiency, or Power Game players who use game theory in concentrated markets, Custom Game players operate in highly competitive, fragmented markets where personalization is key. Here, pricing to competition is essential, as standardization across customers, products, and pricing structures is not viable.

On a global scale, we are seeing a shift toward the "Dynamic Game," enabling those industrial goods players with fluctuating demand to use AI and human judgment to adjust prices in real time based on market signals. This approach maximizes revenue, enhances customer value, and stands apart from other pricing games by prioritizing adaptability over fixed costs, negotiation, or customization.

In order to stay competitive on a global level, **we believe that Indian players would benefit by following their global peers by moving toward a more dynamic game.** To do so, we recommend focusing on a set of proven enablers that have consistently underpinned success across global benchmarks.

The objective is to link pricing to prevailing market conditions, and to develop the right muscles in order to react to changes, even subtle ones, in market dynamics. **First, develop full understanding of the value chain—from upstream to downstream.** Leading organizations also demonstrate high-frequency price adjustments, often quarterly or faster, using systematically refreshed data inputs to maintain market alignment.

A **second critical capability is the incorporation of real-time operational intelligence**—including live product or service costs, activity-based cost drivers, utilization rates, and inventory levels—into pricing and discounting decisions. This ensures that recommendations are grounded in both market and internal realities.

Finally, global leaders consistently invest in advanced analytics and digital enablers. These include dynamic pricing models tailored to evolving customer and market data, predictive statistical techniques such as regression-based forecasting, and the development and training of AI models, including machine learning and GenAI, to automate and optimize pricing decisions.

These levers collectively enable firms to shift from reactive to agile pricing, unlocking greater value in competitive and fast-evolving markets.

2. Overall Positive Trends for Industrial Goods in India from 2021 to 2024

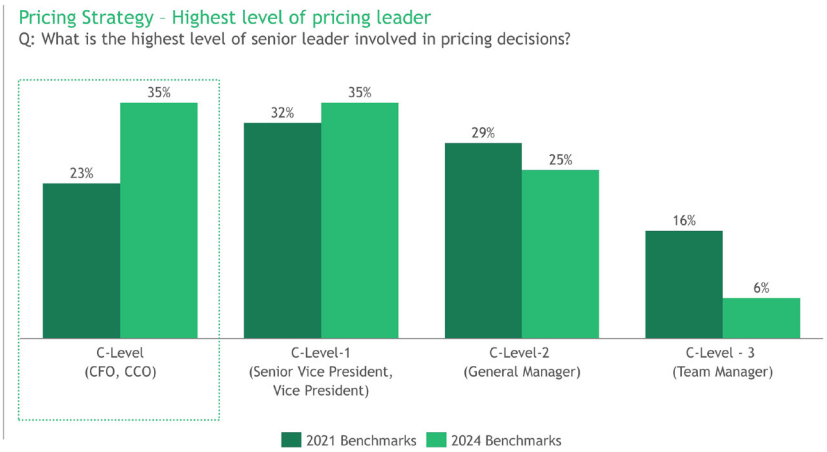
Following market volatilities over recent years (post-COVID demand shifts, inflation, and trade shifts), the **awareness of pricing strategy impact across industrial goods companies in India has increased significantly. This has led to greater involvement of the C-suite in pricing decisions.**

EXHIBIT 2

Key trends: Recent benchmarks show enhanced pricing focus at C-suite level, signifying rising importance of pricing strategy within upper management

2021 benchmark predominantly placed Senior VP or comparable positions at the forefront of pricing leadership

More recent 2024 benchmarks, show an enhanced focus on pricing at the C-suite level



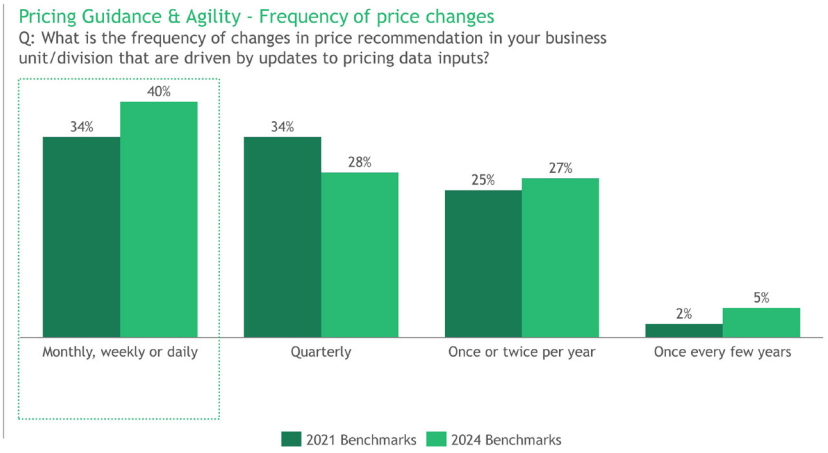
Source: BCG PMA Survey IG India (2024), n=81; BCG PMA survey IG 2021.
Note: Based on average across benchmarks.

