REPUBLIC OF TURKEY
ISTANBUL GELISIM UNIVERSITY
INSTITUTE OF GRADUATE STUDIES

Department of Business Administration

EFFECTS OF PRICING STRATEGIES ON CUSTOMER RETENTION:

A CASESTUDY OF SHOPRITE NIGERIA

Master Thesis

Pascal Idika MBEY

Supervisor

Assoc. Prof. Dr. Sezer Cihan GÜNAYDIN

Istanbul – 2022

THESIS INTRODUCTION FORM

Name and Surname	Pascal Idika MBEY
Language of the Thesis	English
Name of the Thesis	Effects of Pricing Strategies on Customer retention: A Case Study of ShopRite Nigeria
Institute	Istanbul Gelisim University Institute of Graduate Studies
Department	Business Administration
Thesis Type	Master
Date of the Thesis	10.12.2021
Page Number	79
Thesis Supervisor	Assoc. Prof. Dr. Sezer Cihan GÜNAYDIN
Index Terms	Customer Retention, Everyday Low Pricing, Competition Based Pricing, Value-Based Pricing

Turkish Abstract

Bu araştırma, fiyatlandırma stratejileri ile müşteriyi elde tutmanın bir belirleyicisi olan müşteri satın alma arasındaki ilişkiyi keşfetmeyi ve keşfetmeyi amaçlamıştır. ShopRite Nijerya, bu araştırmanın Vaka Çalışmasıydı.

Spesifik olarak, araştırma: (i) rekabete dayalı fiyatlandırma stratejisinin ShopRite Nijerya'nın müşteriyi elde tutması üzerindeki etkilerini araştırmayı amaçladı. (ii)

Gündelik Düşük Fiyatlandırma stratejilerinin müşteriyi elde tutma üzerindeki etkilerini keşfedin. (iii) Değere Dayalı Fiyatlandırma stratejilerinin Shoprite Nijerya'nın müşteriyi elde tutma üzerindeki etkilerini belirleyin.

Bu çalışma sırasında analiz edilen veriler, Likert Ölçekli yapılandırılmış anketler kullanılarak Nijerya'daki çeşitli eyaletlerde Yüz Elli (150) katılımcıdan elde edilmiştir. Niteliksel veriler aynı zamanda çeşitli kitaplardan, ShopRite'ın mali raporlarından ve İşletme alanında uzman kişiler tarafından usulüne uygun olarak atıfta bulunulan analizlerden elde edildi. Veri analizi, tanımlayıcı istatistikler ve regresyon analizi kullanılarak yapıldı.

Bu çalışmanın sonuçları ve bulguların analizi, araştırılan tüm fiyatlandırma stratejilerinin ShopRite Nijerya'nın müşteriyi elde tutma üzerinde güçlü bir etkisi olduğunu göstermektedir.

Çalışma, ShopRite Nijerya'nın incelenen fiyatlandırma stratejilerinden yararlanmaya ve keşfetmeye devam etmesini ve Nijerya hükümetinin ShopRite ve diğerleri gibi büyük işletmelerin hayatta kalması ve gelişmesi için elverişli bir ortam yaratması gerektiğini önermektedir.

Distribution List

1. To the Institute of Graduate Studies of Istanbul Gelisim University
2. To the National Thesis Center of YÖK (Higher Education Council)

Signature

Pascal Idika MBEY

REPUBLIC OF TURKEY
ISTANBUL GELISIM UNIVERSITY
INSTITUTE OF GRADUATE STUDIES

Department of Business Administration

EFFECTS OF PRICING STRATEGIES ON CUSTOMER RETENTION:
A CASESTUDY OF SHOPRITE NIGERIA

Master Thesis

Pascal Idika MBEY

Supervisor

Assoc. Prof. Dr. Sezer Cihan GÜNAYDIN

Istanbul – 2022

DECLARATION

I hereby declare that in the preparation of this thesis, scientific ethical rules have been followed, the works of other persons have been referenced in accordance with the scientific norms if used, there is no falsification in the used data, any part of the thesis has not been submitted to this university or any other university as another thesis.

Pascal Idika MBEY

…/…/2022

TO ISTANBUL GELISIM UNIVERSITY
THE DIRECTORATE OF INSTITUTE OF GRADUATE STUDIES

The thesis study of Pascal Idika MBEY titled as Effects of Pricing Strategies on Customer Retention: A Case study of Shoprite Nigeria. has been accepted as MASTER THESIS in the department of Business Administration by our jury.

	Signature
Director	
	Assoc. Prof. Dr. Sezer Cihan GÜNAYDIN
	(Supervisor)
	Signature
Member	
	Prof. Dr. Evren AYRANCI
	Signature
Member	
	Asst. Prof. Dr. Mustafa ASLAN

APPROVAL
I approve that the signatures above signatures belong to the aforementioned faculty members.
... / ... / 2022

Signature
Prof. Dr. Izzet GÜMÜŞ
Director of the Institute

ABSTRACT

This research sought to explore and discover the relationship between pricing strategies and customer purchase, which is a determinant of customer retention. ShopRite Nigeria was the Case Study of this research.

In specific terms, the research sought to: (i) investigate the effects of competition-based pricing strategy on the customer retention of ShopRite Nigeria. (ii) Discover the effects of Everyday Low Pricing strategies on customer retention. (iii) Determine the effects of Value-Based Pricing strategies on customer retention of Shoprite Nigeria.

The data analyzed in the course of this study were sourced from One hundred and Fifty (150) respondents across several states in Nigeria using Likert Scale structured questionnaires. Qualitative data was also sourced from several books, ShopRite's financial reports, and analysis by experts in the field of Business Administration, all duly referenced. Data analysis was carried out using descriptive statistics and regression analysis.

The results of this study and the analysis of findings shows that all pricing strategies investigated have a strong influence on the customer retention of ShopRite Nigeria.

The study recommends the ShopRite Nigeria should continue to leverage and explore the pricing strategies studied, and Nigerian government should create an enabling environment for major businesses like ShopRite and others to survive and thrive.

Key Words: Customer Retention, Everyday Low Pricing, Competition Based Pricing, Value-Based Pricing.

ÖZET

Bu araştırma, fiyatlandırma stratejileri ile müşteriyi elde tutmanın bir belirleyicisi olan müşteri satın alma arasındaki ilişkiyi keşfetmeyi ve keşfetmeyi amaçlamıştır. ShopRite Nijerya, bu araştırmanın Vaka Çalışmasıydı.

Spesifik olarak, araştırma: (i) rekabete dayalı fiyatlandırma stratejisinin ShopRite Nijerya'nın müşteriyi elde tutması üzerindeki etkilerini araştırmayı amaçladı. (ii) Gündelik Düşük Fiyatlandırma stratejilerinin müşteriyi elde tutma üzerindeki etkilerini keşfedin. (iii) Değere Dayalı Fiyatlandırma stratejilerinin Shoprite Nijerya'nın müşteriyi elde tutma üzerindeki etkilerini belirleyin.

Bu çalışma sırasında analiz edilen veriler, Likert Ölçekli yapılandırılmış anketler kullanılarak Nijerya'daki çeşitli eyaletlerde Yüz Elli (150) katılımcıdan elde edilmiştir. Niteliksel veriler aynı zamanda çeşitli kitaplardan, ShopRite'ın mali raporlarından ve İşletme alanında uzman kişiler tarafından usulüne uygun olarak atıfta bulunulan analizlerden elde edildi. Veri analizi, tanımlayıcı istatistikler ve regresyon analizi kullanılarak yapıldı.

Bu çalışmanın sonuçları ve bulguların analizi, araştırılan tüm fiyatlandırma stratejilerinin ShopRite Nijerya'nın müşteriyi elde tutma üzerinde güçlü bir etkisi olduğunu göstermektedir.

Çalışma, ShopRite Nijerya'nın incelenen fiyatlandırma stratejilerinden yararlanmaya ve keşfetmeye devam etmesini ve Nijerya hükümetinin ShopRite ve diğerleri gibi büyük işletmelerin hayatta kalması ve gelişmesi için elverişli bir ortam yaratması gerektiğini önermektedir.

Anahtar Kelimeler: Müşteriyi Elde Tutma, Günlük Düşük Fiyatlandırma, Rekabete Dayalı Fiyatlandırma, Değere Dayalı Fiyatlandırma.

TABLE OF CONTENTS

CHAPTER ONE
INTRODUCTION

CHAPTER TWO
REVIEW OF CONCEPTS AND THEORETICAL BACKGROUND

CHAPTER THREE
RESEARCH METHODOLOGY

CHAPTER FOUR
DATA ANALYSIS AND RESULTS

CHAPTER FIVE
SUMMARY, CONCLUSION, AND RECOMMENDATIONS

LIST OF TABLES

LIST OF FIGURES

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The world is currently facing one of the most diverse and competitive periods in human history. Across society, disciplines, and industries, there is a striving to rise above competition and succeed at what others fail.

This situation stands especially true for businesses across the world, seeing a rise and fall, depending on their ability to chart a clear direction and manage their systems properly. As Utaka (2008) rightly puts it, businesses that cannot manage their performance and ensure business stability will jeopardize their practices.

As businesses strive to survive and perform up to expectations amid the uncertainties, many weapons lie in the armory of business owners to battle through the storm. One of such weaponry is the pricing strategy that they create for their products and services. Prices of goods and services have a massive impact on the perception of such product, the patronage levels, and an organization's ability to meet their bottom line. Hence, every business management should focus on their pricing strategy and work hard to achieve the right pricing strategy for their business.

As business experts continue to explore the variables that influence the success and performance of a business and product, the realization that pricing is a vital variable continues to broaden. Businesses are becoming aware that pricing strategies have an impact on their performance. This reality is beckoned upon by the improved state of the customers. As the world becomes more educated, technologically savvy, and information-rich, customers now know what they want, what it is worth to them, and how much they are willing to spend to get such a product or service.

While first-world countries reached this position many years ago, developing countries like Nigeria are fast achieving the realization, thanks to the global spread of the internet, online shopping, and e-commerce. Nigerians are now more aware of how to get information about a product from several sources. Therefore, Kotler & Armstrong (2011) posit that it companies, especially those in the field of manufacturing should get it right with their pricing strategies.

The business owner or manager has the primary duty of selecting a worthy pricing objective and the strategy associated with such objective. In this regard, assigning prices to products is a tactical activity, because these prices will affect the way customers perceive a company's product, and what purchase decision they make (Agwu, 2014).

Pricing is a vital component in a business plan, which is found in a marketing plan as one of many components (Rao &Kartono, 2009).

Agwu and Carter (2014) also state that of all the four Ps in the famous marketing plan, price is the component that generates the income, because it supports a value exchange between the buyer and seller, which other components don't.

Price can be defined as the amount a customer pays to get a product. It is also the total value (financial or otherwise) that customers exchanges to ensure that they use or have a service or product (Bearden, Ingram &Lafforge, 2014).

Kelly &Willam, (2014) go further to explain that price is the worth placed on a good or service, resulting from a collation of costs, a perception of customer values, and adequate research.

On a business level, the aim of every product pricing is to cover the materials, production, work, and all overhead costs involved in making a product. It also includes the window for adequate profit making to support business growth and organizational stability (Nikoomaram&Jafari, 2011).

In the view of Kotler, Armstong& Tait (2010), price is the sum of value a customer exchanges for the benefits associated with a certain product or service. It is correct to define pricing as the value a customer must provide to enjoy the value of a product or service they desire.

Seeing how important pricing is to every business and organization, the exploration of pricing strategies is pertinent for an all-round view of the context we are investigating.

If indeed, like Kelly &Willam (2014) opine, effective pricing is the harvest after product distribution, development, and promotion, then the strategies guiding pricing cannot be overlooked by organizations.

Deciding product prices is a tactical activity that goes hand-in-glove with the business objectives and financial goals. A company’s business plan will also affect the decision on what pricing strategy to employ.

In the words of Bilton and Nreick (2012), a pricing technique also focuses on the potential clients and works to negate contenders.

Roth (2007) also notes that many organizations explore market segmentation strategies because it helps to distinguish their products from competing brands and products. Despite this desire, companies still need to attribute prices that suit the product's nature and all other marketing strategies.

Ultimately, the price of a product will shape a customer's opinion about the product, and also affect their willingness or unwillingness to make a purchase decision.

It is evident that several pricing strategies have varying effects and impacts on customers and their level of patronage for a business. Hence, one cannot choose a random pricing strategy without considering the market situation at hand.

Several businesses, especially supermarkets often thread the line of unique pricing strategies like Competition-based pricing strategies, which Liozu&Hinterhuber (2012) define as a system in which organizations use relevant information about competitor's price and behavioral levels to determine their pricing levels within the company. This method implies that a business owner will conduct research about the price schemes and levels of competing businesses and brands, and then make a pricing decision that places his goods and services at a more consumer-friendly price than the competition.

