

**TITLE PAGE**

**IMPACT OF PRICING STRATEGIES ON THE PERFORMANCE OF  
UNILEVER NIGERIA PLC**

**BY**

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**BEING A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT  
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**JULY, 2022.**

**DECLARATION**

I hereby declare that this research project was carried out by me under the guidance and supervision of **Dr. Tunde Lawal** of the Department of Business Administration and Management, Kaduna polytechnic. All authors whose work has been referred to in this project have been duly acknowledged.

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## **APPROVAL PAGE**

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**DEDICATION**

This research project work is dedicated to Almighty GOD.

## ACKNOWLEDGEMENT

First and foremost, my sincere thanks and gratitude goes to Almighty GOD for giving me the opportunity of becoming what I am today, and had made it possible for me to overcome all the hurdles, up to this happy moment.

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At this juncture, I found it necessary to express my sincere appreciation to my able lecturers of the Department of Business Administration and Management, headed by **Dr. Tunde Lawal** for giving me the necessary skills, advice, encouragement and knowledge.

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### ***ABSTRACT***

*This research project is conducted to examine impact of pricing strategies on the performance of Unilever Nigeria plc. The objective of the study was: to assess the role of pricing strategy on the market share of unilever Nigeria Plc and also to identify the effect of pricing strategy on sales volume of unilever Nigeria Plc. To achieve the stated objectives, a survey research design was adopted for the study. The population of the study was 53, a sample size of 46 were drawn for the study. Findings shows that, in every competitive market where there are a lot of products competing for the attention of the consumer who naturally have a limited choice due to their spending ability; the decision as how to provide these products at the right place, quality and price effectively and efficiently cannot be overemphasized as in the case of research work of Unilever Nigeria Plc. It was concluded that adopting pricing strategies by organization is not by force, but that there function contribution is not by force, but that function contributes in no small measure to the general development of the patronage on the company's is of its pricing strategies help it to achieve its marketing goals and objectives. Hence recommended that, there should be the need to motivate the company's sales to encourage their efforts through offering of better incentives scheme, bonuses and other packages in order to boost their market for better performance.*

## TABLE OF CONTENTS

Title Page	-	-	-	-	-	-	-	-	-	-	-i
Declaration	--	-	-	-	-	-	-	-	-	-	-ii
Approval Page	-	-	-	-	-	-	-	-	-	-	-iii
Dedication	--	-	-	-	-	-	-	-	-	-	-iv
Acknowledgement	-	-	-	-	-	-	-	-	-	-	-v
Table of Content	-	-	-	-	-	-	-	-	-	-	-v
<b>CHAPTER ONE</b>											
1.0	Introduction	-	-	-	-	-	-	-	-	-	-1
1.	1.1	<i>Background of the study</i>		--	-	-	-	-	-	-	-
		-1									
	1.	1.2	Statement of the Problem	-	-	-	-	-	-	-	-
			-	-	-7						
	2.	1.3	Objectives of the Study	-	-	-	-	-	-	-	-
			-	-	-9						
1.4	Research Questions	-	-	-	-	-	-	-	-	-	-10

3.	1.5	Significance of the Study -	-	-	-	-	-	-
		-	-	-10				
4.	1.6	Scope of the Study -	-	-	-	-	-	-
		-	-	-11				
1.7		Definitions of Terms -	-	-	-	-	-	-11

## **CHAPTER TWO**

### **LITERATURE REVIEW**

2.0		Introduction-	-	-	-	-	-	-15
2.1		Concept of Pricing-	-	-	-	-	-	-15
2.2		Pricing Objectives-	-	-	-	-	-	-16
2.3		Pricing Strategies/Policies and Consumer Product-	-	-	-	-	-	-21
2.4		Method of Pricing-	-	-	-	-	-	-26
2.5		Competition Oriented Strategy--	-	-	-	-	-	-31
2.6		Price Adjustment and Discounts-	-	-	-	-	-	-32
2.6.1		Cash Discount-	-	-	-	-	-	-33
2.7		Product Life Cycle and Pricing--	-	-	-	-	-	-33
2.9		Theoretical Framework - -	-	-	-	-	-	-36
2.10		Empirical Review -	-	-	-	-	-	-37

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

3.1		Introduction-	-	-	-	-	-	-43
3.2		Research Design-	-	-	-	-	-	-43
3.3		Area of the Study- -	-	-	-	-	-	-44
3.4		Population of the Study-	-	-	-	-	-	-44

2.	3.5	<i>Sample Size and Sampling Techniques-</i>	-	-	-	-	-	-	-44
3.6		Instruments for Data Collection -	-	-	-	-	-	-	-44
3.7		Validity of Instruments - -	-	-	-	-	-	-	-45
3.8		Reliability of Instrument--	-	-	-	-	-	-	-45
3.	3.9	<i>Method of Data Collection-</i>	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-45
3.10		Method of Data Presentation and Analysis-	-	-	-	-	-	-	-46
<b>CHAPTER FOUR: Data Presentation and Analysis</b>									
4.1		Introduction-	-	-	-	-	-	-	-48
4.2		Characteristics of Respondents--	-	-	-	-	-	-	-48
4.3		Data Presentation and Analysis-	-	-	-	-	-	-	-51
4.4		Summary of Findings-	-	-	-	-	-	-	-56
4.5		Discussion of Findings-	-	-	-	-	-	-	-57
<b>CHAPTER FIVE: Summary, Conclusion and Recommendation</b>									
5.1		Summary-	-	-	-	-	-	-	-60
5.2		Conclusion- -	-	-	-	-	-	-	-61
5.3		Recommendations-	-	-	-	-	-	-	-62

References

Appendix

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the Study

Businesses today are facing one of the most competitive eras in history. The rise and fall of businesses and the outright failure of some businesses suggest that if businesses are not properly managed and do not have a clear direction, its organizational performance and ultimately organizational sustainability is bound to be in jeopardy (Utaka, 2018). Furthermore, pricing strategy is a pivotal component of an organization's management focus that can elevate or deter a company's performance. As such it is extremely important that businesses get their pricing strategies absolutely right.

Globally, there have been a realisation of the impact that pricing strategies have on the product performance. Therefore, the pricing strategy adopted has become extremely important in the face of rapid economic and technological changes in which the modern day consumer has become more curious, more educated and conversant with what he/she exactly wants. Nigerians, are not left out, with the advent of the internet, e-commerce and e-shopping allowing consumers to get loads of information about a product both from the manufacturer and external sources. Therefore it is pertinent that companies

especially in the manufacturing industry such as Unilever Nigeria get their pricing strategies right (Kotler & Armstrong, 2017).

Price is the amount a customer pays for a product or the sum of the values that consumers exchange for the benefits of having or using a product or service (Bearden, Ingram & Lafforge, 2014). Price is the amount of money or value traded for the possession or utilization of a good or service (Kevin, Hartley & Rudelius, 2014). Furthermore, it can be defined as the worth that is put to a good or service and is the result of an intricate combination of costs, research and a full understanding of the perceived value of customers (Kelly & Willam, 2018). According to Kotler & Armstrong (2018) pricing is determining the value that must be provided by a customer in return for a product or service. Pricing is the process whereby a business sets the price at which it will sell its products and services, and may be part of the business's marketing plan (Dibb, Simkin, Pride & Ferrell, 2017). Furthermore, price is the measure of cash charged for an item or administration, it is the sum of all the values that customers give up in order to gain the benefits of having or using a product (Kotler, Armstong & Tait, 2018). Pricing is one of the major components of a marketing plan, which is a component of a full business plan (Rao & Kartono, 2019). The principle objective of pricing is to adequately to cover overhead costs including work and materials costs and produce adequate

profits which helps to maintain growth in the business and create organizational sustainability (Nikoomaram & Jafari, 2018). According to Yeoman (2018) price is one of the significant components in the marketing mix that organizations can control. Agwu and Carter (2014) agreed stating that among the famous four Ps, price is the only income generator as it is the only element that creates an exchange of value.