In addition, we are seeing companies **adjusting their prices more frequently, becoming more agile in responding to market shifts compared with previous years.**

EXHIBIT 3

Key trends: Prices tend to be changed more frequently in recent benchmarks, indicating a faster reaction to market shifts

Shift from quarterly price changes in 2021 benchmarks to more frequent pricing on monthly, weekly or even daily basis in recent 2024 benchmarks



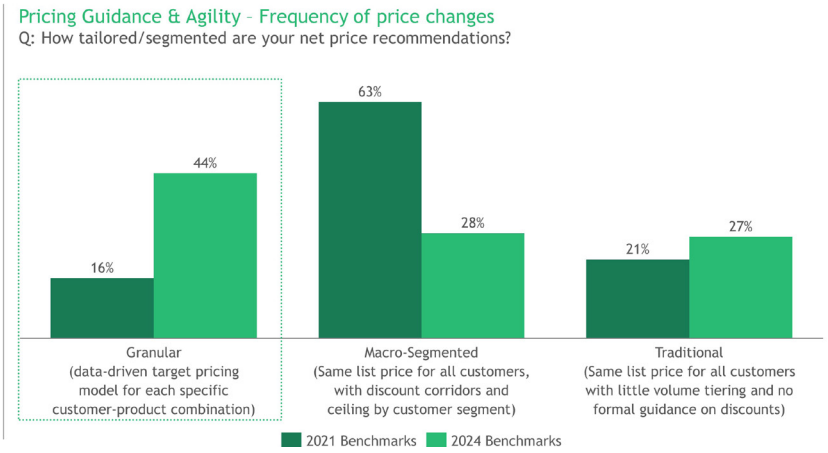
Source: BCG PMA Survey IG India (2024), n=81; BCG PMA survey IG 2021.
Note: Based on average across benchmarks.

Not only are prices being adjusted more frequently, but there has also been a clear shift toward more granular and targeted pricing in recent benchmarks. However, significant gaps remain. **More than half of industrial goods companies in India still rely on uniform list prices, supplemented only by occasional, ad hoc discounts.** These companies will need to evolve their pricing strategies to keep pace with market leaders and avoid losing competitive ground.

EXHIBIT 4

Key trends: Price setting shifted to a more granular way considering different customer-product specifics to reduce pushback from customers

Recent benchmarks show move towards more data-driven target pricing based on customer-product specific combination



Source: BCG PMA Survey IG India (2024), n=81; BCG PMA survey IG 2021.
Note: Based on average across benchmarks.

3. Room to Further Improve when Comparing Indian with Global Pricing Benchmarks

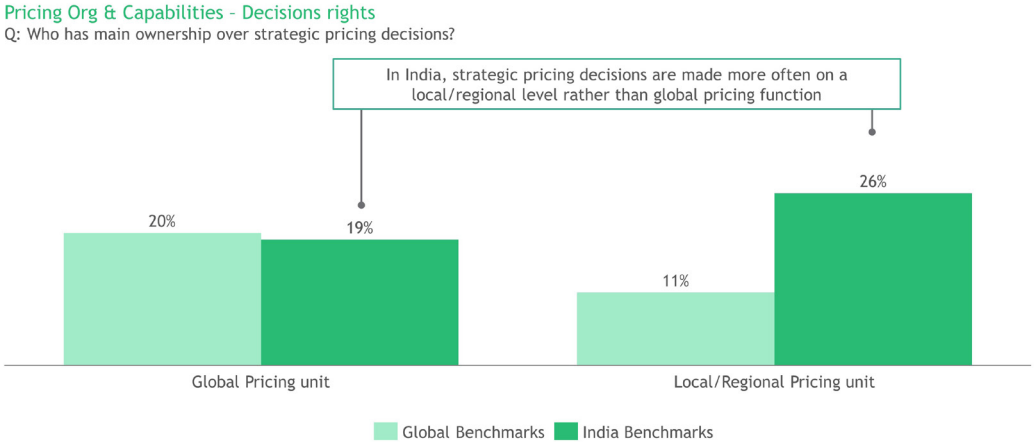
Compared with their global peers, industrial goods companies in India often have a markedly different organizational setup for their pricing functions. **While global companies tend to follow a more centralized structure, the dominant model in India is anchored at the local and regional level.**

Adopting a more centralized approach, such as establishing a global Center of excellence, can help unify and strengthen a pricing strategy across markets. This structure enables greater oversight, alignment, and capability-building while still allowing flexibility for local teams to adapt pricing at the customer, product, and deal levels.