Every Day Low Prices, on the other hand, is a pricing strategy that entails businesses promising customers consistently low prices for specific or all products at anytime they make a purchase. With such a strategy, an organization sets a low price and sticks to that price, provided production costs remain the same.

According to findings from a study published by the Stanford Global School of Business, it is risky for business owners to price their businesses based on competitive pricing, and supported more consistent pricing strategies like Everyday Low Pricing. Customers also favored retailers that offer cheaper products on every day shopping.

Nigeria, which is the focus of this research, is largely described as a poor country owing to findings from the human development index (UNDP, 2017).

With such a nation where most of the citizens are low-income earners, everyday low pricing is a more affordable and likely option for shoppers who are interested in saving money on every purchase.

Seeing as not much research exists to consider how customers react to these pricing strategies, this study will lay a foundation for other researches in this field.

Another consideration is the effect these pricing strategies have on the Customer Retention of businesses that employ them. When you determine what pricing strategy influence customers positively, businesses can work hard to maintain their sales performance using this method.

If a company has poor Customer Retention, suffice to say that their organization performance will be in the red. They will probably not have enough funds to pay their staff, manage the next production, and attend to other financial needs.

Beyond Shoprite Nigeria, many businesses in Nigeria need the best pricing strategies to survive in the large and diverse business population. The Nigerian business market has a world of potentials for businesses that can work things out with their marketing strategies and pricing strategies.

Amid the fast-evolving market environment, Shoprite Nigeria is seeing a drop in sales and earnings. In 2020, the South Africa-owned supermarket chain, which is Africa's biggest supermarket, began to consider pulling out of Nigeria over poor revenue generation. The company has had several profitable years in the past, and so it is essential to see how much their pricing strategies might affect the poor sales at the time, and if something other than the pricing strategies might contribute to the current sales issues.

So far, several studies discuss how effective pricing strategies have been in the Customer Retention of their companies. This research will ride on that body of work to explore business sustainability based on sales strategies.

1.2 Statement of Research Problem

Before now, the market forces were determined by the companies and manufacturers for several reasons, including the absence of stiff competition, consumer limited choices, and other factors. But what we see now is a situation where the customer is king and call the shots in the sales transaction. The customer decides what goods and services to be produced based on their needs, and also has a long list of options to choose from, since many competing brands exist.

Amid this new reality, companies must get their pricing strategies, among other things right to ensure that customers will be interested in patronizing them.

Shoprite Nigeria is one of the major supermarkets in Nigeria that caters to the shopping needs of nearly 200 million citizens.

After 15 years of operations in Nigeria as of 2020, South Africa's retail store 'Shoprite' Shoprite Nigeria is seeing a drop in sales and earnings. In 2020, the South Africa-owned supermarket chain, which is Africa's biggest supermarket began to consider pulling out of Nigeria over poor revenue generation.

Shoprite recorded a sales decline of 1.4% in the Nigerian market in 2020. According to the H2 financial results released by the company, Shoprite Nigeria also lost 8.1% of sales in the second quarter of 2019. The company reported that the closure of shops and a reduction in customer count within this period led to a difficult period for the company. The supermarket chain is also facing inflation surges induced by the currency battle going on in Nigeria.

As the company strives to make up sales or exit the country, it is imperative that they increase sales so that they can earn enough profit to remain in the country. According to the Shoprite operational and voluntary trading for the year (ending June 28, 2020), the company is actively considering leaving Nigeria. Although their financial statement shows a rising sales performance in South Africa, the same is not the case in Nigeria and other non-South African countries.

Seeing as the customer purchasing decision directly affects the success or failure of a company, Shoprite needs to achieve high patronage from its Nigerian customers.

Shoprite currently operates several pricing strategies, which include Everyday Low pricing strategy, and Competition-based pricing strategy. Regardless of these strategies, the supermarket chain is groaning over the loss of patronage and poor sales.

Seeing as previous studies have been unable to determine the relationship between Shoprite's pricing strategies and its Customer Retention, this research looks to discover how these pricing strategies affect the customer purchase for Shoprite. The study will determine if the retail company is exploring the right pricing strategies, if the customers are responding positively to these strategies, and whether changes need to be made for better performance.

1.3 Objectives of the Study

The purpose of this research is to discover the effects of several pricing strategies on the Customer Retention of Shoprite Nigeria. Individually, the objectives of this study include the following.

1. To investigate the effects of Competition-Based Pricing on Customer Retention of Shoprite Nigeria.
2. To discover the effects of Everyday Low Pricing Strategies on Customer Retention
3. To find out what level of effect Value-Based Pricing has on ShopRite's Customer Retention

1.4 Research Questions

This study aims to answer the following questions through thorough research and analysis.

I. How does Competition-based Pricing effect Customer Retention?

II. What effect does Everyday Low Pricing effect Customer Retention?

III. What significant effect does the adoption of value-based pricing have on ShopRite's Customer Retention?

1.5 Research Hypotheses

This study aims to test the following hypothesis

Hypothesis 1

H1: Competition-based Pricing has a significant effect on sales vol Customer Retention.

Hypothesis 2

H1: Everyday Low Pricing strategy has a significant effect on Customer Retention

Hypothesis 3

H1: Value-based pricing has a significant effect on Customer Retention

1.6 Significance of the Study

Findings from this research will serve as a guide to help Shoprite Nigeria understand how customers relate to their pricing strategies. The study is significant in the area of letting Shoprite know how important pricing strategy is to increase sales, and what strategies attract customers the most.

The responses and data collated will also help the business holding to understand what changes they should make to their current operations in terms of sales. It will give an insight of what the customer, who is king, favors about their pricing operations, and what needs more work.

After compiling findings from the study, manufacturing companies, supermarkets, and other businesses will have a guide to help them understand what pricing strategies to employ for the best sales and profitable results. They will realize the advantages and disadvantages of the pricing strategies described here, and how customers relate to them.

The general public will also get a better and broader understanding of pricing strategies to inform their decisions and understand why certain companies employ one strategy or the other. At every time, consumer education is of prime importance. This study will further educate customers on pricing as a marketing strategy, and how they can explore it for their own benefits.

Finally, regulatory bodies and the government of Nigeria will understand the role they should play in ensuring that the pricing tactics of businesses don't exploit customers beyond the bounds of reasoning.

1.7 Scope of the Study

This study will investigate the Effects of Pricing Strategies on Customer Retention with a Case study of ShopRite Nigeria. To this aim, the target population is Nigerian customers across several states of the country who patronize Shoprite Nigeria.

Respondents from this population will be studied using the purposive sampling method, to get response from people who patronize Shoprite Nigeria often.

1.8 Limitations to the Study

This study might face limitations arising from a perceived unwillingness of some respondents to answer questions correctly and honestly.

The duration of this research might also limit the researcher's ability to cover a wide range of respondents for the research. Due to the diverse population of the Nigerian society, the researcher will only select a given number from the general population, so some ideas, opinions, and experiences will not be sampled.

1.9 Operationalization of the Research Topic

This research features dependent and independent variables. Based on the research topic, the dependent variable is Customer Retention (CR), and the independent volume is Pricing Strategies (PS).

Y= dependent variable

X= independent variable

F= function

Y= F(X)

Upon substitution of the values of X and Y, we have the following

X= Pricing strategies (PS)

Y= Customer Retention (CR)

So, CR=F(PS)

Further explaining both variables, and based on the research hypothesis, we have three independent variables (X)

Thus, SV=Y

Y= Customer Retention

Here, X= Pricing strategies

X1= Competition-based Pricing

X2= Everyday Low Pricing

X3= Value-based Pricing

The above indices and variables will be represented in the course of this study.

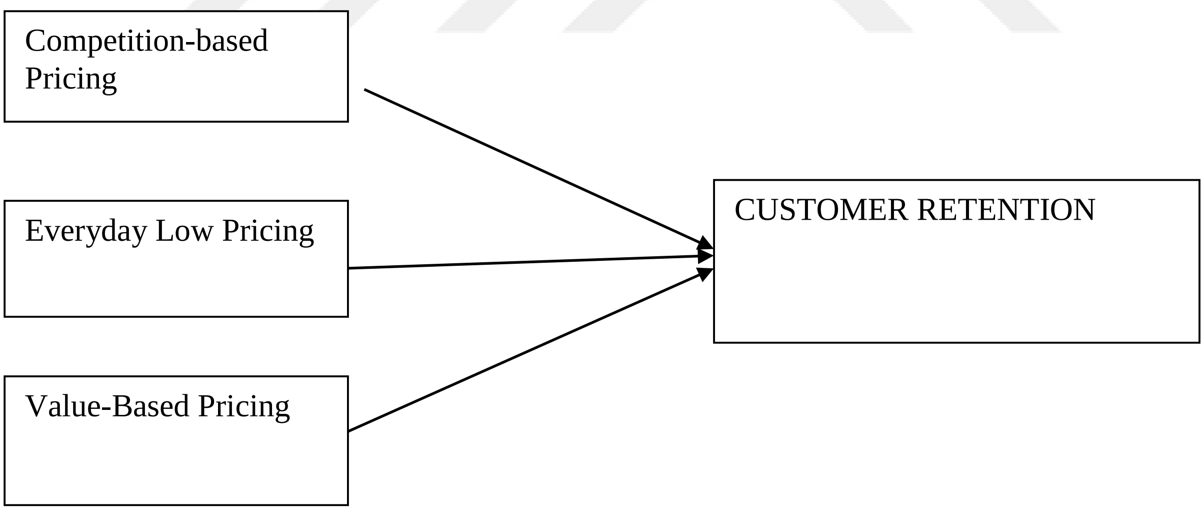


Figure 1: Researcher's Model

1.10 Definition of Terms

CONSUMER: A consumer is a person who purchases goods or products and services for final consumption (Ibidunni, 2012).

CUSTOMER RETENTION: According to Naver& Slater (2000), customer retention covers the actions companies take to reduce customer defection numbers

CONSUMER BEHAVIOUR: Refers to the way people, groups or organizations form processes to select, obtain, use, and dispose of products, services, ideas, or experiences, to satisfy their needs (Perner, 2016).

CONSUMER-BASED PRICING: Liozu&Hinterhuber (2012) define competition-based pricing as the use of vital information concerning a competitor's pricing system to determine the pricing levels to be operated by an organization.

EVERYDAY LOW PRICING: This is a pricing strategy in which organizations offer customers low consecutively prices on goods and services, without the need to wait for sales event or price. (Allbusiness.com 2017)

MARKETING MIX: Marketing mix is a group of variables that an organization can explore to influence buyers' responses. (Kotler& Armstrong, 2010)

PRICE: Price refers to the amount of money charged for services or products. It entails the total amount of values customers exchange to enjoy the benefits of using a product or services (Kotler and Armstrong, 2010).

STRATEGY: According to Tregoe (1980), Strategy a guiding framework for the choices that an organization makes regarding its nature and direction.

SALES PERFORMANCE: Sales performance refers to the practice of guiding and monitoring organization personnel to boost their ability to sell goods or services to customers (Naver& Slater 2000)

SERVICES: Services are economic activities one party offers another. Most commonly, it employs time-based performances to produce desired results in recipients or in other assets or objects that purchasers have responsibility over (Kelly & William, 2014).

CHAPTER TWO

LITERATURE REVIEW

This chapter will review, define, explain, and express the researcher's opinion of several bodies of work, related literature, and materials related to the discourse of this project. The chapter will study the opinions and viewpoints of several authors as seen in textbooks, journals, and other materials gotten from online and offline sources.

These materials will help the researcher to establish and in-depth study of the research topic. This chapter will contain a conceptual framework, theoretical analysis, empirical framework, and a study of materials containing information relevant to the study on pricing strategies on Customer Retention.

2.1 Conceptual Framework

2.1.1 Pricing as a concept

Price refers to the values a consumer spends to gain a service, product, and the related benefits.

Pricing refers practice of understanding the value or worth of a product or service being marketed, and setting a price according to the value of such an item.

On the part of a company, pricing comprises the offering of discounts, adjustment of rates, volume, or time, as seen necessary.

Pricing Strategies have attracted attention, especially as it relates to several variables, especially sales performance of an organization. Hinterhuber and Liozu (2014) opine that pricing of goods and services influences the profitability level and the liquidity that firms experience.

Similarly, Avlonitis and Indounas (2006) opine that pricing is a powerful force in attracting attention and increasing sales, and that it can also have a major influence on customer loyalty which will in turn determine a firm's ability generate revenues and boost long-term profitability.

Companies that do not handle their prices will lose control over them, which will affect their profitability since there is a fading willingness on the part of customers to pay a higher price.

Price is a crucial element in the marketing mix, but many marketers find it tricky to handle. When placing a price on a product or service, marketing managers ought to consider the necessary cost, product demand, and the willingness of a customer to pay for the product. They should also consider how much competitors charge for similar or complementing products.