Kellogg, Youngdahl, & Bowen (2017) pointed out that if effective product development, promotion and distribution sow the seeds of business success, effective pricing is the harvest. Hence the need for pricing strategies designed to fit specific products and services and the customers perception of the value of the product or service. Therefore, pricing strategies involves the use of a specific type of information on prices to represent the evolution of price in price index compilation (Mckenzie, 2015). A pricing technique is additionally focused at the characterized clients and against contenders (Nreick, 2019). Assigning product prices is a strategic activity. Pricing strategies are selected with the business and financial goals in mind. Elements of a company's business plan (such as the vision and mission of the company) can also influence the choices of a pricing strategy.

The price assigned to a product will influence the consumer's perception of the product and ultimately impact on their willingness to purchase it.

According to Rosa & Rodan (2018), the importance of price as a purchase stimulus plays a key role in price management due to the fact that not only does it determine the way prices are perceived and valued, but it also influences consumer purchase decisions. Studies have shown price as an important factor in purchase decision, especially for frequently purchased products, affecting choices for store, product and brand (Simons, 2018). Furthermore, Roth (2017) noted that price helps as a market segmentation strategy because it is able to distinguish a product from those of competitors. However, the price assigned to a product must be in line with other marketing strategies and the product attributes.

It is no secret that the adoption of various pricing strategies portrays different things to various customers. Therefore, there has been a debate about the particular pricing strategy that would be suitable to use in various situations. Some studies have suggested price skimming as a pricing strategy especially for service companies and producers of luxury products (Ndyamukama & Machibya, 2015; Dudu & Agwu, 2014). According to Huimin & Hernandez (2010) price skimming deals with the process of charging a relatively high price for a short time where a new, innovative, or much-improved product is launched onto a market. Its major aim is to skim off consumers who are willing to pay more for having the product sooner. Further down the line,

prices are lowered when demand from the “early adopters” falls. It is a strategy that has been successfully adopted by companies like Apple especially when they release a new product innovation. However, there have been questions marks over whether the price skimming strategy can be successfully implemented in countries where the economy is not developed and their per capita income is low. One of such countries is Nigeria.

Nigeria is the largest economy in Africa and the 27th largest in the world, however, it is largely regarded as a poor country based on the human development index (UNDP, 2017). Therefore, many price theorists have suggested that price skimming in an economy where majority of the indigenes are on a low-income budget may not be successful especially for products that are homogenous (Spann, Fischer & Tellis, 2015). Some price theorists have therefore suggested penetration pricing as the appropriate strategy to be used in a largely depressed economy (Marn, Roegner & Zawada, 2013). According to Nagle and Hogan (2019) penetration prices are low relative to perceived value in the target segment. According to Richards (2018) the penetration pricing strategy is used as a promotional tool in order to gain a significant market share. According to Raisoni (2018) the penetration pricing strategy helps a product gain entrance into an already saturated market especially when the target market of people of middle to low income classes. On the contrary,

Singh (2019) opined that the best strategy to adopt in an underdeveloped economy like Nigeria is the market parity pricing strategy which adopts the pricing of other similar products in the market. She argued that it would be appropriate when the target market are the mass population who earn low incomes. Additionally, parity pricing is majorly adopted by manufacturing companies in Nigeria who have hardly any feature that distinguishes their product from their competitors own.

Unilever Nigeria Plc. is a multinational company that has various ranges of consumer products and therefore do not have a fixed pricing strategy for all their products (Attih & Adams, 2019). However the determination of an effective pricing strategy that works for all their products could go a long way in maintaining the company's sales performance.

According to Nwokah, Ugoji and Ofoegbu (2019) sales performance is pivotal in improving the organizational performance of any company. Furthermore, Kyckling opined that a company's performance cannot be better than their sales performance. Therefore, the sales performance of any company is one of the key measures in determining the overall organizational performance of companies. According to Yhi (2016) sales performance is the yardstick of measurement of sales outcome of a company in a company or department. Furthermore, according to Naver & Slater (2018) it is used to measure the

effectiveness of sale strategies. Therefore, it is almost impossible for a company to survive with a low sales performance and Unilever Nigeria plc. is not different.

With the population of Nigeria being so large and uniquely diverse, pricing strategies is important for any company that aims to enjoy high sales performance. The Nigerian market lays a lot of potential for the producer and service provider who get their pricing strategies right and Unilever seems to be a company that has enjoyed high sales performance in Nigeria throughout the years. Ever since their incorporation on the 11th of April, 1923 as Lever Brothers West Africa Ltd they have been one of the strongest brands in West Africa and the largest producers of spread food (Butter and Margarine) in Nigeria (Morenikeji, 2015). Many studies have attributed these to their successful sales strategies of the company including their pricing strategies which many feel have led to a consistently high sales performance and ultimately the growth and sustainability of the company.

## **1.2 Statement of the Problem**

The business environment is fast evolving from one, where companies get to dictate the types of products and services produced to one where consumers get to decide what they want to be produced. Therefore, in a day and age where competition amongst businesses is rife and consumers are spoilt for choice, it

is important for any company that hopes to maximize profit to get their pricing strategies right. Unilever Nigeria plc. Is an household brand in Nigeria engaged in the manufacture and marketing of food stuffs, food ingredients, home and personal care products. They are one of the foremost companies when it comes to the production of household goods in Nigeria. However, recently they have struggled with their sales performance as their financial performance has dropped over the last year (Investadvocate, 2017). Many financial experts have attributed this to their ineffective pricing strategy. However, the dilemma for management of Unilever Nigeria plc. is what pricing strategy is to be adopted for their products.

The fear for Unilever is the fact that Previous research done on pricing strategies hasn't made clear the pricing strategies that works and guarantees increased sales and profitability in Nigeria. Koske (2017), made the case that price skimming strategy would make the consumers see the product as a high quality one. He concluded that this would increase sales, as the consumers will feel safe in the knowledge that they are getting value for their money. However, Attih & Adams (2019) contrarily made the case that companies that adopt penetration pricing strategy are more likely to achieve increase in sales revenues and gain more market share especially in developing countries like Nigeria.

Furthermore, Unilever Nigeria plc. Has struggled in attaining a high sales volume and as a result a lot of products are returned to the inventory to be sold at a loss or are wasted overtime. This has caused Unilever Nigeria plc. a lot of financial grief. It has been suggested by Parr (2015) that market parity pricing is an effective strategy of increasing sales volume. However, Duess, (2019) disagreed saying the use of market parity pricing was not a guarantee to increasing sales volumes due to the presence of other competitors.

Therefore, based on the inconclusiveness of past studies on effective pricing strategy, this study sets out to determine the how various pricing strategies affects sales performance in Nigeria and to determine which pricing strategy will be most suitable to Unilever Nigeria plc.