Global leaders benefit from standardized pricing processes and the ability to attract specialized talent, such as data scientists, to drive analytics-led decisions. At the same time, regional pricing teams continue to play a critical role by translating global strategy into tailored local execution.

EXHIBIT 5

Difference India vs Global: Strategic pricing decisions are made more often on a local/regional level compared to global benchmarks

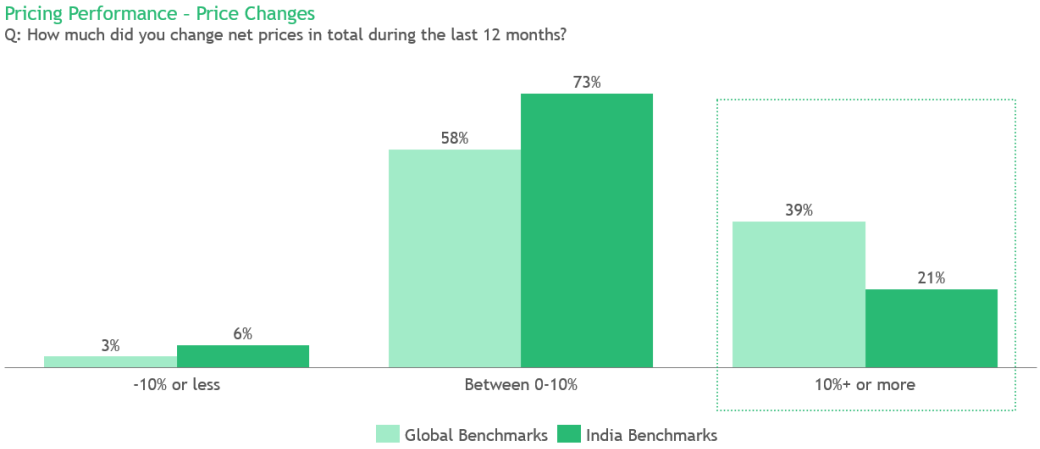


Source: BCG PMA Survey IG India (2024), n=81; BCG PMA survey 2021.

While not the only contributor, the implementation of a more globally aligned pricing organization has been one of the key success factors of our global industrial goods benchmarks. Those results indicate that, compared with India, **pricing leaders with global pricing units in place have achieved net price increases of up to 10% or more over the past 12 months.**

EXHIBIT 6

Difference India vs Global: Larger net price increases reported by global pricing leaders with centralized setup vs Indian players



Source: BCG PMA Survey IG India (2024), n=81; BCG PMA survey 2021.

4. What Indian Industrial Goods Players Can Learn from Their More Pricing-Mature Peers

When comparing pricing leaders with less-advanced organizations, our benchmarks reveal a clear evolution in the tools being used. Companies that are still early in their pricing journey tend to rely on manual tools, often built in Excel. These tools are limited in functionality and difficult to scale and typically lack connectivity with other business systems.

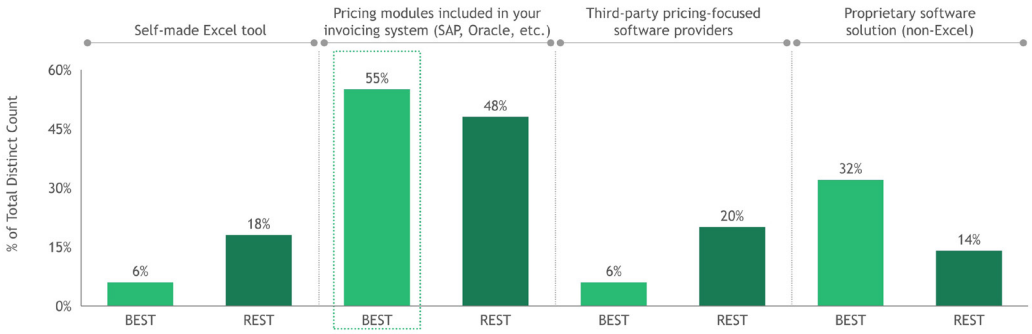
In contrast, **more mature organizations are moving toward advanced pricing software that supports structured, data-driven decision-making. These platforms are designed to generate highly targeted, customer-specific pricing by drawing on a broader set of inputs and rules.** A key advantage of these systems is their ability to support automated data integration with transactional systems, including invoicing. This enables real-time visibility into actual net prices at the invoice level, allowing companies to track performance more accurately and respond more effectively to pricing leakage.