The price of a product can affect its demand, as well as a company's profitability. Whatever price a company attaches to their products will go a long way to affect it marketability. For products that are easy to obtain in the market, the prices are often flexible. The amount sold changes based on the changes in price of the goods.

To keep a particular product attractive to customers, a company should keep their price affordable, make profit, and satisfy the needs of their customers.

2.2 The Importance of Pricing on Product

Pricing is a strong force in a customer's decision-making process, and clients explore pricing when buying an item or paying for a service. Companies must decide on how much their customers will pay for their items and services.

Here are some widely accepted importance of pricing.

2.2.1 Pricing determines the sales volume

This first importance of pricing is the focus of this project. Many scholars and financial experts have drawn a strong relationship between pricing and an increase or decrease in sales volume. Over time, we see a direct relationship between a change in price and a customer's purchase habit. When companies expand their prices, it could result in the reduction of sales volume. However, what happens is that it supports you to increase your aggregate profit, while reducing your sales volume. On the other hand, reducing your prices can increase overall profit from a lot of sales.

As we proceed in this study, we will ascertain to what extent some pricing strategies can affect customer patronage, which reflects in a company's sales volume. It is importers that marketers study the reaction from the market before making changes to their prices and pricing strategies.

2.2.2 Pricing determines the Profit margins

A product's price impacts its total profit. While assigning a higher price to a product will give you a higher profit per units, higher prices often reduce the consumer retention, which can reduce overall profit.

So, when a marketing manager chooses to influence their pricing in the form of an increase or a reduction, they are changing the trajectory of their profit margins.

2.2.3 Pricing determines a product's position in the market

The price of a product or products belonging to a firm affects the way some clients view that business, its products, and the marketing managers. A product's price can influence its quality, image, or position in the market.

For instance, if products are higher in price, some customers will infer that the product has a higher quality than other brands in the same line. This inference will create a good image for your product, especially for people who love to opt for expensive brands.

On the other hand, some customers seek lower-priced products to fit their budget, while expecting to get a quality that fits their budget.

Business administrators can offer markdowns, sales deals, and refunds to spur other buyers to purchase. Introduce fleeting offers that give customers an opportunity to get a product as a deal, even though the original product would be out of their price range.

2.2.4 Pricing determines a product’s Market share

Companies can gain a higher market share with the perfect pricing strategies. When an organization sells its products at a cheaper rate for a short while, they gain customers and market share from other competing brands.

After customers build brand confidence, loyalty, and trust, the organization can raise prices slightly without getting a negative reaction. That way, they maintain market share and make more profit at the same time.

2.3 Pricing Objectives

Every firm should decide on what objectives guide their pricing, as this helps in determining the price of the product. To decide on the best pricing strategies to employ, an organization must first understand the attributes of that product, and the nature of the market.

Pricing objectives should be made with the financial goals and business ideas all under consideration. A firm's business plan should also guide all pricing objective and strategies to ensure that they complement and support each other.

For instance, if an organization's business goal is to have the highest market share, such an organization will consider pricing strategies like leadership pricing. When economic situations are unstable and poor, a firm's objective might be to retain the current market situation, recover from losses, or simply ensure business survival.

If a business seeks to improve product production, the goal will be to achieve overall boost in revenue, so that they can afford the raw materials used in the production process.

It is imperative to understand that a pricing objective chosen today can be changed tomorrow if market factors change. As businesses evolve and their goals change, it becomes necessary to change pricing objectives till they become more appropriate to meet the organization needs at the time.

Here are some main pricing objectives for organizations across several industries.

2.3.1 To stabilize prices

Many industries have price stabilization as a pricing strategy, especially in markets where the price often fluctuates, and a market leader exists. Although this price leader in the market is a force to be reckoned with, price leadership doesn't mean that you set a fixed price for all other brands in the market. Price leadership is relevant because there is often a frequent relationship between the prices of leading products and the prices of other firms. Suffice to say that businesses study the prices of competitors when setting their prices.

2.3.2 To achieve target return on investment

Organizations build a price structure with a target in mind. Meeting this target ensures that the organization gets enough return on the funds directed in the production of these products, and also yield enough revenue for the entire organization.

Many firms that maintain short period operations aim towards this objective. They set a mark-up on sales, knowing full well that the percentage added to the cost price will cover the production cost. It will also cover the amount of profit the organization wants to make at that period.

2.3.3 Profit Maximization

Many organizations have profit-making as the primary objective of their pricing strategy. Companies often succeed in their goal to maximize profit when there is a shortage of such a product in the market. The high demand supports their increased price and provides the profit they need. However, many people see this as intent to monopolize and profit at the expense of the public.

2.3.4 To beat competition

Some organizations go all out to compete and beat their competition by reducing their pricing. This leader-based pricing objective helps some organizations to become market leaders by pricing their products less than that of all competitors. This way, they become the market leaders that everyone else should follow in terms of pricing and patronage.

2.4 Pricing Strategies

Pricing strategies refer to decisions concerning setting initial prices for products and services, and adopting new prices influenced by challenges or opportunities. The simple purpose of a pricing strategy is to decide upon a favorable price that ensures an organization sells as much units of a product as possible, while maximizing profit.

Pricing strategies are important in situations where the nature of demand is inconsistent and uncertain and only organizations with mastery of strategies can make profit. Pricing strategies are also essential when there are mixed customers with varying buying behaviors and purchasing power.

Every organization has several pricing strategies that they can explore and implement, depending on their goals, objectives, and other similar influences. A firm first ought to have a pricing objective, as discussed above, before having one or more pricing strategies that they employ.

If a firm defines their pricing objective correctly, they will find it easy to price their products at all times. Naturally, certain pricing strategies go along with some pricing objectives. If a pricing objective and the pricing strategy are in opposition, then the firm cannot achieve their sales goals.

It is expedient to then go back to the drawing board to select a pricing objective that leads to the appropriate strategies.

2.4.1 Cost-oriented pricing strategy

Cost based-pricing strategy entails fixing prices solely based on data from the production process and its cost. Such pricing strategy does not examine a customer's willingness or ability to pay that amount of money for such a product.

Cost oriented pricing can be achieved with either of two methods, which are the full cost pricing and cost-plus method.

Full cost pricing entails all fixed and variable costs in the production process, alongside a profit margin.

Cost plus pricing or markup pricing includes only direct or variable costs that are measurable into its unit cost. After this, you add a margin that serves as an addition to overheads and a profit. Many firms tend towards cost-based pricing because they find it easy to budget and calculate. It also offers an opportunity to cover costs and achieve prices that are relatively stable.

However, cost plus pricing has its disadvantages because it doesn't consider the value of a product or service to a consumer or the demand for that product.

2.4.2 Competition-based or Market-parity pricing

Market parity pricing is a system whereby a price is set based on the price of rival products or brands. This competitive pricing comes in handy for homogenous markets and a pricing system targeted at survival or maintaining a position.

2.4.3 Product bundle pricing

Product bundle pricing is the process of assembling several products under one package so that the customer doesn't have to look for these products and buy them separately.

This pricing strategy is explored when purchasing a group of products that go together. Seasonal items or complimentary items work well with the product bundle pricing. When customers purchase the items they need, they then buy extra products under bundle pricing.

The advantage of this pricing strategy is that an organization can sell of overloads or unpopular but complementary products. It will entail including multiple products under a single product price.

This pricing strategy affords an organization the opportunity to boost income, maximize sales processes, or help to sell products that have lasted long on the shelves but still remained unsold.

2.4.4 Premium pricing

The premium pricing strategy complies with the sales of unique products that have high quality and the sellers only make a few available. In such situations, the seller will add a premium or expensive cost to the product to create a standard that extravagant buyers will love to keep up with.

Companies benefit from this pricing strategy because they use these high prices to make up for other products that are sold with little to no profit. The premium price allows a company to generate a wide profit margin on every item in that sales category. Customers will also be attracted to the firm because they see it as a firm that they can trust to deliver qualitative products.

Companies can use the premium pricing alongside leadership pricing or overall revenue amplification objectives. The premium price is perfect for situations where the firm's aim to generate and maximize profit.

2.4.5 Price skimming

Price skimming is a strategy that firms use when introducing new products, especially those with few competitors. When entering the market, this pricing strategy focuses on attaining profit and profit margin.

However, over time, the price be reduced as other competing brands enter the market and begin to compete. While the product stays in the market without competition, companies can make increased profits, revenue, and sales margins.

Customers won't have an option in this situation because there are no other firms to compete with. They have no option but to buy the product from the firm that has it on sale.

However, firms must be careful, because sometimes, the price of a product might be so high that the customers decide to give up on it totally, even without competitors.

Using this pricing policy, many companies make their price high and then offer a lot of promotions.

2.4.6 Product line pricing

When an organization sells a range of complementary products, these products can be put together to show an increase in value.

Product pricing strategy encourages a customer to buy several products in the same line at a more expensive rate. However, the purchase will seem reasonable and valuable when compared with buying all products individually.

If a customer goes into a shopping mall; Shoprite, for example, a stand might have cream, roll-on, and body spray because they are all cosmetics, so they are complimentary. The vendor might choose to sell these products separately, or place them in a single pack or box and sell them at a price which is slightly cheaper than what the buyer will spend when purchasing individual products.

Organizations that opt for the product line pricing strategy will consider the cost of different products, their features, and the cost of other competing products, They will then set a price line that favorably incorporates all these features.

The best time for a firm to use the product line pricing is when they want to improve the purchase of a particular product that many customers have not been buying. It is also a great idea with the pricing objective or profit maximization.

Many customers will be positively inclined towards purchasing products that come in a group, especially because they are complementary, and would prove useful.

2.4.7 Value-based pricing

This pricing strategy hinges on an organization's interest and ability to find out how much value their product offers customers. When they realize what emotional, practical, and economic benefits their products offer customers, they set a price based on that value they offer.

The Value based approach places a price based on the benefits and significance of a product to its consumer. They could consider factors like the lifespan and long-term value of that product, alongside production cost, before fixing a price for the product.

2.4.8 Leader pricing

Leader pricing, also called Loss leader pricing, is a Promotional Pricing system in which businesses set lowest prices for their products. They set this price either by making zero profit or even run at a loss with the aim to attract more customers to buy a product.

Several companies use leader pricing to sell a new product, which saves their advertisement and other marketing costs. Other companies use this strategy to clear their inventory through creating higher demands and making better sales.

Most times, companies increase the prices of other products to make up from the loss incurred by selling this product, as customers are most likely to purchase other products on their shopping trip.

2.4.9 Everyday low pricing

Every Day Low Pricing is a pricing strategy used by firms that promise customers consistently low prices on a range of products without a sales event going on. Firms using this pricing strategy set low prices and maintain them over a long time, provided product costs remain the same.

Several marketing studies show that customers are more content with everyday low prices than wild price swings. Customers can ensure that products will be affordable at any time, without waiting for sales to be ongoing.

Customers also won't have to spend time comparing prices of different stores to seek the best deal, because everyday low pricing promises consistent prices to their customers.

Businesses also benefit from this pricing because they can make trustworthy sales forecast based on constant patronage.

Companies that operate this pricing strategy spend less on advertising or promoting singular items because the stable low price is a natural marketer for the company.

2.5 Influences on Pricing Decisions

Pricing decisions are very difficult because many factors influence them, whether internally or externally. These factors ensure that a marketing manager will not only focus on the production cost and a margin. Here are some other factors that influence pricing decisions.

2.5.1 An organization's aims and objectives

Most often than not, an organization aims to maximize market share, beat competition, and maximize profit.

2.5.2. The level of competition

The organization must consider the number of worthy competitors in the market, how much they sell their products, and how both products and offerings differ

2.5.3 The product nature and features

An organization needs to answer questions about the current rate of a product's lifestyle, as well as the roles it plays in a portfolio. Is the product new or existing? Can the product act as a loss leader or a cash cow for other products?

2.5.4 Product value to the consumer

No matter how much an organization spends in producing, packaging, and distributing a product, the value that product holds before a consumer is what will affect its pricing most. If a customer finds a product useless, you cannot sell it to them at any price.

2.5.5 Importance of price to the consumer

While value is the overall decision maker or breaker for many persons, some customers see the price as a crucial consideration as it concerns purchasing a product. They will likely put price over ease of supply or value, to an extent.

2.6 Considerations Pertaining to Demand and Supply

A marketer should consider the level of demand for a product in the market. How many companies are meeting the demand?

It is important to also consider whether a change in price will affect the demand, and how much wave an existing product is already making in the market.

2.6.1 Operational cost

Every organization spends money to ensure that it continues to exist and perform all its functions. The marketing manager must be aware of how much it costs to run an organization, especially as it concerns activities like product manufacturing and marketing.

Other costs include rent or accommodation, staff salaries, and non-essential purchases.