### **1.3 Objectives of the Study**

The main objective of this research is to examine the impact of pricing strategies on performance of consumer product firm. Other objectives which include:

- i. To assess the role of pricing strategy on the market share of Unilever Nigeria Plc.
- ii. To identify the effect of pricing strategy on sales volume of Unilever Nigeria Plc

- iii. To examine the impact of pricing strategy on profitability of Unilever Nigeria Plc.

#### **1.4 Research Questions**

- i. What is the role of marketing strategy on market share of Unilever Nigeria Plc, Kaduna?
- ii. How does pricing strategy have an effect on the sales volume of Unilever Nigeria Plc?
- iii. How does pricing strategy have an impact on the profitability of Unilever Nigeria Plc?

#### **1.5 Significance of the Study**

This study is significant to the management of Unilever Nigeria plc. as it help them understand the importance of pricing strategies in increasing sales revenue, profit and ultimately their organizational growth. It also be significant in detailing the appropriate pricing strategy for each type of product.

The study is significant to the industry because it show how pricing strategies adopted by manufacturing companies affects their performance. it is equally important in showing the pricing strategy that manufacturers of consumer goods can use effectively.

The study can also help the government understand their role in the regulation of prices to prevent exploitation by manufacturing companies.

Furthermore, it help in increasing the awareness of the general public about pricing strategies and the reason why prices of product are high or relatively low. Thereby, it expand their knowledge and help their consumer purchase decision.

## **1.6 Scope of the Study**

The study focus on the impact of pricing strategy on sales performance in Unilever Plc Kaduna State. The study would be carried out between 2017-2021

## **1.7 Definition of Terms**

**Price:** Price is the amount of money charged for a product or service. It's the sum of all the values that consumers give up in order to gain the benefits of having or using a product or service (Kotler & Arsmtrong, 2018).

**Strategy:** Strategy is the framework which guides those choices that determine the nature and direction of an organization (Tregoe, 2019).

**Consumer:** A consumer is an individual who buys or purchases goods/products and services for final/ultimate consumption (Ibidunni, 2019).

**Consumer behaviour:** It's the study of individuals, groups or organizations and the processes they use to select, secure, use, and dispose of products,

services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society (Perner, 2016).

**Services:** These are economic activities offered by one party to another, most commonly employing time-based performances to bring about desired results in recipients themselves or in objects or other assets for which purchasers have responsibility (Kelly & William, 2018).

**Marketing mix:** Marketing mix is the set of controllable variables that the firm can use to influence the buyer's response. (Kotler & Armstrong, 2019)

**Market Parity:** A parity price is when the price of an asset is directly linked to the price of another asset (American Marketing Association, 2018).

**Price skimming:** Price skimming is a pricing strategy in which a marketer sets a relatively high initial price for a product or service at first then lowers the price over time. It is a temporal version of price discrimination/yield management (Kotler & Armstrong 2018).

**Penetration Strategy;** Penetration pricing is a pricing strategy where the price of a product is initially set low to rapidly reach a wide fraction of the market and initial word of mouth (Kelly & William 2017).

**Customer Retention:** customer retention refers to the activities and actions companies and organizations take to reduce the number of customer defections (Naver & Slater 2019)

**Sales volume:** Sales volume is the number of unit sold within a reporting period. This figure is monitored by investors to see if a business is expanding or contracting. Within a business, sales volume may be monitored at the level of the product, product line, customer, subsidiary, or sales region (Kotler & Armstrong 2018)

**Firm's Market Share:** Market share represents the percentage of an industry or market total sales that is earned by a particular company over a specified time period. It is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period (Kelly & Williams 2019)

**Pricing Strategy:** A business can use a variety of pricing strategies when selling a product or service (Kotler & Armstrong 2018)

**Sales Performance:** Sales performance management (SPM) is the practice of monitoring and guiding personnel to improve their ability to sell product or services (Naver & Slater 2019)

## **CHAPTER TWO LITERATURE REVIEW**

### **2.0 Introduction**

This chapter reviews the relevant related literature concerning the impact of pricing strategies on the performance of an organization. Many companies/organization pursue pricing policies that are directed towards boosting their corporate image, meeting competition in the market, achieving a chunk of market share.

### **2.1 Concept of Pricing**

Price can be define as the amount of money or value traded for the possession or utilization of a good or service (Kevin, Hartley & Rudelius, 2018). Furthermore, it can be defined as the worth that is put to a good or service and is the result of an intricate combination of costs, research and a full understanding of the perceived value of customers (Kelly & Willam, 2017).

According to Kotler & Armstrong (2018) pricing is determining the value that must be provided by a customer in return for a product or service. Pricing is the process whereby a business sets the price at which it will sell its products and services, and may be part of the business's marketing plan (Dibb, Simkin, Pride & Ferrell, 2017).

Price is the measure of cash charged for an item or administration, it is the sum of all the values that customers give up in order to gain the benefits of having or using a product (Kotler, Armstrong & Tait, 2018).

Pricing is one of the major components of a marketing plan, which is a component of a full business plan (Rao & Kartono, 2019). The principal objective of pricing is to adequately cover overhead costs including work and materials costs and produce adequate profits which helps to maintain growth in the business and create organizational sustainability (Nikoomaram & Jafari, 2015).

According to Yeoman (2016) price is one of the significant components in the marketing mix that organizations can control. Agwu and Carter (2017) agreed stating that among the famous four Ps, price is the only income generator as it is the only element that creates an exchange of value.

According to Rosenberg (2018) defined pricing as the “Act of translating the value of a product into money in time.” His style of definition focuses, on profit orientation in pricing. He also looked at pricing as a technique of segmentation.

## **2.2 Pricing Objectives**

Many authors are of the opinion that firms pursue a multiple of pricing objectives, but such objectives must all cases be consistent and in agreement

with the corporate objectives of the organization. Kent (2017) said that “Pricing objectives should flow from and fit with company overall corporate objectives, ideally, they should be detailed stated because they have direct effect on the pricing policies and the price determination approaches which are employed. (Rosenberg, 2019) classified pricing objectives into three distinct divisions as:

- a. Profit Oriented
- b. Volume Oriented
- c. Status quo oriented objectives.

He further included other variables as recovery of cost objectives and minimization and maximization of profit/customers volumes.

Kotler (2019), in his analysis of pricing “identifies the following objectives, survival, current profit maximization, market share leadership and profit quality leadership. (Ogwo, 2018) identifies five main goals in pricing which includes:

- a. Achieving target return on investment or net sales.
- b. Stabilizing of prices
- c. Maintaining or improving market shares
- d. Meeting or preventing competition
- e. Profit Maximization.

In the researcher's own opinion, all firms aim at profit maximization in the long run and profit maximization implies the achievement of profit expansion and rapid rate of investment. Price manipulation though necessary is not a sufficient condition for achieving profit maximization objective.

Other variables such as effective distribution system, efficiency of service etc. can positively affects the profits maximization objectives of various firms. Satisfactory level profit may also be pursued and in this case, price is based on cost so that a satisfactory rate of return on investment can be attained. However, a satisfactory rate of return on investment is a relative term in that; it depends on the firm, time, situation and desire for increased production. When practiced over a long term, profit maximization should result into desirable allocation of resources and in pursuing profit maximization policy the goal should be maximized profit on total output rather than on each single marketed (Ogwo, 2018).

Pricing decisions are influenced mainly by internal and external factors. The internal factors are pricing objectives, product characteristic and cost which can be controlled in many meaningful ways by the firm. Those external factors are limited to the degree that a firm enjoys when making its final pricing decision. The influence of government regulation (price control), prices of goods and services are not be overemphasized, it is aimed at preventing the

cost of living from growing beyond the financial capacity of the common man and checking monopolistic and oligopolistic tendencies.