Such systems also provide pricing teams with timely insights, helping them refine strategies, improve compliance, and align pricing decisions with evolving market dynamics. This shift marks a fundamental step in building a more sophisticated, responsive pricing capability

EXHIBIT 7

Learnings of mature pricers: Advanced pricing software in place to provide real-time customer x product-specific prices

Data, Tools & AI - Software Used
Q: Which type of primary pricing software do you use?



Source: BCG PMA Survey IG India (2024), n=81.

One of the defining characteristics of mature pricing organizations is the availability of centralized and easily accessible data. Our benchmarks show that **pricing leaders have established robust data infrastructures that allow teams to retrieve all required information from a single platform or repository.**

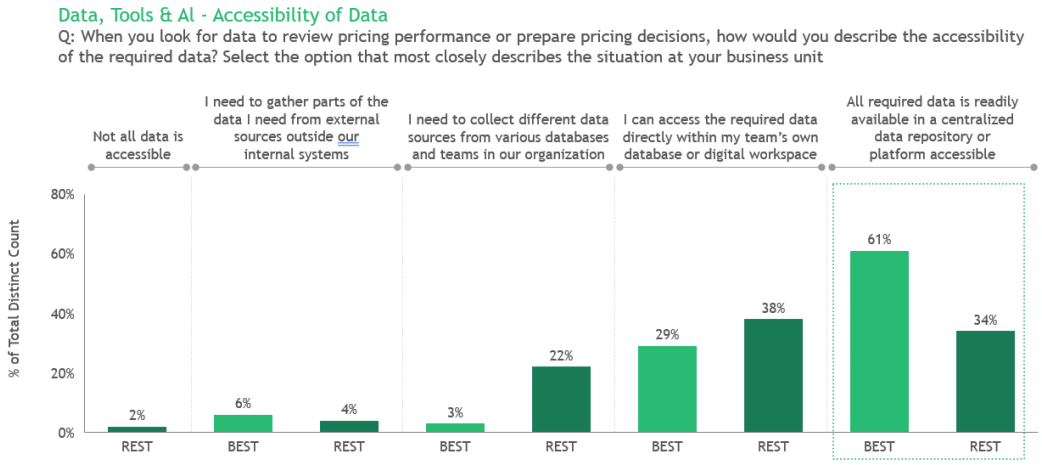
Among the most advanced organizations, 61% report that all necessary data for pricing performance reviews and decision-making is readily accessible within a centralized system. This contrasts sharply with less-mature organizations, where only 34% report the same level of accessibility.

In less-developed setups, pricing teams often face fragmented data environments. More than one third of these organizations need to access information from local, team-specific systems, and another 22% must manually compile data from multiple internal sources. A small portion still depend on external data sources or lack access entirely.

The ability to access accurate and timely data from a unified source significantly enhances a team's agility, precision, and confidence in pricing decisions. It also reduces inefficiencies, improves coordination across functions, and sets a foundation for advanced analytics and performance tracking. This reinforces the importance of investing in centralized digital infrastructure as a key enabler of pricing excellence.

EXHIBIT 8

Learnings of mature pricers: Having a centralized and well accessible data repository in place



Source: BCG PMA Survey IG India (2024), n=81.

Summary

As pricing takes on greater strategic importance in India's industrial goods sector, many companies are still relying on outdated approaches. While awareness and C-suite involvement have increased, most of our national benchmarks show that industrial goods companies continue to use basic list pricing with limited segmentation, missing opportunities to capture value.

Our global benchmarks show that centralized pricing structures, supported by advanced tools and specialized talent, drive stronger outcomes. Indian pricing leaders are beginning to follow suit, adopting data-enabled systems and building more-capable pricing teams.

To succeed in a post-inflation market where growth is harder to achieve, companies must move from reactive pricing to proactive strategy. This means investing in the right pricing models, digital infrastructure, and organizational designs in order to turn pricing into a true source of competitive advantage.

About the Authors

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