2.6.2 Economic factors

A marketing manager should study the economic factors and find out how it affects the purchasing power of a customer. It will tell whether or not a customer can purchase the goods or services.

2.6.3 Environmental influence

Developments like technological advancements, government regulations, or digitalization will have effects on an organization's pricing decisions.

2.6.4 Distribution factors

An organization's marketer must find out how the distribution channel works, what it costs to go through the distribution process, and how much a long or short distribution channel will affect a product's final price. If the distribution channel is short, it is expected that the additional cost will be less. But a longer distribution channel will add a higher margin to the product price.

2.7 Identifying Pricing Constraints

When setting the price for a product, marketers often face several constraints that they should assess and attend to before going forward with creating a valuable pricing plan.

First, they should consider the cost associated with producing and marketing the product. They should also consider how new the product is to the market, and what kind of demand it gets. The class of such product and its brand details should also be considered.

It is also import to specify whether it is a single product being priced, or an entire product line. Also, changing times and changing prices are normal, a marketer should factor these realities, but they will often get ahead of the marketer and cause an organization to work on a new strategy. A Competitive Market can definitely go the extra to frustrate pricing and its activities.

Regardless of a marketer's expertise, when some of these things occur, there is no other choice but to return to the board and creating a new strategy as much as we can.

2.8 Customers' Perception of Price

Customers exchange something of value, which is money or price to purchase a product that they equally find valuable. They gain the satisfaction or benefits of using the product they purchased, which makes the exchange worthwhile.

An informed buyer-oriented pricing system should reflect how much value a person places on a product and its benefits. The pricing system will then be in line with the way a buyer values the benefits he/she derives from using that product.

A customer can tell for himself whether or not a price is too high or low, so marketing managers and companies should beware to avoid setting a price that is in opposition to what a consumer perceives as worthy and relevant.

According to Gecti (2014), a price can play a positive or negative role in the buying behavior of a consumer. If a price affects a customer's buying behavior negatively, it has played a negative role. On the other hand, a price that positively affects a buyer's decision has played a positive role.

2.8.1 Dimensions of customers' perception of price

Gecti (2014) discussed the dimensions of consumer perception, and enumerated them as seven. We will consider these dimensions below.

2.8.1.1 Price-Quality Association

The relationship between the price of a product and what a consumer perceives to be the quality is what allows them to evaluate a product and its value to them. Some other variables like purchase frequency, product price level, and purchase-related risks also come under the price-quality association. If a buyer is informed and experienced about products, prices, and values, they are less likely to be cajoled or moved around by interference to their price-quality interactions.

2.8.1.2 Price consciousness

Price consciousness refers to the degree to which a consumer focuses on the price of a product with the aim of paying only low prices on goods and services.

Customers might be seeking low prices because they believe the product isn't worth much, or because of negative financial conditions.

2.8.1.3 Prestige sensitivity

Several customers are prestige sensitive. These persons are likely to buy expensive products whether or not they need these products. Their reason for buying them hinge on the fact that other people will treat them in high regard because of the price they paid to acquire such an item. In Nigeria, for example, many of the youths use iPhones, not because they leverage the devices for anything special, but because iPhone users are seen as societal positives.

On the other hand, some customers think that low prices infer low quality, so they will always purchase goods that are above the minimum price they have set in their head for themselves. You can hardly do anything to convince such a customer to purchase low-priced goods because it would mean compromising his status and need for quality.

2.8.1.4 Value consciousness

Many customers are conscious of the value and quality they get for the price they pay. If a customer is concerned about how much they spend on a product, they will most likely want to ensure that they got the proper value for their price. Based on value consciousness, the quality received should be proportional to the price paid.

2.8.1.5 Price Mavenism

Price Mavenism refers to a situation where a person has a lot of information about prices of different product types and knows where to purchase the cheapest goods. Then, the person engages in discussions with customers seeking information, gives them price information for different markets and products.

Price perception might get affected because of a person who builds a database of information for goods and their prices so that they can tell it to others. Their perception then affects these persons.

2.8.1.6 Sale Proneness

Sale proneness refers to the tendency of a customer to respond to a sales offer because the product nature, timing, and sales form all align.

Some products are sold off fast because they are on sales in a form that attracts customers to purchase. Buy One, Get One Free (BOGOF) is a strategy that signifies sales proneness of a product. So when certain indices are at play, some products become more sale prone than they currently are.

2.8.1.7 Coupon Proneness

Similar to BOGOF, coupons offer discounted prices on some products that customers buy. These discounts stimulate several customers to respond positively to an organization or product.

A customer who is coupon prone has a high tendency to respond positively to a purchase offer because of a coupon that makes the process possible. The thought that they can get coupons to cut off some percentage of the total expense is too good for many customers to miss out on.

2.8.1.8 Pricing policies

Pricing policy is a practice or policy that guides the creation of retail or wholesale prices for a company's goods and services. These pricing policies help an organization or company to set values for its products.

2.9 Factors to Consider In Setting Pricing Policies

2.9.1 Evaluate the market in search of competition

An organization should always check whether new or existing products are competing with theirs. Find out how customer interacts with your product and other competing products to know the kind of relationship that exists there. You will also learn if it is necessary to upgrade your product features, adjust pricing, or offer incentives.

2.9.2 Investigate Product availability and pricing

A marketing manager should find out whether his product has the right pricing based on availability or demand. Many customers think that a cheap product is an inferior one, and good quality must be expensive. Organizations should try to balance your pricing with your product quality.

2.9.3 Monitor market forces and competition pricing

The market is as dynamic as one can imagine, so these forces should be monitored to understand the times where customers have changed their buying habits based on these market forces.

2.9.4 Study other price points

When you enter a new market with your product, it is expedient to find out the features of that product. Also, companies can improve on benefits for customers to spur their interest.

2.10 Sales Performance

Sales refer to the process of offering goods and services to customers who give money or other valuable resources in exchange. A seller is the one who performs a sales transaction with a customer and finalizes it at the end after the necessary payment is made.

Sales performance refers to the outcome of a sales process. Measuring sales performance determines how well or poor a company or product's sales outcome turn out.

Any firm interested in monitoring their sales process will leverage a type of sales performance evaluation to find out their successes and failures.

Sales performance management encompasses the processes and practices a firm carries out, including monitoring, assessing, and guiding sales personnel towards ensuring that they sell as much products as possible.

Sales performance management is a comprehensive solution that supports an organization in driving sales through strategizing and execution that improves accuracy, efficiency, and timeliness in sales processes.

The purpose of sales performance management is to ensure that every action of the organization and its marketers are geared towards driving sales and making profit.

2.12 Indicators of Sales Performance

Several indices or indicators exist to help an organization measure their sales performance. They include market share, sales volume, and customer retention.

2.11.1 Customer retention

Customer retention refers to the number of customer relationships that a brand establishes with its customers, which ensures that these customers will patronize the brand for a long time. Simply put, customer retention is seen in the case where a satisfied customer continues returning with more business because they feel important and have the right communication with a business or company.

According to Anderson & Sullivan (1993), customer retention is an assessment of the quality of a product or service a business provides to measure the level of loyalty of its customers.

When a business has high customer retention, their customers always return to purchase goods and use services from that organization without patronizing any other business, no matter what changes. They have moved from the state of non-use or one-off transactions to dedicated consumers.

It is the goal of every organization to increase customer retention and reduce the way customers move to other organizations. Achieving customer retention starts at the first instance when a brand and a customer have an encounter, and continues for as long as possible, probably even a lifetime.

A profitable business is one that successfully attracts new customers, satisfies them, and retains them and their patronage. Most businesses need to make premium services available to their consumers so that they can be satisfied. This is because when a consumer is not satisfied, he will move to another company and reduce the organization' s customer retention rate. It is important that a company or business builds to a positive reputation with the customers to retain them.

2.11.1.1 Framework and strategies of Customer retention

According to Berry and Parasuraman, (1991), there are three strategies for retaining customers. They include best practices strategies recommended by specialists, conceptual strategies based on existing theories, and pragmatic strategies observed from other companies.

Existing theories are lessons learned from services and industrial marketing, as well as business-to-business marketing perspectives. According to the service marketing perspective, customer retention is a consequence of quality service perceived by the customer as well as customer satisfaction (Zeithaml and Bitner, 1996).

It is important for a service provider to focus on closing the gap between the expectation of customers and the delivery of quality service to meet their expectations, in alignment with a cause-and-effect model.

According to survey of service providers, Payne and Frow (1999) provided a four-step framework, as (i) segmenting the customer base and determining segment value (ii) breaking the market structure, (iii) identifying segments' service needs (iv) implementing segmented service strategy.

Payne and Fox opine that the framework helps firm budget appropriately for various segments of customers based on a projected lifetime stability.

According to Turnbull and Wilson (1989), businesses ought to protect their stable customer relationships using both social and structural bonds. Turnbull and Wilson define social bonds as positive interpersonal relationships that exist amongst employees within a buyer and seller organization. They define that structural bonds are created on joint investments that cannot be retrieved at the end of a relationship. Structural bonds create value for customers by saving the organization the cost of making new investment, new training, or working with a new supplier. While not all customers would rather engage in long-term relationships with businesses and organizations, some others prefer long-term relationships, and they are willing to spend more and make prompt payments.

According to Reichheld (1996) long-serving employees help to recruit the best customers, retain them, and they do this by producing products and services with the best value, which also leads to customer referrals. This is why firms always need to search for initiatives that offer more value than their competitors. For many firms, attractive pricing strategies is that initiative that helps them keep their customers faithful to their brands and services.

When customers feel that they are getting the best value for their money, they are more likely to stay with a company and patronize the company's products and services.

2.11.1.2 Importance of Customer Retention

Customer retention is a very profitable and cost-effective strategy that is also very relevant in today's business world. Bearing in mind the principle that 80% of a company's sales come from 20% of its clients and customers, good customer retention is important for every organization. As a result, every little reduction in the rate of customer defection rate amounts to a massively positive effect on business profitability.

Organizations that have high customer retention also experience faster customer growth. However, a firm can only retain customers when it offers them the right motivation that breeds loyalty and makes them resist engaging with the competition. The promises and expectations of a business must be met for customer satisfaction to continue being high.

The organization needs to be able to understand the expectations of customers and meet or even exceed those expectations. Dealing with issues as they occur is also key to success when it comes to customer retention.

When a company loses customers, it causes an enormous loss that most businesses don't know how to manage. It is also costlier to get new customers than it does to retain existing ones and sell new products and services to them. A small increase in a company's customer retention can amount to a massage increase in the company's profits.

Many businesses make the mistake of alienating their customers by offering poor customer service or making their products inaccessible or of low quality. It is tactical and technical to retain customers, and it does not happen in a vacuum. Companies need to invest time, make effort, and even spend money to make it work.

In the end, the goal of customer retention is to establish and maintain long term relationship with customers so that the company and the customers can have a mutually beneficial relationship.

2.11.2 Market Share

Market share refers to the portion of a market that a brand or product commands. It measures the extent to which customers prefer a product over a competing one. Market share is a major determinant of a profitable business. A higher market share means there is an acceptance by customers and an increase in sales.

The organization or brand that has the highest market share is the market leader. The market leader also stands to gain a lot more than other brands in the market if there is an expansion.

Market Share can be classified into revenue market share or unit market share. The unit market share calculates the market share based on the units of products sold by an organization, compared to the units sold in the entire market.

On the other hand, revenue market share calculates the revenue made from the sales of these products. So, it calculates how much was made from the unit market share and calculates it side by side the total market sales revenue.

2.11.3 Sales Volume

Sales volume refers to the number of product units sold in a period under study. Investors often monitor these figures when they are considering putting money into the company or handing a contract with them.

A business can also choose to monitor a sales volume along different levels, including product and product line, customer, business subsidiary, or a specific sales region.

The findings from monitoring sales volume can be used for several things, including deciding whether a product is doing well enough in the market, and whether more investments is necessary.

Sales volume stands equal to the quantity of products an organization sells in a quarter, year, or whatever specific period is under study.

2.12 Theoretical Framework

This literature review section looks at the pricing theories that are relevant to this study. It gives a theoretical background that explains the reasons organizations choose several pricing strategies, and how they relate to consumer behavior. This study will consider the price theory in economics, gaming theory, and consumer theory.

2.12.1 Price theory in Economics

Price theory aims to explain the rationale behind economic activities, especially the manufacturing and transfer of products and services across several stakeholders in an economic transaction.

The price theory, also called the theory of price states that the price of any good or service depends on the relationship between its demand and supply. The theory holds that the point where the benefit a buyer gains from purchasing a product meets the financial value the seller makes for giving it out, both parties have reached optimal market price. If there is no value on both sides, things are not optimal.

The price theory uses the concept of demand and supply to designate prices for goods and services with the aim of achieving equilibrium. This equilibrium is reached when the quantity of product or service provided matches the market demand. This theory also makes room for adjustment of product price as market conditions undergo change.