A situation may arise when some firms charge different prices for the same commodity/product. This is known as price discrimination and it occurs only when the seller is a monopolist and the market is segmented. Buyers pay as much as they are willing to pay for a product. In such cases an agreement is reached between competing firms to avoid competitive prices of the same firm (Rosenberg, 2019).

This agreement is based on meeting and exchange of premises. Seller is few but difficulties of keeping the agreed secret might arise with time.

Onalo (2019), sees pricing as the process of determining what a company will receive in exchange for its product or services. Pricing factors are manufacturing cost, market place competition, market conditions, brand and quality of product. Pricing is also a key variable in microeconomic price allocation theory. Pricing is a fundamental aspect of financial modeling and is one of the four Ps of the marketing mix (the other three aspects are product, promotion and place). Price is the only revenue-generating element amongst the four Ps (Rosenberg, 2019). The rest have been cost centers. However, the other three Ps of marketing will contribute to decreasing price elasticity and so enable price increases to drive greater revenue and profit. Pricing is the

manual or automatic process of applying prices to purchase and sale orders, based on factors such as a fixed amount, quantity break promotion or sales campaign specific vendor quote, price prevailing on entry, shipment or invoice data combination of multiple orders or lines, and many others, automated systems require more set up and maintenance but may prevent pricing errors. The need of the consumer can be converted into design and only if the consumer has the willingness and capacity to buy the product. Thus, pricing is the most important concept in the field of marketing; it is used as a tactical decision in response to comparing market situation. Price is the attached value given to a quantity of goods and services. What a price should do.

A well chosen price should do the following things:

- Achieve the financial goals of the company i.e. (profitability)
- Fit the realities of the market place (will customers buy at that price)
- Support a products market positioning and to be consistent with the other variables in the marketing mix.
- Price is influenced by the type of distribution channel used, the types of promotion used and the quality of the product.

- Price will usually need to be relatively high if manufacturing is expensive, distribution is exclusive, and the product is supported by extensive advertising and promotional campaigns.
- A low cost price can be a viable substitute for product quality, effective promotions or an energetic selling effort by distributors (Ogwo, 2017). From Onalo (2018) opined that an efficient price is a price that is very close to the maximum that customers are prepared to pay. In economic terms, it is a price that shifts most of the consumer economic surplus to the producer. A good pricing strategy would be the one which could balance between the price floor (the price below which the organization ends up in losses) and the price ceiling (the price by which the organization experiences a no demand situation).

### **2.3 Pricing Strategies/Policies and Consumer Product**

According to Kotler (2019) pricing strategies are the task of defining the price range and price movement through time that would support the sales and profit objectives as well as marketing positioning of the products in the target market. However, Kotler distinguished between pricing strategies, pricing tactics. Pricing tactics involves setting specific pricing levels and terms altering them within the general parameter of the pricing strategies. Pricing strategies a condition that charged against this background company must be

effective on what overall business and marketing objectives are before it can set prices on product/products. This is because every price fixed has its own peculiar implication for profit and sales volume. It is generally believed that maximum profit and set lower prices when it wants to maximize its market share.

One of the responsibilities that confirm a marketing manager quite often is how to establish a brand level and products have within the context of dynamic strategies that can anticipate market force such as consumer demand action, legal as well as regulating tendencies in marketing environment. From time immemorial, marketing managers have adopted a number of strategies and policies in pricing their products and marketing mix. Rosenberg (2019) pointed some of the strategies mostly adopted in pricing viz.

- a. Marketing Penetration
- b. Skimming.
- c. Cost oriented
- d. Competitive Discount

Focus on the price determination approaches Rosenberg (2019) identifies cost oriented, demand oriented method of determining price. According to him, setting price on the base of cost is one of the most common

pricing techniques and by management especially in highly competitive market. Achieving a target return on investment or net sales is another pricing objective of many firms. This refers to building structured designed to provide enough returns on capital used in producing specific products or group of products so that the sales revenue will yield a predetermined average return for the entire company. Producing a product is cost intensive and prices must be fixed in such a way that cost of product are covered and at the same time exert room for reasonable profit (Rosenberg, 2019).

Another pricing objective is frequently pursued by some organization is that of price stabilization and this is practiced by big/large firm or organization such as the Unilever Nigeria Plc, that are satisfied with their current market shares and profit, it is aimed at price stabilization for the following reasons:

**a. To Limit Competition**

The fear of uncertainty by marketing executives as they do not know what will happen to their products in the future. Most firms pursue the objectives so as to meet price whether demand is increased or not. Firms all over the world strive to maintain or improve their market share and this also constitute a major pricing objective of many firms. By market share, it means the percentage of the market, which the firm controls and market share is a better indicator of corporate wealth and thus better pricing goal than target return on

investment capital. Most companies sat to achieve the dominant market share as they believed that the company with the largest market share enjoys the lowest cost and highest long run profit. To maintain or improve on the market share, firms lower their prices or improve on their product quality to more customers (Johnson, 2018).

Most firms regardless of the size consciously price their products simply to meet or prevent in the market environment seek is a matter of deliberate policy to parent competition in the marketing environment. Majority of the firm in marketing environment seek as a matter of deliberate policy to prevent completion in the market, hence when a new product is introduced into the market, companies frequently set the price very low to discourage competition. When the price of a product is high and product is aggressively marketed, competitors will presume that a lot of profit is being accrued to the company and they will rush into competing and gain the market share and profit too. Volume oriented objective implies a situation whereby potential demand, it means that the maximization of sales revenue as well customers volume. The “status quo” pricing objectives has to do with stable prices, meeting and beating competition in the market and the recovery of cost. Buzzell (2019) identified a relationship between pricing and product life cycle. Claimed that at early stage of the product life cycle prices could be

aimed at making high profit and anticipated a fall in price as competitors enters the market or to penetrate the market more deeply at lower price. At maturity stage, there is a problem of whether the product has reached a maturity stage and if so, what is the implication of the maturity, the product should generally call for a very low price to keep competition from growing. In this approach, the total cost is calculated and a margin of profit is back on it. An example of this strategy is the mark up and the target pricing approach. According to Orialo (2018) most whole sell and retail prices are base on established mark-ups.

The demand oriented approach is based on estimated sales volume at various price levels. The basic principles underlying this approach is to change high price when demand is high and low prices when demand is low, although unit cost may be the same cost in both cases. Price discrimination is the most common form of demand oriented approach and it involves setting one type of commodity at different prices. Usually price figures are related to cost estimated at various levels to arrive at price not likely to meet the sales and profit objectives of the organization.

Onalo (2017), out lines that “the total cost of a product helps the company to determine the lowest price that could be charge to break even or market profit, thus the demand for a product at different prices help the company to

determine how high the price could go for, before revenue could be declared. Competition oriented approach aims at meeting competition in the market. A firm tries to keep price in line with industries price. This approach assumes that the average price levels are reasonable ones. Competitions before, forms the basis for setting specific price. This approach is prepared because it is easily determined the setting of choice as it varies with competitive conditions. Prices are fixed on the basic cost, competition and government regulations (Buzzell, 2019).