2.12.1.1 Relationship between demand and supply in Price Theory

Demand refers to the desire of a market for goods and products, whether tangible or otherwise. Demand is subject to change owing to several factors like the perception of a market towards an item, the availability of an improved version of a product, or whether the market ceases to need such a product.

Supply implies how many products and services a market can make available, whether tangible or intangible. In most cases, supply is limited and finite, because there is always a restriction to the number of products or services available at a time.

Under-price theory, an equilibrium is reached when the number of items available in the market (supply) are purchased on consumed by customers of that market.

Sometimes, if the price of a product is too high, excess supply occurs because customers will be unable to purchase such products.

On the other hand, demand might overshadow the supply in situations where the price is too low and the customers can afford to buy too many units than the market can supply.

The main purpose of price theory is to calculate and reach equilibrium by investigating and setting a price that brings demand and supply close to equilibrium.

2.12.1.2 Limitations to the theory

Sometimes, the quality of a product, and not the price, can influence its demand and supply. For instance, some customers are more interested in the qualitative value of a product and will not mind whether the price is high or low, but will still make their demands. In such cases, price ceases to be the driving force or the middle point between a product's demand and supply.

2.13 Game Pricing Theory

The game pricing theory is hinged on a group of tools that help to predict the outcomes of a interactions between a group of agents in situations where a single agent's actions affects other agents' payoff.

Game theory observes decision making based on interactions, and according to two main assumptions. One underlying option in this theory is that each player in the market acts based on personal and self-interest. They are also rational in their actions and interactions. Each player looks to maximize their payoff from every transaction.

The second underlying option is that players always consider what could be the probable reactions of other players before choosing a strategy or action plan.

In a business environment, game theory posits that businesses always make strategic choices that will promote their profits and ensure economic gain. They predict the likely reactions from the customers when engaging in behaviors like price-setting and adjustments.

Such businesses face dilemmas when they want to decide whether to develop new products, lower their prices in the face of competition, retire some products, or employ new sales and marketing strategies.

2.13.1 Limitation to the theory

The downside to this study is that it assumes that people are always self-interested and rational in their actions, only having an aim to maximize utility. In reality, humans are social beings and often consider the welfare of others. Also, in most cases, players in the social and business environment work towards an equilibrium where all parties have their interests met. This is the perfect situation where customers spend to get the values from a product of their choice, and sellers also get the monetary value that they want.

2.14 Consumer Theory

Consumer theory studies the process in which a rational consumer makes decisions about their consumption. The consumer theory is important because of the assumption that consumers make their purchase decisions based on several factors including their income levels and the prices of products.

The consumer theory studies how people spend their money according to budgetary constraints or personal preferences. According to this theory, the consumer will always choose to patronize or not to patronize an organization based on their income, how much they are willing to spend, and how much a product costs.

It is crucial to understand the method by which consumers operate so that vendors and businessmen can shape their products to fit into the consumers' behavior.

An organization should build a well-rounded understanding of customers' tastes and income because it defines and shapes the general economy.

Consumer theory seeks to predict the purchasing patterns of consumers in light of the following assumptions.

i. People are never satisfied with a single shopping trip, and they are always looking to consume more.
ii. Individuals always calculate their purchase decisions to ensure that they go after only what brings them the most benefit. We can call this utility maximization.
iii. Consumers tend to lose interest in a product as they consume more of it.

Consumer theory holds some advantages, especially for businessmen and organizations because it affects the relationship between the price of its product and the level of demand for that product. It also influences the overall shape of the economy.

Knowing that consumer spending makes up a large chunk of every nation's Gross Domestic Product, it is important that people don't cut down on their purchases. If consumers begin to purchase less, the demand for products will fall, companies will experience reduced profits, and the economy will face a downturn.

Across countries and industries, consumer theory is taken seriously because it influences everything beginning from corporate advertising to government policies.

2.14.1 Limitations to the theory

As with every theory, the consumer theory has a few limitations. First of all, consumers don't always act rationally when they make purchase decisions. Humans are also emotional beings and more often than not, they make decisions from an emotional place.

Sometimes, these consumers find it difficult to make informed decisions because they are not familiar with such products or services. In some other cases, the buyer might not pay proper attention to the available product choices when making a decision.

Due to the three assumptions this theory is hinged on, it is difficult to streamline the actual action behind a consumer's buying decision. If you cannot pinpoint a single variable, then the identification process is flawed.

2.15 Empirical Framework

Michael et al. (2012) researched on the relevance of pricing strategies to corporate performance in Nigeria. The researchers used the descriptive research design, as well as secondary methods of data collection. They analyzed data from the research using the regression model.Their findings show that pricing strategies greatly influence the performance of firms, particularly breweries. The study also revealed the extent of relationship that exists between pricing strategies and sales. The chosen sales strategy employed by the researchers had a negative relation to the performance of Nigeria's brewery industry. The researchers recommended that the brewery industry enforce effective cost and discount system, which will attract more customers, provided product quality will on no account be compromised.

Agwu (2014) conducted research on the effect of pricing strategies on the purchase of consumer goods. Agwu explored a historical and descriptive method, and also focused solely on secondary sources of data.According to findings from this research, customers perceive the value reflected in prices of organizations' products. The research also found that competitors' price affects and informs a consumer's purchase decision and purchase. Based on the research findings, the researcher recommended that firms focus on value communication towards their customers through their prices. They should also watch out for competitors' prices and investigate the extent to which such prices affect the purchase of their products.

Olawale and Adekunle (2018) carried out research on the effect of pricing policy on the performance of non-financial firms in Nigeria. The study examined the effect of pricing policy on firm performance in Nigeria based on data sourced from 101 non-financial companies that had listings on the Nigerian Stock Exchange in 2013. The data was gotten from annual reports of such firms and analysed using regression modelling. The findings showed that both cost of sales and company objectives have positive effects on asset returns.

The research also proved that the impact of market demand and availability of a close substitute likewise has a positive effect on return on assets. The findings showed that customer perception, market segment, and the macroeconomic trend are all insignificant, based on statistics. The researchers recommended that an effort be made to cut production costs, so as to maximize profit.

Onyeaghala, Danladi, and Amadi (2019) carried out research on pricing strategy as a factor for sales performance of consumable goods in Taraba State, Nigeria. The researchers used the survey design method for data collection and had thirty-two staff of six enterprises dealing in consumable goods as their population of study. They used purposive sampling methods in selecting relevant enterprises.

At the end of this research, findings showed that cost-plus pricing strategy has no influence on sales performance of consumable goods. Results also showed that mark-up strategy had no effect on sales performance. Only competitors pricing strategy had a measurable effect on sales performance of consumer goods. The researchers recommended that sellers of consumable goods should pay more attention to competitor-oriented pricing, because it has positive influence on sales performance of consumer goods.

La'aitu (1998) conducted a study on The Effect of Pricing on the Consumption of Pharmaceutical Products in Nigeria, with the Ahmadu Bello University Teaching Hospital, Zaria, as a case study. Data were collected through the use of primary and secondary sources of information, which included collection of Data from the hospital pharmacy shop, and questionnaires and personal interviews. The study showed that price has little effect on the consumption of Pharmaceutical products. Rather, the study revealed that the availability and quality had more effects on the consumption of pharmaceutical products.

Biobele and Johnny (2014) studied The Effect of Price Harmonization on Profitability of Banks in Cross River State, Nigeria. The researchers evaluated the effects of price harmonization on companies' profitability level to understand if significant differences exist between price discrimination and price harmonization on companies' profit levels. The study explored survey research design to garner responses from 274 respondents across five Commercial Banks in Calabar, the capital city of Cross River State, Nigeria.

The finding revealed that, price harmonization has a significant effect on companies' profitability level. It also showed that a major difference exists between price discrimination and price harmonization as it concerns the profitability of the firms studied. The researchers pointed out that although price discrimination could increase profit in the interim, it gives the organization an image as an exploiter, which causes customers to leave the firm in the long run. They suggested the adoption of price harmonization to boost patronage and trust.

Nyaga (2017) conducted an analysis on the effect of pricing strategies on profitability of insurance companies in Kenya. The researcher used the descriptive research design to study a population of 45 insurance companies. The regression method was used to correlate results, and findings show that skimming pricing, penetration pricing, and premium pricing strategies, have a positive effect on insurance companies' profitability. They also discovered a strong and positive relationship between premium and price optimization strategies, and penetration and profitability.

The researchers recommend that insurance companies should assess the most effective pricing strategies that can reduce production cost. When they cut down production cost, they can maximize profit.

Ciu, Yang and Chou (2016) assessed the impact of price promotion strategies on the sales performance of manufacturers. The researchers used secondary data to carry out the research objectives. The researchers sourced and got complete records and sales data from all incentive policies implemented in 348 distribution sectors between January 1, 2011 and June 30, 2013 according to information stored in the companies' sales database. Findings from the study showed that the intensity of promotion plays a massive role in regulating the relationship between promotion strategies and the sales performance of manufacturers. They also discovered that the rebate strategy that manufacturers employ with distributors can bring in more orders.

Ritz (2013) conducted a study on the effects of pricing on the sales force and a general firm based on a strategic view. The researcher used qualitative & quantitative research methods. The study focused on qualitative interviews to interact with business-to-business (B2B) salespeople and sales managers in different industries. The reason for interviews was to thoroughly examine the nature of misaligned pricing and sales compensation approaches in their business. The study also featured secondary data collection methods, of which sales records were used.

The findings from this research showed that many persons have not paid attention to understanding how a firm’s pricing strategy affects the sales salesperson. The researcher believes that it is a critical factor that influences sales and an overall market program.

Keremati, Ardalan and Ashtiani (2012) conducted research investigating the relationship between the marketing mix and sales performance, with a case study of Iranian steel private companies. The aim of the study was to recognize which marketing mix combination had the most positive effect on improving sales performance levels. The team of researchers used the Survey design method to get and collate responses from top managers and marketing managers in these companies. Findings of this research showed that there is a statistically significant link between the marketing mix and the sales performance of these companies.

Koske (2010) embarked on research to study the effects of the elements of the marketing mix on the sales performance of automotive fuels in the country of Kenya. The researcher used survey design method, got samples of 75 motorists and 45 staff members across 15 selected stations. Koske used systematic sampling in choosing five respondents from each service station to answer research questions and test hypothesis. Findings from this research showed that the four Ps in the marketing mix play a significant role in improving sales performance, specifically amongst the automotive fuel companies in Kenya.

Hinterhuber (2008) researched on the reason companies resist customer value-based pricing strategies. The researcher adopted the survey method and took a sample of 126 marketing managers, account managers, business unit managers, general managers, and pricing managers. All these respondents engaged in in-house pricing workshops that the researcher carried out between 2006 and 2007. The findings from this research proved that several companies resist customer value-based pricing strategies because it causes a difficulty in managing the sales force, market segmentation, and due to an inherent lack of support from higher management levels.

Victor (2014) conducted research on price strategies as a determinant of performance of export companies in Romania. The study specifically focused on price skimming and mark-up pricing. The researcher adopted the cross-sectional design method for the study and used questionnaire as a major instrument of data collection. The study targeted 54 exporting companies in Romanian. Using stratified random sampling, the researcher sampled 22 companies as the focus of this study. The researcher analyzed the data collected using SPSS. At the end of the study, findings show that skimming pricing and mark-up pricing strategy has zero positive effect on export product sales.

Mohsen and Sahar (2015) embarked on research about the Mediating Role of Competitive Strategies in Firm Competencies and Performance within Jeddah, Saudi Arabia. The researchers used a sample of 213 SMEs drawn from a total of 496 registered SMEs in the region. The study hinged on a survey method of data collection from respondents that were chosen from random selection. The researchers used the Chi-square Test of Association to analyze and test the hypothesis for the study. The results showed that the cost-inclusive pricing strategy has no effect on the performance of SMEs. It also doesn't give companies leverage over competitors.

Ndyamukama and Machibya (2015) studied Pricing Strategies And Customer Retention, using Airtel Ltd as a case study. The purpose of the study was to find a correlation between pricing strategies and customer retention.The researchers sourced responses using questionnaires filled by workers of Airtel (T) Ltd who had direct contact with their customers. Findings showed that customers moved to other companies that offered services at a cheaper price.

The study concluded that a positive correlation exists between pricing strategies and customer retention. The researchers recommended that Airtel design new pricing strategies that would attract new customers and keep them faithful to the brand.

Tonai, Milan, and Larentia (2017) studied Pricing Strategies and their impact on corporate profitability. The study tested the impact of organizations' pricing policy on their profitability. The pricing policies explored includes competition-based pricing, customer value-based pricing, and cost-based pricing strategies. The researchers studied 150 companies in the metal and mechanic sector in Northeastern Rio Grande do Sul, in Brazil. The results from the study showed a significant relationship between the profitability of the sampled companies and value-based pricing strategies. The researchers advised the organizations' managers to pay strategic attention to the pricing process, as it has effects that should not be over looked.