## **2.4 Methods of Pricing**

There are number of price setting methods open to an organization which include some of the following such as:

- a. Cost plus pricing
- b. Perceived value pricing
- c. Breakdown Analysis
- d. Target profit pricing
- e. going rate pricing

### **a. Cost plus Pricing**

According to Kotler (2018) stated that “Cost plus is the most elementary method of pricing and it is the addition of standard mark up to the cost of the cost of the product. Thus, an appliance retailer might pay a

manufacturer N20.00 for a aster and make it up to sell at N30.00 which is 50% mark-up on cost. Other to make room for reasonable profit. The problems with the pricing method is that the use of standard mark up to set pricing does not make logical sense since any method that ignores current demand competition is not likely to lead to optional prices all over the world. Hence, mark up pricing still remains popular and sellers have more certainty about cost than demand by trying the price to cost. Seller simplifies their own pricing task. They do not have to be more frequent adjustment as demand changes. Where all firms in an industry use this pricing method, then price tends to be similar and price competition is minimized, it is also the belief of most markers that cost plus method is fair to both the buyers and sellers.

According to Ogwo (2018), cost plus pricing refers to “as full-cost pricing which involves the addition of a predetermined margin to the full unit cost of production and distribution without reference to prevailing demand condition. Impractical, it is doubtful if a firm can establish its true unit cost in advance, owing to uncertainty as to the volume it can make or sale. The price — seller may forecast sales volume and compute unit cost on the basis of its estimate, adding the predetermined margin into an arrived at a price. It would by chance if demand at this price were to coincide exactly with the available supply with

the result that the seller will either be left with unsold units of sales his total outputs as lesser profit than imagined.

### **b. Perceived Value Pricing**

Kotler (2019) stated that “an increase number of companies now base their prices in the product perceived value cost they see the buyer perception of value, not the seller cost as they to pricing they use the none price variable in the marketing mix to build up perceived positioning thinking. In this method, a company develops a product concept for a particular target market with a planned quality and price. The manufacturer estimates the volume its hopes to sell at this price, this indicates the needed planned capacity, investment and unit cost. Management figures out whether the product will yield a favorable condition, the company goes ahead with the product development view of their value of their offer will over price their products or they might under estimated the perceived value and change less price for their product market Research is needed to establish the market perception of value as a guide to effective pricing.

### **c. Break-Even Analysis**

Kelly and William (2017), stated that “one way to use market demand as a basis for price determination and still consider cost is to approach pricing through Break-down point is that quality of output (number of unit product)

at which the sale revenue equals to the total cost assuming a certain selling price.

Here is a different break-even output result in a profit on each unit sales below the break-even point results is a lost to the seller.

1	2	3	4	5
Unit Price	Unit Variable Cost (AVC)	Contribution To overhead (1-2)	Overhead Total Fixed Cost	Break-Even Point (4) — (3) Units
60	30	30	250	5.0 Units
80	30	50	250	5.0 Units
100	30	70	250	3.6 Units
150	30	120	250	2.1

Computation of Break-Even point 2020

Hypothetically, the company's fixed cost is N30.00 per unit; here it is assumed that the unit variable cost is constant. Thus, the total cost of producing one unit is N280.00 for five units. The total cost is N40.00 (30.00 multiply by 5, equals N250.00) in the figure, the selling price is N80.00 per unit consequently, and everything a unit is sold at N50.00. It is contributed to overhead (fixed cost) that is the variable cost of N30.00 per unit and this is incurred in producing each unit. But any revenue over N30.00 per unit and

this is incurred in producing each unit. But any revenue over N30.00 can be used to help cover the fixed cost. At a selling price of N80.00, the company will break, if ten units is sold this is done because N50.00 contributed from each of the five units will just cover the total fixed cost of N250.00.

**d. Target Profit Pricing**

Kotler (2017) provided the target profit pricing method which is a cost oriented pricing approach in which the firm tries to determine the price that would produce profit it is seeking. This pricing method is used by public utilities that are contained to make a fair return on their investment. Target pricing use the concept of a break-even chart, break-even chart that shows the total cost and total revenue expected from different sales volume levels. The figure below shows hypothetical break-even chart fixed cost of N6 million regardless of sales volume. The total revenue curve reflects the price here the price is N15.00 (e.g. the company's revenue is N12million or 800.00 units to break-even that is the total revenue to cover total cost. If the company seeks a target profit N2million, it must sell at least N800.00 units of the products at a price of N15.00 each.

**e. Going rate Pricing**

Kotler (2017) stated that for this approach, the firm base pricing largely on competition price with less attention paid to its own cost of demand. The firm may charge more or less than its major competitors.

In oligopolistic industry that sell commodities such as steel, paper or fertilizer, the firm normally charge the same price the smaller firms follow their leader price charge rather than when their own demand is cost charge. Going rate is popular where there are difficulties to measure or competitive responds is uncertain, the going rate pricing method is although to reflect the collective wisdom of the industry as to price that would yield a fair return and not to disturb industrial harmony.

## **2.5 Competition Oriented Strategy**

Pricing strategy can be described as competition oriented when a company sets its price likely on the bases of what is competitors charge. According to Kotler (2018) “it is not mandatory for the company to charge the same price with competitors as the firm may seek to charge or keep its price higher or lower than the competing firms by a certain percentage. He further claims the most popular type of competition-oriented strategy is going rate pricing where firms try to keep its price at average level charge by the industry. It is assumed that where cost is difficult to measure, the going rate price would represent a collective wisdom of all the industry concerning the price that would have yielded a fair return. The difficulty in knowing how buyers and competitors would react to price differentiates is another reason for this type of pricing.

Olsson (2017) claims the “there are most significant factors to consider when setting a price in the competitive situation and the competitors in the market competitive pricing does not mean charging more than setting a price for the product only the final price of the product is included, more than the product itself.

## **2.6 Price Adjustment and Discounts**

Quantity discount according to Kotler (2018) “is a price reduction to a buyer/customer who buys large quantities/volume of products. A typical example, N10.00 per unit for less than 100 units or more units. Quantity discount must be offered to all customers and are not suppose to exceed cost saving to the seller associated with selling a large quantity. Quantity discount are incentives to the buyer to buy more from a given seller other than buying from multiple sources.

Burskirt (2017) claims that there are two types of quantity discounts. The cumulative and non-cumulative quantity discount. Each has its own peculiar functions and each should be treated independently of each other. He claims that the non-cumulative quantity discount is a reduction in price of which depends on the size of individuals order submitted by the buyer. A cumulative quantity discount represent a reduction when it depends in the total price paid for goods proclaimed over a period of time. The cumulative

quantity discount does not increase average size of the order. It is the total volume of business placed with the company over a period of time that determines the discount. Quantity discount must be offered to all customers on the same basis and it must not exceed the actual saving incurred by shaping the quantities.

### **2.6.1 Cash Discount**

Kotler (2019) defines cash discount as a price reduction to buyer who pay their bill promptly or within a stipulated period of time. A typical example is 2/10 net 30 which means that payment is due within thirty days but buyer can deduct 2 percentage from the cost if payment is made within ten days. This discount must be granted to all buyers meeting this term or condition such discount is customary in many industries and serve the purpose of improving the seller liquidity and reducing credit collection cost and bad debts. Buy a large volume thereby alleviating storage problem for the manufacturer.

## **2.7 Product Life Cycle and Pricing**

Buzzel (2017) overtime, “man develops new and better ways of satisfying basic needs with the result that as new products are introduced, established products becomes obsolete and eventually pass away. In time, the cycle repeats itself and the new product suffers the fate of the product which eventually is replaced.