CHAPTER THREE

METHODOLOGY

3.1 Research Design

To satisfy the objectives of this dissertation, this study makes use of qualitative research design to identify the relevant variables and their relationships with one another. The researcher will use questionnaires as the research instrument for this study. Other literary materials are also used for fact-finding.

3.2 Sources of Data and Method of Data Collection

The data for this research is primarily gotten from structured questionnaires created and developed by the researcher. Respondents were handed questionnaires which they filled and responded to. The questionnaire consists of two parts; the first part of the questionnaire covers the respondents' demographic information, while the second part contains questions drafted from the research questions that the respondents answered.

The second part of the questionnaire consisted of 5-point Likert scale items seeking to determine the extent to which the respondents agree or disagree to the items selected to study the effect of pricing strategies on Customer Retention.

The answers helped us to find the relationship between the variables in this research.

The secondary source of data was articles, journals, other projects carried out on similar industries and variables.etc

3.3 Population Of Study And Sampling

The study population for this research comprises people who patronize ShopRite across three states in Nigeria, which are Anambra, Delta, and Enugu and have experience of their pricing systems and products. The questionnaires will be distributed to 150 respondents in these three Nigerian states (50 respondents for each state).

The researcher employed the purposive sampling technique to make up the sample for this research. This sampling technique became necessary to ensure that all respondents are familiar with the study in question to avoid invalid questionnaires.

3.4 Validity and Reliability Test of Research Instrument

A research instrument is said to be valid if it is observed to measure to measure well what it is be adopted to measure. Hence validity refers to the extent to which an instrument measures what it intends to measure (Ryanee, 2016).

In testing for the validity of the research instrument, it was observed that item-item questions significantly correlate with total score indicating that the items are correlated. With a 95% confidence level. Based on the output gotten, the significant value obtained by the sig. (2-tailed) of $0.000 < 0.05$, it was concluded that the Q1 -Q14 item are valid being within the threshold of ≤ 0.05.

3.4.1 Reliability test

To ensure that the data gotten from the research is reliable, the data on the research instrument was subjected to analysis with a pilot study that was conducted before the field research to ensure that responses are generated that can be depended upon. So, the researcher will know whether the research instrument was reliable or not. The result obtained is shown below:

Table 1: Reliability Statistics

Reliability Statistics

Cronbach's Alpha	N of Items
.814	14

Given the above table, it is evidently seen that, the reliability of Cronbach's alpha is 0.814. this value falls under the threshold of Cronbach Alpha acceptance. Base on the below table, the reliability of this research is "very reliable" having a Cronbach alpha of 0.814. See interpretation below:

Table 2: Cronbach Alpha Interpretation

Cronbach's Alpha Interpretation

Cronbach's Alpha	**Interpretation**
0,00 – 0,20	Less Reliable
0,21 – 0,40	Rather Reliable
0,41- 0, 60	Quite Reliable
0,61 – 0,80	Reliable
0,81 – 1,00	Very Reliable

METHOD OF DATA ANALYSIS

The researcher explored descriptive and inferential statistics using major analytical tools like simple percentage, frequency distribution, and cumulative frequency and charts. A linear regression analysis was also employed; all with the help of the Statistical Package for Social Scientists (SPSS) 24.0 to test the formulated hypotheses.

All 150 questionnaires were retrieved and analyzed to bring about accurate research findings and conclusions.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

In this section, focus will be placed on the presentation, analysis and interpretation of the data collected for this research work. Consequently, it entails the application of both mathematical and statistical techniques to provide the bases for the research hypothesis. Hence, it is a vital part of any research work, since it forms the basis for recommendation and conclusion at the end of the research.

In order to present a robust investigation and analysis of the study, data was obtained from respondent that filled the questionnaire distributed.

Linear regression analysis was used to calculate the relationship between all variables in the study, as well as examine if the independent variables; everyday low pricing (ELP), Competition-based pricing (CBP), and Value-based pricing (VBP) effect on the model are statistically significant. This was achieved by means of the Statistical Package for Social Sciences (SPSS) 24.0. A total of 150 questionnaires were retrieved and they were all usable. The results obtained is presented below.

4.1 Profile of Respondents

4.1.1 Demographic characteristics of Respondents

In the table below it was observed with respect to the gender respondents that, 48% of the respondents were make, while 52.0% of the research respondents were female. This shows that the respondents were well represented in terms of gender.

A further look at the next table cell in the table shows that 4.7% of the respondents were below 20 years, 58.0% were found to be in the age bracket of 20 – 29 years, with 35.3% to be between 30 – 39 years and, the remaining 2.0% of the population were 50 years and above. Still on the table below it is evidently seen that 10.0% of the research respondents hold a OND/NCE certificate, HND and BSC degree holders comprises of 74.7% of the respondents, while PGD/MSC and PHD degree holders were 13.3% and 1.3 of the respondents respectively, and the remaining 0.7% of the respondents were holding other certificates.

Table 3A: Descriptive Statistics

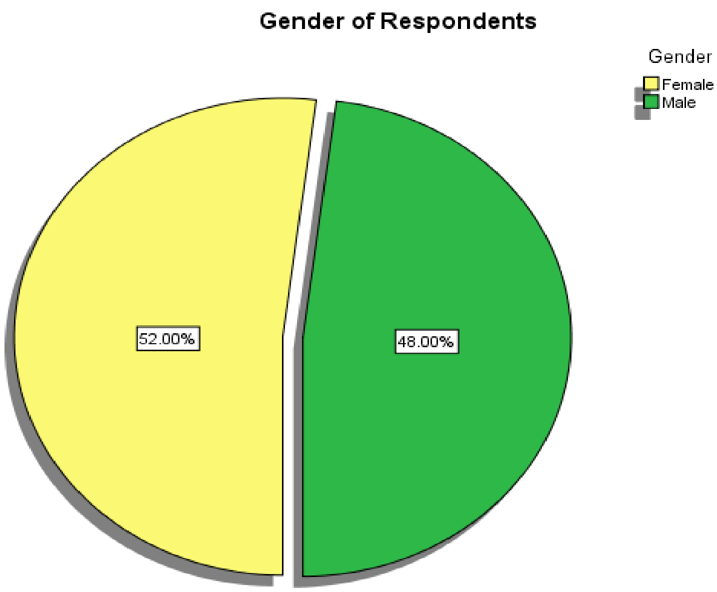
VARIBLES	CATEGORIES	FREQUENCY	PERCENTAGE	Valid Cumulative %
Gender	Male	72	48.0%	48.0
	Female	78	52.0%	100
	Total	150	100.0%	
Age	Below 20 years	7	4.7%	4.7
	20 -29 years	87	58.0%	62.7
	30 - 49 years	53	35.3%	98.0
	50 and above	3	2.0%	100.0
	Total	150	100.0%	
Educational qualification	OND/NCE	15	10.0%	10.0
	HND/BSC	112	74.7%	84.7
	PGD/MSC	20	13.3%	98.0
	PHD	2	1.3%	99.3
	Others	1	.7%	100.0
	Total	150	100.0%	
Marital Status	Single	35	23.3%	23.5
	Married	111	74.0%	98.0
	Divorced	1	.7%	98.7
	prefer not to say	2	1.3%	100.0
	Total	149	99.3%	

	Missing	1 150	.7% 100.0%	

From the last variable on the table which is 'marital status', it is being observed that 23.3% of the respondents were single, 74.0% of them were married, with 0.7% divorced, while 1.3% of the respondents did not share their marital status, 0.7% of them did not respond at all to the question.

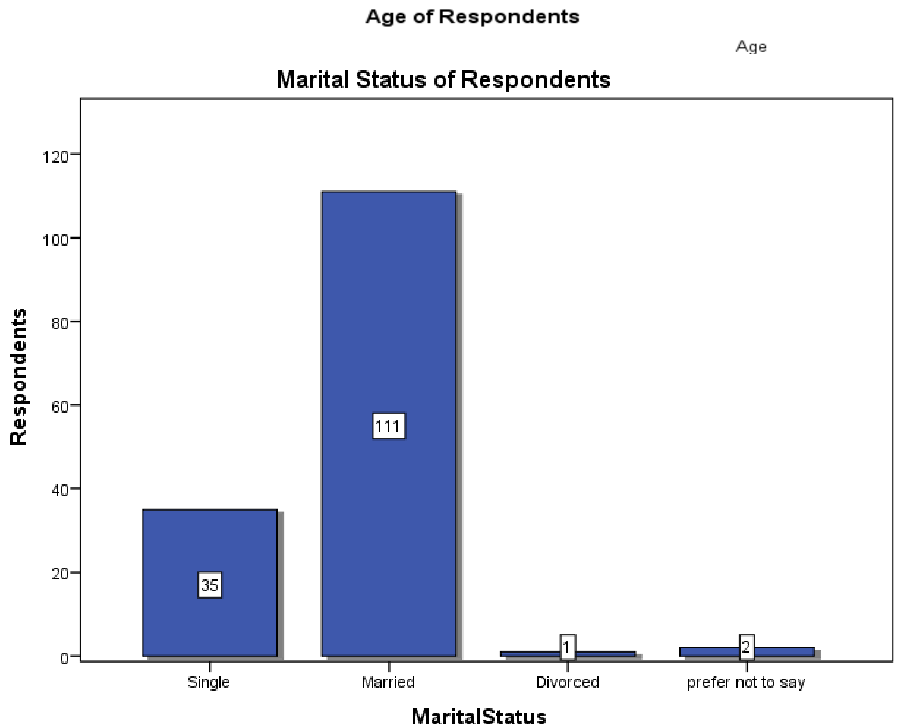
Graphical Illustrations

Figure 2A:



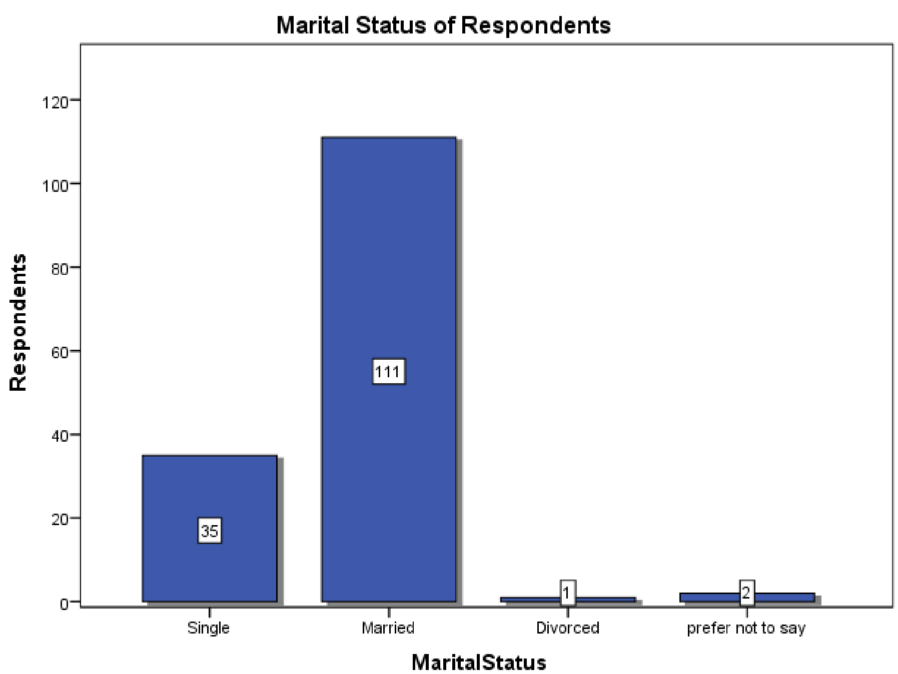
Source: SPSS (Author's Visualization)

Figure 2B:



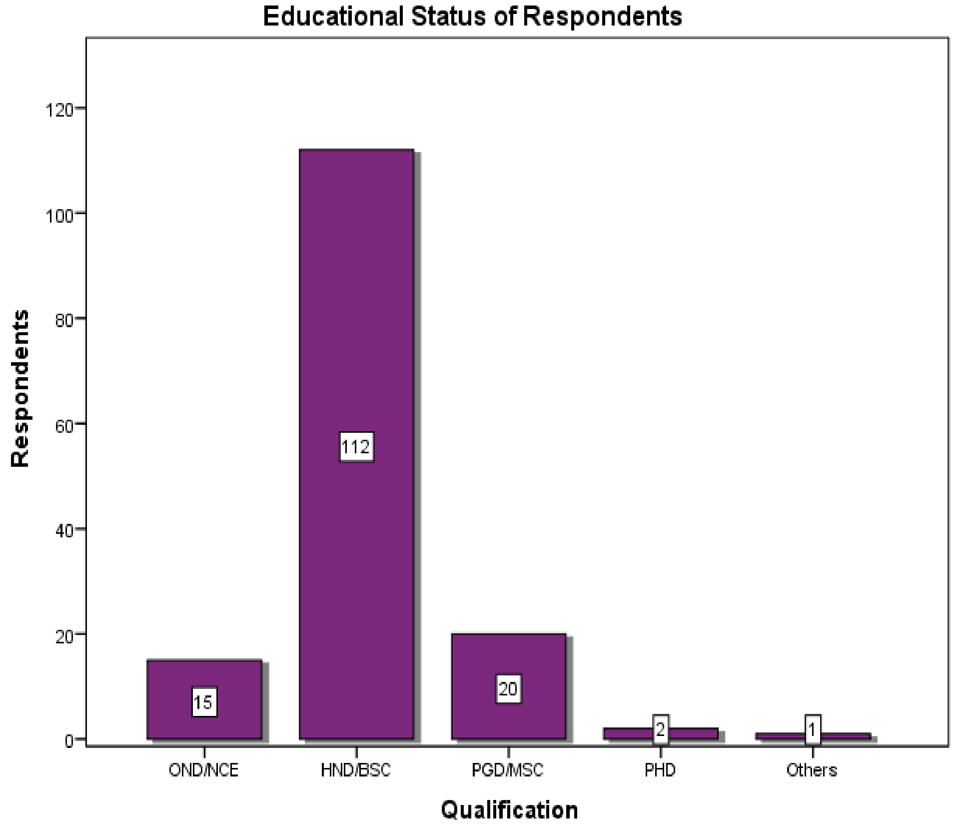
Source: SPSS (Author's Visualization)

Figure 2C:



Source: SPSS (Author's Visualization)

Figure 2D:



Source: SPSS (Author's Visualization)

LINEAR REGRESSION ANALYSIS OUTPUT

Table 4a: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.660[a]	.436	.424	.37494	2.018

a. Predictors: (Constant), VBP, ELP, CBP

b. Dependent Variable: CR

The table above provides a summary of the relationship between the dependent variable (CR) and the independent variable (PS).

R shows simple correction between a dependent and independent variable, and here we have 0.660. R^2 represents a high degree of correlation, and when multiplied by 100 gives the percentage of the variance in the dependent variable that is accounted for in the independent variable. R-squared greater than 0.5 depicts that a model is effective enough to identify relationships between variables. In this case, the R^2 is about 43%, depicting that 43% of the changes in Customer Retention of Shoprite are caused by the different pricing strategies of the supermarket.

- As the name implies the adjusted R-squared is required not to be too far from R-square, and here we have a value of 0.424 which is very good as it is not too different from 0.436. Hence, suitable to suitable for this study.
- The Durbin-Watson statistics ($d = 2.018$) is between two critical values; $1.5 < d < 2.5$. Thus, it is assumed that there is no first-order linear auto-correction in the data.

Table 4b: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.850	3	5.283	37.582	.000[b]
	Residual	20.525	146	.141		
	Total	36.375	149			

a. Dependent Variable: CR

b. Predictors: (Constant), VBP, ELP, CBP

The ANOVA table reports how well a regression equation fits the data, i.e., if the research model is significant. A significant ANOVA results are indicators that a model's predictor variables or in this case variable which is Price strategies predict the outcome variable (SV). As shown in the analysis output, the table reads F-test $(3,146) = 37.582$, $p = 0.000$. since the p-value is less than 0.05. Thus, showing the research model to be a good fit for the data.

Table 4c: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	-.314	.395		-.794	.042	-1.094	.467
	ELP	.304	.077	.269	3.957	.000	.152	.456
	CBP	.431	.112	.277	3.831	.000	.209	.653
	VBP	.459	.088	.350	5.216	.000	.285	.633

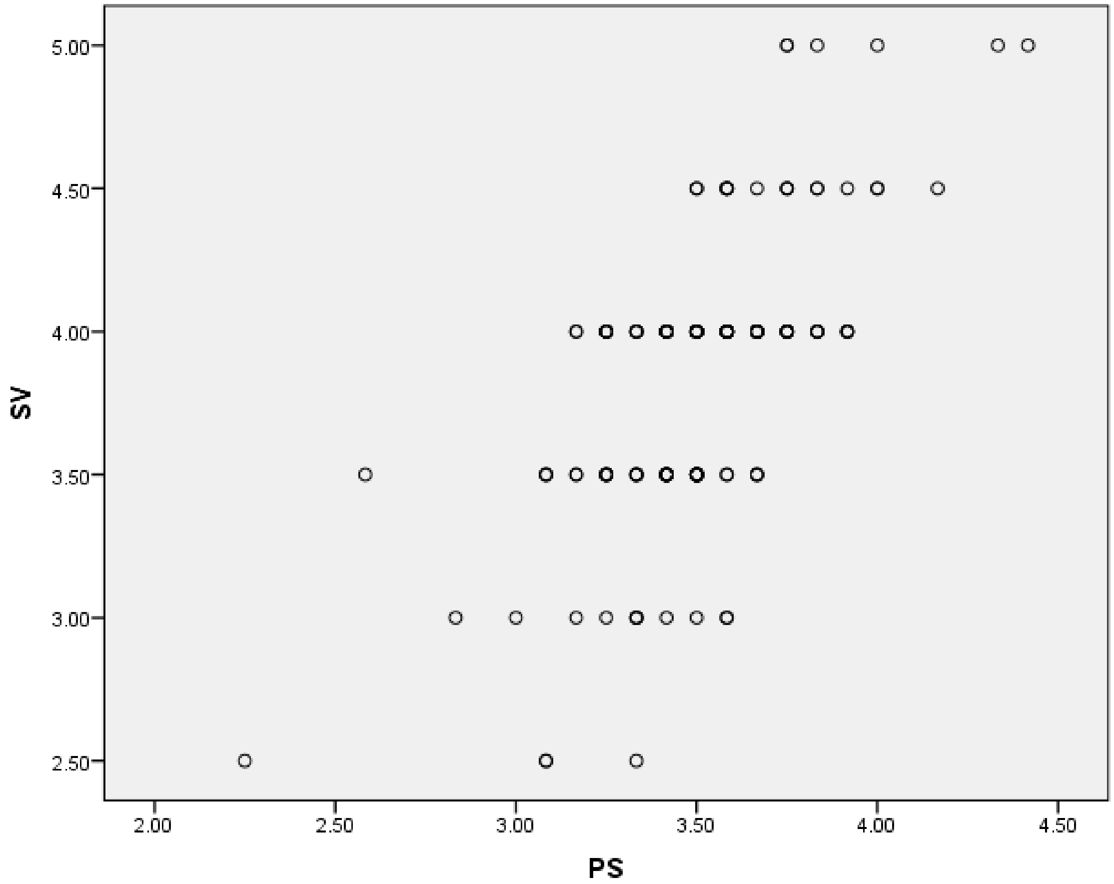
a. Dependent Variable: CR

The coefficient table provides the regression equation for the model, which is necessary information to Customer Retention from pricing strategies. And also, to examine if the independent variables; everyday low pricing (ELP), Competition-based pricing (CBP), and Value-based pricing (VBP) effect on the model are statistically significant. The linear regression examines the test that a coefficient is zero, however, in the coefficients table above, the T-test discloses the intercept (-.314) and the slopes (0.269, 0.277, 0.350) are both statistically significant with a p-value < 0.05, hence they are statistically different from zero

Recall that in a regression line, the intercept defines the value for the dependent variable, when the predictor or explanatory variables equal zero. In this study, the intercept is -.314 denoting that in the absence of no pricing strategies, Shoprite supermarket could lose its customers to its competitors and also possibly run into negative Customer Retention as poor pricing strategy could reduce profit margin for them.

Also seen from the table, Value-based pricing (VBP) has the highest effect (0.350) on the Customer Retention of Shoprite, followed by Competition-based pricing (CBP) and Everyday low pricing (ELP) strategy, which are 0.277 and 0.269 respectively.

Figure 3: Scatter plot for the dependent and independent variables



Given the scatterplot above, we can observe that the plots are clustering in an upward direction, therefore depicting the presence of a strong and positive correction between the dependent variable (CR) and independent variable (PS). Once again, we can recognize the regression line equation and R-squared in the chat box.

TEST OF HYPOTHESIS

Hypothesis 1: Competition-based Pricing has a significant effect on Customer Retention.

Ho: Competition-based Pricing has a significant effect on Customer Retention.

H_1: Competition-based Pricing has no significant effect on Customer Retention.

Table 4d: Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	119.476[a]	40	.000
Likelihood Ratio	78.834	40	.000
Linear-by-Linear Association	39.886	1	.000
N of Valid Cases	150		

a. 45 cells (83.3%) have an expected count less than 5. The minimum expected count is .03.

Chi-square test value 119.476 while p-value = 0.000,

Since p-value is less than 0.05, we reject the null hypothesis H_o and conclude that CBP has a significant effect to Customer Retention.

Hypothesis 2: Everyday Low Pricing strategy has a significant effect on Customer Retention.

Ho: Everyday Pricing Strategy has no significant effect on Customer Retention.

H_1: Everyday Pricing Strategy has a significant effect on Customer Retention.

Table 4e: Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	170.394[a]	55	.000
Likelihood Ratio	73.212	55	.051
Linear-by-Linear Association	28.784	1	.000
N of Valid Cases	150		

a. 64 cells (88.9%) have expected count less than 5. The minimum expected count is .03.

Chi-square test value = 170.394 while p-value is 0.000,

Since p-value is less than 0.05, we reject the null hypothesis (H_o) and accept the alternate hypothesis, and therefore conclude that the Everyday Pricing strategy has a significant effect on Customer Retention.

Hypothesis 3: Value-based pricing has a significant effect on Customer Retention

Ho: Value-based Pricing strategy has a significant effect on Customer Retention

Ho: Value-based Pricing Strategy has no significant effect on Customer Retention

Table 4f: Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	124.257[a]	45	.000
Likelihood Ratio	84.295	45	.000
Linear-by-Linear Association	36.883	1	.000
N of Valid Cases	150		

a. 51 cells (85.0%) have expected count less than 5. The minimum expected count is .03.

Chi-square test value 124.257 while p-value is 0.000,

Since the p-value is less than 0.05 we accept H_1 and deduced that a Value-based Pricing strategy has a significant contribution to Customer Retention.

Table 5a FACTOR ANALYSIS

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.618
Bartlett's Test of Sphericity	Approx. Chi-Square	1116.027
	df	91
	Sig.	.000

From the above table, the KMO which is used to test how suitable a research data is for factor analysis is 0.618 and It is statistically different from zero with p-value < 0.05, this falls under the threshold of acceptability given by Kaiser. Since this KMO is greater than 0.5 it depicts that there is enough variance in the data that can be partitioned using factor analysis. The results of the Exploratory factor analysis are given below in table5b using the 14 items.

Table 5b ITEM BY ITEM EXPLORATORY FACTOR ANALYSIS

S/N	Constructs/Items	Explanatory Factor Analysis (Varimax Roatation)				
		Eigen Value	% of Variance Explained	Cumulative Variance Explained	Cronbach Alpha	Factor loading
1	I purchase products from ShopRite frequently	3.446	24.611	24.611	0.814	.666
2	ShopRite prices are competitive compared to other outlets	2.258	16.125	40.737		.591
3	I purchase products from ShopRite more than other supermarkets	1.821	13.005	53.741		.793
4	ShopRite's low prices entices me to purchase their products	1.303	9.304	63.045		.753
5	ShopRite low prices are constant over a long time frame	1.081	7.724	70.769		.773
6	I would still be loyal to Shoprite even if their prices are not low	.964	6.883	77.652		.454
7	Products that have lower prices will attract faithful customers	.748	5.344	82.997		.716
8	I buy more products from ShopRite because they are more affordable than other supermarkets	.604	4.313	87.309		.551
9	I shop from ShopRite because of their competitive pricing.	.588	4.198	91.507		.535

10	I would stop patronizing ShopRite if their prices become more expensive than others	.474	3.386	94.894		-.955
11	I will continue buying from ShopRite even if their prices are higher than competitors	.344	2.454	97.347		.945
12	I buy more products from ShopRite because their products offer value for the price.	.287	2.051	99.398		.857
13	I still buy goods from ShopRite even when the price changes because of value	.046	.331	99.730		.969
14	I would stop patronizing ShopRite if their prices become more expensive, regardless of the value it offers me	.038	.270	100.000		-.978

Following the greater than one eigen value rule, the 5 extracted are the component with eigen values > 1. This result suggests that we should retain at most 5 variables thus the 14 research items have been reduced to 4 variables as they do a very good job in explaining the relationship between all the components.

The result from the Total variance explained depicts the percent of total variance accounted for by each item. From the above table the first five items with eigen values greater than one has a cumulative variance of 70.769 which is above the 50% threshold, hence depicting that these components are at acceptable level.

The results from the rotated component matrix as summarized in the table section titled, the factor loadings considered meaningful are the ones with values greater than 0.4. with 0.978 in item 14 as the highest value which means that approximately 98% of the variance in item 14 is accounted for and explained in the component we retained.

DISCUSSION OF FINDINGS

From the result obtained, we can conclude that respondents opined that the different pricing strategies (everyday-low pricing, customer-based pricing, and Value-based pricing) are capable of affecting the Customer Retention of ShopRite supermarket. Furthermore, the result from the regression analysis gave substantial evidence that the independent variable (PS) is statistically significant at a 95% confidence interval and as well directly proportional to the dependent variable (CR).

The research tested three (3) hypotheses and all variables were found to have significant effects on the dependent variable. Therefore, to efficiently increase its Customer Retention, ShopRite supermarket will have to boost or refine its pricing strategies.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The study investigated the effect of pricing strategy on the Customer Retention of ShopRite Nigeria Plc.

The researcher employed the survey design and the purposive sampling technique to select 150 respondents from across 3 States in Nigeria, including Anambra, Delta, and Enugu.

A well-drafted and scaled questionnaire developed by the researcher, which was pretested and found to be valid and reliable, was used to collect data from the respondents.

The data obtained through the administration of the questionnaires were analyzed using descriptive statistical (simple percentage, frequency distribution, cumulative frequency, and charts) and regression analysis achieved utilizing the Statistical Package for Social Sciences (SPSS) 24.0.

Summarizing the ANOVA table, at 50 degrees of freedom the test reads; F-test (3,146) = 37.582, p =0.000, and with a p-value less than 0.05, The results from the analysis ascertain the research model to be a good fit for the data. Furthermore, the analysis also proved that a positive and statistical relationship exists between the dependent variable (Customer Retention) and independent variable (Pricing strategies), with a Pearson Correlation coefficient of 0.630 and a p-value is 0.000

Lastly, from the coefficient output in table 4d, the slope and intercept are seen to be statistically different from zero. Given the T-test, the intercept is -.314 and p = 0.025 and the slopes are 0.269, 0.277, 0.350, with p = 0.000, hence provides enough substantial evidence to draw this conclusion that they are both statistically significant as their p-values are less than 0.05. and all three hypotheses tested were supported since all the P (sig) values are below 0.05

The summary of these findings states with substantial evidence that the pricing strategies investigated have a strong influence on the Customer Retention of ShopRite Nigeria. This depicts that a change in the price strategies of ShopRite supermarket will lead to a directly proportional change to the tune of their correlating coefficient on their Customer Retention or performance.

5.2 Conclusion

Pricing is a major determinant of the success of every business, and it is a major tool in the marketing mix. Without appropriate pricing that customers find to be competitive and in line with value, businesses might face low patronage, and eventually go under.

This research has proven that ShopRite Nigeria understands the pricing strategies that are relevant to them, and they have used them well, as all the pricing strategies studied had a significant effect on Customer Retention of ShopRite Nigeria.

5.3 Recommendations

Considering the fact that the company still struggles to break even and make enough sales to keep afloat in Nigeria, the researcher has made the following recommendations.

1. ShopRite Nigeria should continue to leverage and explore the pricing strategies studied above, as they stand to Customer Retention as the economy gradually improves. Sales managers should also look into more marketing strategies that will improve sales above their competitors.
2. The Nigerian government should create an enabling environment for major businesses like ShopRite and others to survive. The government should also consider tax reduction and other policies to support business growth.

REFERENCES

Agwu, E. (2014). A review of the effect of pricing strategies on the purchase of consumer goods. *International Journal of Research in Management, Science and Technology*, 2(2), 88-102.

Agwu, M.E and Carter, A.L. (2014) Mobile phone banking in Nigeria: benefits, problems and prospects. *International Journal of Business and Commerce*, 3(6),50-70.

Avlonitis, G. J., and Indounas, K. A. (2006). Pricing practices of service organizations; *Journal of Services Marketing*, 346–356.

Balat, L. (1998). The effect of pricing on the consumption of pharmaceutical products in Nigerian hospitals. retrieved here.

Bearden, B., Ingram, T. and Larfforge, B. (2004). Marketing principles and perspective, Mcgraw Hill Companies, New York.

Beredugo, S. B., Etuk, A. J. (2014). The effect of price harmonization on profitability of selected banks in Cross River State, Nigeria.*European Journal of Accounting Auditing and Finance Research*, 2 (4), 23-32.

Bilton, Nreick (January 8, 2012). "Disruptions: Taxi Supply and Demand, Priced by the Mile". The New York Times. Archived from the original on January 16, 2012.

Bingqun, C., Kejia, Y., and Tingjui, C. (2016). Analyzing the Impact of Price Promotion Strategies on Manufacturer Sales Performance (2016) *Journal of Service Science and Management* 09(02):182-187 DOI: 10.4236/jssm.2016.92022.

Definitions of Pricing Strategies (2017). retrieved from Allbusiness.com

Deonir, D. *et al.* (2016). Pricing strategies and levels and their impact on corporate profitability. https://doi.org/10.1016/j.rausp.2016.12.004.

Ebitu, E. T. (2015). Marketing Management and Strategy, Calabar: Calabar Printing Press.

Gecti, F. (2014). Examining price perception and the relationships among its dimensions via structural equation modelling. *British Journal of Marketing Studies, 2(1): 1-11.*

Hinterhuber, A. (2008). Customer value-based pricing strategies: Why companies resist. *Journal of Business Strategy*, 29(4): 41-50.

Ibidunni O. (2012). Marketing Management.2nd Edition.

Kelly, L., and Willam, O.B. (2014). Dynamic Pricing and Consumer Fairness Perception. *Journalof Consumer Research*, *2* (23), 56-62.

Keramati, A. A., and Aahtiani, P. (2012). Relationship between marketing mix and sales performance. *International Journal of Arts and Commerce,* 1 (6) 195-199.

Koske, K. (2012). Effects of 4Ps marketing mix on sales performance of automotive fuels of selected service stations in Nakuru Town.

Kotler, P.,*et al.* (2001). Principles of Marketing, United Kingdom: Harlow.

Kotler, P., & Armstrong, G. (2008). Principles of Marketing, *5th European Edition*. New York, Prentice-Hall.

Kotler, P., Armstrong, G., and Madéle T. (2010). Principles of marketing: global and Southern African perspectives, Cape Town: Pearson Education South Africa, 2010.

Liozu, S.*et al.* (2015). Mindful Pricing: Transforming organizations through value-based pricing. *Journal of Strategic Marketing*, 20 (3), 197-209.

Michael, O. K., Odunayo, M. O. and Ebiwonjumi, A. (2012). The relevance of pricing strategies on corporate performance in Nigeria. *International Journal of Economics, Commerce and Management, 4:*Retrieved here.

Mohsen, M. and Sahar, A. (2015). Mediating role of competitive strategies in the effect of firmcompetencies and performance in Jeddah, Saudi Arabia. *Procedia Economics and Finance, 36.*

Ndyamukama Magdalena Wenceslaus Machibya (2015). *Pricing strategies and customer retention:* The case of Airtel (T) Ltd. Gibson Gidion: Retrievedhere.

Nikoomaram, H., and Jafari, P. (2011). Contemporary marketing practice in large manufacturing firms in Iran. *African Journal of Business Management, 5* (12), 4677-4685.

Narver, J.C. and Slater, S.F. (2000). The positive effect of a market orientation on business profitability: A balanced replication. *Journal of Business Research, 48(1), 69-73.*

Narver John C., Slater S F., and MacLachlan D.L. (2004). Responsive and proactive market orientation and New-Product Success. *The Journal of Product Innovation Management.* Pages 334-347.

Nelson, P.B. & J.C Hike (1986). Retail featuring as an entry or mobility barrier in manufacturing: Working paper No. 144, Bureau of Economics, Federal Trade Commission (September).

Nwokah, G., Elizabeth I.,and Joyce N. (2009). Project development and organizational performance.

Nyaga, P.,Muema, W. (2017). Effect of skimming pricing strategy on the profitability of insurance firms in Kenya.*InternationalJournal ofFinancialAccount*, 2017(2), 79–92.

Olawale, L., and Adekunle, A. (2018).The effect of pricing policy on the performance of non-financial firms in Nigeria.Retrieved here

Onyeaghala, O., Danladi, S.,andAmadi, C.(2019). Pricing strategy as afactor for sales performance of consumable goods.*NobleInternational Journal of Business and Management Research, Noble Academic Publisher*, 3(3), 48-61.

Perner, L. (2016). Consumer behaviour: The psychology of marketing. USC Marshall. Retrieved at https://consumerpsychologist.com.

Rao, V. R., and Kartano, B. (2009). Pricing objectives and strategies: A cross-country survey. *Journal of Pricing Research in Marketing*, *3* (2), 78-80.

Roth, S. A. (2007). Understanding pricing objectives and strategies: The Pennsylvania State University.

Ritz, W. (2013).The effects of pricing on the sales force and the firm: A strategic view. Dissertations, Theses and Capstone Projects. *International Journal of Finance and Accounting* (Online),2; 6 (3), 44- 65.

Shoprite Holdings Ltd Operational and Voluntary Trading Update(52WeeksEnding28 June 2020).Retrieved here

Tregoe, B, Zimmerman, J. (1980). *Top management strategy*. New York: Simon & Schuster.

Utaka, A. (2008).Pricing strategy, quality signaling, and entry deterrence.*International Journal of Industrial Organization*, 26(4), 878-888.

United Nations Development Project (2017). retrieved from Vanguard, September 18th 2018.

Victor, S. (2014). Price strategies as a determinant of performance on Romanian companies in export markets. Unpublished Project Work, ISCTE Business School.

APPENDIX A

SURVERY QUESTIONNAIRE COVER PAGE

TOPIC: EFFECTS OF PRICING STRATEGIES ON CUSTOMER RETENTION

(A CASESTUDY OF SHOPRITE NIGERIA)

I, (name) humbly crave your indulgence to respond to the questions contained in this confidential questionnaire.

You have been purposefully selected as a ShopRite customer to offer responses for a survey that will provide appropriate data for a Master's thesis seeking to discover the effects of ShopRite's pricing strategies on their Customer Retention .

I believe that you have the experience needed to offer responses to the questions contained herein, and I would appreciate your honesty and transparency in answering the questions on the next page of this questionnaire.

Thank you for your honest and helpful responses. Your contribution to this research is greatly appreciated.

.

Yours sincerely.

QUESTIONNAIRE

SECTION A: DEMOGRAPHIC INFORMATION

1. Gender

   (a.) Male [ ] (b.) Female [ ]

2. Age

   (a.) Below 20 years [ ] (b.) 20-30 years [ ] (c.) 30- 50 years [ ] (d.) 50 years and above.

3. Academic Qualification

   (a.) OND/NCE [ ] (b.) HND/B.Sc [ ] (c.) PGD/M.Sc [ ] (d.) PhD [ ] (e.) Others [ ]

4. Marital Status

   (a.) Singe [ ] (b.) Married [ ] (c.) Divorced[ ] (d.) prefer not to say [ ]

SECTION B

Item scales for all the study constructs were anchored on a 5-point likert scale

1= strongly disagree, 2=disagree, 3=undecided, 4= agree, 5= strongly agree

Pricing strategies was measured in terms of everyday low pricing, competitive based, and value-based (Avlonitis et al, 2005).

THE EFFECTS OF EVERYDAY LOW PRICING ON CUSTOMER RETENTION

S\N	QUESTION	SA	A	U	D	SD
1.	I purchase products from ShopRite frequently					
2.	ShopRite's low prices entices me to purchase their products					
3.	ShopRite low prices are constant over a long-time frame					
4.	I would still be loyal to Shoprite even if their prices are not low					
5.	Products that have lower prices will attract faithful customers					

EFFECTS OF COMPETITION BASED PRICING ON CUSTOMER RETENTION

S\N	QUESTION	SA	A	U	D	SD
6.	ShopRite prices are competitive compared to other outlets					
7.	I buy more products from ShopRite because they are more affordable than other supermarkets					
8.	I shop from ShopRite because of their competitive pricing.					
9.	I would stop patronizing ShopRite if their prices become more expensive than others					

10.	I will continue buying from ShopRite even if their prices are higher than competitors					

LEVEL OF CUSTOMER RETENTION FOR SHOPRITE NIGERIA

S\N	QUESTION	SA	A	U	D	SD
11.	I purchase products from ShopRite more than other supermarkets					
12.	I buy more products from ShopRite because their products offer value for the price.					
13.	I still buy goods from ShopRite even when the price changes because of value					
14.	I would stop patronizing ShopRite if their prices become more expensive, regardless of the value it offers me					