As human beings have a life cycle so also products too. The products life cycle is used as a building for planning the company's overall pricing strategies; company watches the behaviors of the sale of a product over a period in a competitive marketing environment and takes decisions on the best marketing mix approach that will put the product in the best position to accomplish its corporate objectives as the product grows older. Marshal (2018) listed these stages of the product life cycle, which are in four stages.

### **Product Life Cycle**

Introductory Stage

Growth stage

Maturity Stage

Decline Stage

### **Introduction Stage**

At this stage, product will experience a steady and slow growth in sales and generally incur high promotional expenditure and at the stage the product is first made available to the market. Profit is negative at this stage because of low sales, heavy distribution and fewer competitors.

### **Growth Stage**

Sales increases as the product grow older and establish a firm position in the marketing environment. There is a rapid sales but progressive speed of the

new abundant quality and benefits of the new product and leads to a boost in sales while at the introductory stage, price may be relatively high at growth stage which there is a number of distribution outlets of the product.

### **Maturity Stage**

Sales become very sensitive to changes in the market. The product is known and has grown in the market. Numbers of competitors have stabilized and market is highly segmented, competition is mainly concerned with the market share, marketing activities need to be managed to maintain product distribution, customer access to product and loyalty to the brand or product.

Strategies that are used at this stage are:

- a. **Market Modification:** Unprofitable market segment may have to be dropped and new ones acquired need to stimulate increased usage among present customer. Repositioning of the firm's product.
- b. **Product modification:** The product is being modified by the style durability, reliability taste.
- c. **Marketing Mix Modification:** This has to do with product, price, place and promotion.

### **Decline Stage**

Here, there is a decrease in sales volume because noticeable and a major decision being taken by the firm is whether to eliminate the product or to

continue with the product or go for certain modification, so as to stand the test of time. It is still possible. to make reasonable profit at this stage depending on the loyalty the brand attracted. The old price may still be retained. Sales and profitability continue to decline and eventually death of the product.

## **2.9 Theoretical Framework**

### **Taylor Rule theory on monetary policy**

In the decade since John B. Taylors celebrated essay on discretion versus policy rules in price “was presented at the 39th Carnegie-Rochester conference on public policy in the fall of 1992, his analysis has considerable influence on the way monetary economists and practitioners think about the policy debate. This success can be attributed to Taylors captivating synthesis of several important aspect of monetary economics with a deceptively simple policy rule, one that in Taylor’s own words is simple enough to put on the back of a business card”. Taylor provided a balanced exposition of the usefulness of macro econometric policy evaluation of simple policy rules in the context of the rules versus discretion debate, and illustrated that actual monetary policy in the United States could be usefully described in terms of a simple rule that appeared promising on the basics of such policy evaluation experiments.

Most importantly, he described the monetary policy process in terms of the

short-term interest rate which placed it close to the actual decision making process, and described policy directly in terms of developments regarding the two major operational objectives of monetary policy, inflation and economic growth Orphanides, (2019). On its face, adoption of a Taylor-Rule frame work as a guide to policy would appear to describe behavior that would be systematic and prudent in practice. And yet history seems to suggest that this is not sufficient to ensure that monetary policy will stay a steady course.

## **2.10 Empirical Review**

According to Kotler (2019) pricing strategies are the task of defining the price range and price movement through time that would support the sales and profit objectives as well as marketing positioning of the products in the target market. However, Kotler distinguished between pricing strategies, pricing tactics. Pricing tactics involves setting specific pricing levels and terms altering them within the general parameter of the pricing strategies. Pricing strategies a condition that charged against this background company must be effective on what overall business and marketing objectives are before it can set prices on product/products. This is because every price fixed has its own peculiar implication for profit and sales volume. It is generally believed that maximum profit and set lower prices when it wants to maximize its market share.

One of the responsibilities that confirm a marketing manager quite often is how to establish a brand level and products have within the context of dynamic strategies that can anticipate market force such as consumer demand action, legal as well as regulating tendencies in marketing environment. From time immemorial, marketing managers have adopted a number of strategies and policies in pricing their products and marketing mix. The following points are some of the strategies mostly adopted in the pricing of products viz.

- a. Marketing Penetration
- b. Skimming.
- c. Cost oriented
- d. Competitive Discount

Focus on the price determination approaches (pricing) Rosenberg (2017) identifies cost oriented, demand oriented method of determining price. According to him, setting price on the base of cost is one of the most common pricing techniques and by management especially in highly competitive market. Achieving a target return on investment or net sales is another pricing objective of many firms. This refers to building structured designed to provide enough returns on capital used in producing specific products or group of products so that the sales revenue will yield a predetermined average return

for the entire company. Producing a product is cost intensive and prices must be fixed in such a way that cost of product are covered and at the same time exert room for reasonable profit.

Another pricing objective is frequently pursued by some organization is that of price stabilization and this is practiced by big/large firm or organization such as the Unilever Nigeria Plc, that are satisfied with their current market shares and profit, it is aimed at price stabilization for the following reasons:

**a. To limit competition**

The fear of uncertainty by marketing executives as they do not know what will happen to their products in the future. Most firms pursue the objectives so as to meet price whether demand is increased or not. Firms all over the world strive to maintain or improve their market share and this also constitute a major pricing objective of many firms. By market share, it means the percentage of the market, which the firm controls and market share is a better indicator of corporate wealth and thus better pricing goal than target return on investment capital. Most companies sat to achieve the dominant market share as they believed that the company with the largest market share enjoys the lowest cost and highest long run profit. To maintain or improve on the market share, firms lower their prices or improve on their product quality to more customers.

Most firms regardless of the size consciously price their products simply to meet or prevent in the market environment seek is a matter of deliberate policy to parent competition in the marketing environment. Majority of the firm in marketing environment seek as a matter of deliberate policy to prevent completion in the market, hence when a new product is introduced into the market, companies frequently set the price very low to discourage competition. When the price of a product is high and product is aggressively marketed, competitors will presume that a lot of profit is being accrued to the company and they will rush into competing and gain the market share and profit too. Volume oriented objective implies a situation whereby potential demand, it means that the maximization of sales revenue as well customers volume. The “status quo” pricing objectives has to do with stable prices, meeting and beating competition in the market and the recovery of cost. Buzzell (2019) identified a relationship between pricing and product life cycle. Claimed that at early stage of the product life cycle prices could be aimed at making high profit and anticipated a fall in price as competitors enters the market or to penetrate the market more deeply at lower price. At maturity stage, there is a problem of whether the product has reached a maturity stage and if so what is the implication of the maturity, the product should generally call for a very low price to keep competition from growing.

In this approach, the total cost is calculated and a margin of profit is back on it. An example of this strategy is the mark up and the target pricing approach. According to Oriolo (2018) most whole sell and retail prices are base on established mark-ups. The demand oriented approach is based on estimated sales volume at various price levels. The basic principles underlying this approach is to change high price when demand is high and low prices when demand is low, although unit cost may be the same cost in both cases. Price discrimination is the most common form of demand oriented approach and it involves setting one type of commodity at different prices. Usually price figures are related to cost estimated at various levels to arrive at price not likely to meet the sales and profit objectives of the organization. Onalo (2017), out lines that “the total cost of a product helps the company to determine the lowest price that could be charge to break even or market profit, thus the demand for a product at different prices help the company to determine how high the price could go for, before revenue could be declared. Competition oriented approach aims at meeting competition in the market. A firm tries to keep price in line with industries price. This approach assumes that the average price levels are reasonable ones. Competitions before, forms the basis for setting specific price. This approach is prepared because it is easily determined the setting of choice as it varies with competitive

conditions. Prices are fixed on the basic cost, competition and government regulations.

## **CHAPTER THREE RESEARCH METHODOLOGY**

### **3.1 Introduction**

The effectiveness of every research work, according to Osuala (2015), lies mostly on the various methods and approaches employed by the researcher in the conduct of the study. In view of this, this chapter contained detailed information regarding the various methods and approaches that was employed by the researcher for the purpose of this study. The contents of this chapter, however, shall include: the research design; area of study, population of the study, sample size and sampling technique; data collection techniques; validity and reliability of instrument, and method of data presentation and analysis

### **3.2 Research Design**

The researcher employed the use of survey research design in the conduct of this study. This form of research design utilize various survey research tools such as questionnaire and personal interview, capable of providing the researcher with adequate and reliable needed data. It enable the researcher to cover as much as necessary large portion of the research population and have access to adequate opinions, suggestions, ideas and different discoveries on the research topic.

### **3.3 Area of the Study**

The area of study for this research is Unilever Distribution office in Kaduna Central Market. This is located at No. 11 2B Baya Jida off Kaduna road, Kaduna North Local Government Area of Kaduna State.

### **3.4 Population of the Study**

The population of this study consisted of the entire Human Resource and Marketing Department of Unilever Nigeria Plc, with a total of forty (53) staff.

### **3.5 Sample Size and Sampling Techniques**

The researcher used random sampling technique to draw sample size for the study. Therefore, the sample size for the study is 46 respondents.

The choice of the sample size adopted from krejcie and Morgan table for determining sample size.

### **3.6 Instruments of Data Collection**

The researcher employed the use of structured questionnaire that allows for a gradual response. The questionnaire was designed using Likert's scale rating of five (5) points ranging from 5, 4, 3, 2, & 1 with a degree of Strongly Agree(SA), Agree (A), Undecided (U), Disagree (D), and Strongly Disagree (SD) respectively. The choice of this method is because it is less cumbersome and non-complex in nature. It allows respondents to choose from options with a degree of agreeing to the statement or disagree as the case may be. Also, they are easy to administer and help keep the respondent's mind fixed to the

subject and facilitate the process of tabulation, analysis and scientific generalizations.

### **3.7 Validity of Instruments**

The questionnaire formulated for the purpose of this research work will be presented to the project supervisor for validation, on which immeasurable comments and observations were made and necessary corrections based on the supervisor and two other experts. Observations were effected on the questionnaire before been administered to the studied respondents.

### **3.8 Reliability of Instrument**

In order to determine the reliability of the instrument (questionnaire), the researcher employed test retest technique of validity test. In this case, the researcher first have structured the questionnaire distributed 20 copies to the respondents and retrieved them back in order to assess whether the respondents understand the contents of the questionnaire or not, and make any necessary correction there-from before the administration of the actual questionnaire that were presented and analyzed for the purpose of this study.

### **3.9 Method of Data Collection**

To avoid bias and ensure orderliness, appropriateness and efficiency in questionnaires administration, the researcher personally administered the

formulated questionnaires to the respondents randomly. This is made possible with permission from the Director, Human Resource Department. And also personally collected the questionnaire.

### **3.10 Method of Data Presentation and Analysis**

The data collected presented in tables of frequency showing the different values of random variables together with their associated or corresponding frequencies; while the analysis are based on the use of Mean Score ( $\bar{x}$ ) to ascertain the degree of agreement and disagreement of each statement/variable. The Mean statistical method was made possible with the Likert's Rating Scale of 5 — 1, that is.:

SA Strongly Agreed = 5;

A Agreed = 4;

UD Undecided = 3;

D Disagree = 2; and

SA Strongly Agree = 1.

With this method, survey statements are either accepted (agreed) or rejected (disagreed) with a cut-off point of 3.00, derived as shown below:

$$\frac{5+4+3+2+1}{15} = \underline{\underline{3.00}}$$

5

5

The formula for mean score is as follows:

Mean (x) =  $\frac{\sum fx}{\sum f}$  Where; f = frequency x = rating points

$\sum f$  = Total frequency  $\sum$  = Summation

Decision Criteria

4.5 - 5.0 = Strongly Agreed

3.5 - 4.49 = Agreed

2.5 - 3.49 = Undecided

1.5 - 2.49 = Disagreed

0.5 - 1.49 = Strongly Disagreed

## **CHAPTER FOUR DATA PRESENTATION AND ANALYSIS**

### **4.1 Introduction**

In this chapter, the researcher classified the respondents in terms of age, sex, the level of education and working experience. The chapter also presented the data and performed an analysis using Likert's 5 points rating scale and arithmetic mean to validate the research questions. It gave the major findings of the study, summarized and discussed the findings too.

Out of the 46 questionnaire distributed, 46 were successfully filled and returned and considered as sample size for the study.

### **4.2 Characteristics of Respondents**

**Table 4.2.1:** Classification of Age of Respondents

<b>Variables</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
18-25 Years	23	50
26-40 Years	16	33.3
41&Above.	7	16.7
<b>Total</b>	<b>46</b>	<b>100</b>

Source: Field Study, 2021.

From the above table 4.2.1, the analysis shows that 23 respondents representing 50% of the total respondents are within the age bracket of 18 -

25 years, while 16 representing 33.3% of the respondents were aged 26-40 years and the remaining 7 (16.7%) of the respondents are 41 years and above. This is an indication that most of the respondents used for the study are within the active and productive age of their career.

**Table 4.2.2:** Sex Distribution of Respondents

<b>Variables</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
Male	20	40
Female	26	60
<b>Total</b>	<b>46</b>	<b>100</b>

Source: Field Study, 2021.

The analysis from the data presented in the above table 4.2.2 shows that 20 of the sampled respondents representing 40% of the total respondents were male and 26 of them which represent 60% of the total respondents were female. The implication is that Unilever has adequate representation of both sexes in the company.

**Table 4.2.3: Classification of Respondents' Educational Qualification**

<b>Variables</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
Postgraduate	16	33.3
B.Sc - HND	23	50
ND - Cert	6	10
SSCE - Below	4	6.7
<b>Total</b>	<b>46</b>	<b>100</b>

Source: Field Study, 2021.

From the above table 4.2.3, the analysis shows that the category of B. Sc and HND holders have the highest percentage of 23 respondents representing 50% of the respondents. This was closely followed by the postgraduate degree holders who had 16 workers representing (33.3%) of the, total respondents. Based on this obvious situation, the respondents are highly educated and well talented.

**Table 4.2.4: Years of Working Experience**

<b>Variables</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
1 - 5 Years	29	66.7
6 - 10Years	10	20
11 - 15Years	5	10
16 Years & Above	2	3.3
<b>Total</b>	<b>46</b>	<b>100</b>

Source: Field Study, 2021.

From the above table 4.2.4, the question sought to know the years of working experience of the respondents, the large numbers of them totaling 29 and representing 66.7% have little experience on their job. From the analysis therefore, it shows that the staff need adequate training of both on-the-job and off-the-job to enable them function effectively and efficiently too. The newly employed staff needs sufficient training and the older ones require manpower development to have a better understanding of pricing strategies for competitive advantage.

### 4.3 Data Presentation and Analysis

Here, the researcher presents and analyzes the data collected from the respondents. Below are the summary of the sample of questions prepared from the questionnaire and their analysis.

**Table 4.3.1:** Data Presentation (Response to Research Questionnaires)

S/N	Variables	SA	A	UD	D	SD	Total
1.	Price is an amount that is reasonable and fair to both the buyer and the seller.	22	15	3	6	-	46
2.	The transfer pricing strategy adopted by the company is effective.	25	16	2	3	-	46
3.	There is high patronage for your product by the consumers.	30	9	1	2	4	46
4.	The price of your products actually attracts consumers to patronize them.	18	12	10	2	4	46

5.	Customers/consumers patronize Unilever products on regular basis.	22	15	3	6	-	46
6.	The price adopted by the competitive position/competitors affect your sales.	25	16	2	3	-	46
7.	The prices of Unilever products are far better and fair than that of its competitors.	30	9	1	2	4	46
8:	Unilever Nigeria Plc attempts to improve its market position by emphasizing on flexible pricing policy.	18	12	10	2	4	46
9.	The company set price to maximize current profit and its market share.	22	15	3	6	-	46
10.	In setting price in Unilever Nigeria Plc, the company often considered the income level of consumers of its products.	25	16	2	3	-	46

11.	Price liming has the greater benefit of simplifying the consumers' buying decision.	22	15	3	6	-	46
12.	Cost plus pricing can help to maximize profit.	25	16	2	3	-	46
13.	The introduction of new product with psychological pricing increases the sales volume of the company.	30	9	1	2	4	46

14.	The introduction of new product with price penetration increases the rate of turnover of the company.	22	15	3	6	-	46
15.	The introduction of new product with price skimming makes the company to be able to compete well in the competitive market.	25	16	2	3	-	46

Source: Field Study, 2021.

**Table 4.3.2: Data Analysis**

Here, the researcher analyzes the data obtained in table 4.3.1.

**Obtaining Mean using the First Variable in Table 4.3.1 as an Example**

	SA	A	UD	D	SD	Total	Mean	Remarks
f	22	9	7	6	2	46		
x	5	4	3	2	1			
fx	110	36	21	12	2	181	3.9	Agreed,

Source: Field Study, 2021.

$$\begin{aligned}
 \text{Mean score} &= \frac{\sum fx}{\sum f} \\
 &= \frac{181}{46} \\
 &= 3.9
 \end{aligned}$$

**Table 4.3.3: Data Analysis**

S/ N	Statement		SA	A	UD	D	SD	Total	Mean	Remarks
1.	Price is an amount that is reasonable and fair to both the buyer and the seller.	f x fx	12 5 60	9 4 36	3 3 9	6 2 12	0 1 0	46  $\frac{117}{46}$	3.9	Agreed
2.	The transfer pricing Strategy adopted by the company is effective.	f x fx	15 5 75	12 4 48	0 3 0	3 2 6	0 1 0	46  $\frac{198}{46}$	4.3	Agreed
3.	There is high Patronage for your produce by the consumers.	f x fx	6 5 30	9 4 36	0 3 0	14 2 28	1 1 1	46  $\frac{147}{46}$	3.2	Agreed
4.	The price of your products actually attracts consumers to patronize them.	f x fx	5 5 90	4 4 48	0 3 0	0 2 0	0 1 0	46  $\frac{211}{46}$	4.6	Strongly Agreed
5.	Customers/consumers Patronize Unilever	f	14	9	0	7	0	46	4.0	Agreed

	products on regular basis.	x	5	4	3	2	1	$\frac{184}{46}$		
		fx	70	36	0	14	0			

6.	The price adopted by the competitive Position/competitors affect your sales.	7 x fx	18 5 90	12 4 48	0 3 0	0 2 0	0 1 0	46  $\frac{212}{46}$	4.6	Strongly Agreed
7.	The prices of Unilever products are far better and fair than that of its competitors.	f x fx	15 5 75	9 4 36	6 3 18	0 2 0	0 1 0	46  $\frac{198}{46}$	4.3	Agreed
8.	Unilever Nigeria Plc attempts to improve its market position by emphasizing on flexible pricing policy.	f x fx	9 5 45	9 4 36	6 3 18	2 2 4	4 1 4	46  $\frac{166}{46}$	3.6	Agreed

9.	The company set price to maximize current profit and its market share.	f x fx	18 5 90	9 4 36	3 3 9	0 2 0	0 1 0	46  207	4.5	Strongly Agreed
10.	In setting price in Unilever Nigeria Plc, the company often considered the income level of consumers of its products.	f x fx	21 5 105	9 4 36	0 3 0	0 2 0	0 1 0	46  $\frac{216}{46}$	4.7	Strongly Agreed
11.	Pricing liming has the greater benefit of simplifying the consumers' buying decision	f x fx	11 5 55	14 4 56	1 3 3	4 2 8	0 1 0	46  $\frac{189}{46}$	4.1	Agreed
12.	Cost plus pricing can help to maximize profit.	f x fx	10 5 50	17 4 68	1 3 3	1 2 2	1 1 1	46  $\frac{189}{46}$	4.1	Agreed
13.	The introduction of new product with psychological	f x	9 5	13 4	3 3	4 2	1 1	46	3.8	Agreed

	pricing increases the sales volume of the company.	fx	45	52	9	8	1	$\frac{174}{46}$		
14.	The introduction of new product with price penetration increases the rate of turnover of the company.	f x fx	8 5 40	12 4 48	1 3 3	6 2 12	3 1 3	46  $\frac{161}{46}$	3.5	Agreed
15.	The introduction of new product with price skimming makes the company to be able to compete well in the competitive market.	f x Fx	5 5 25	12 4 48	1 3 3	8 2 16	4 1 4	46  $\frac{148}{46}$	3.2	Agreed

Source: Researcher's Computation, 2021.

#### 4.4 Summary of Findings

Findings revealed that, it is effective pricing strategies that can help to boost and draw high patronage in Unilever Nigeria Plc. In specific terms, the major findings are stated thus.

1. Price is an amount that is reasonable and fair to both the buyer and seller, and the pricing strategy adopted by the company is very effective as the

company's major pricing strategy has significant impact on consumers' patronage of its products.

2. The price of Unilever products actually attracts consumers to patronize them, and the patronage of the products by customers/consumers is on a regular basis. The company do set price to maximize current profit while maintaining its market share. Hence, psychological pricing, cost plus pricing, price penetration and price skimming are used in pricing new product for the purpose of increasing the sales volume of the company.
3. The company's sales volume is often affected by the price adopted by other group of competitors, just as the price of Unilever products is far better and fairer when compared to that of its competitors.
4. The market share of Unilever Nigeria Plc is enhanced when emphasis is placed on flexible pricing policy.
5. The company often considered the income level of consumers of its products while setting price for its products.

Generally, for any organization to be successful there is need to have a good and all inclusive pricing strategy. It is only by so doing that the price set for the product of an organization would yield meaningful results.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Summary**

In every competitive market where there are a lot of products competing for the attention of the consumer who naturally have a limited choice due to their spending ability. The decision as how to provide these products at the right place, quality and price effectively and efficiently cannot be overemphasized as is the case study of the research work of Unilever Nigeria Plc, Kaduna.

For an organization to survive and remain in serious pricing must be given a prominent position in the marketing decision making process. Problems are encountered when a company determines to establish initial price structure for its new and prevalent to a market which call for the research work, its objective is to ascertain the effect of pricing strategies on the company, the scope of the research work covers the effect that pricing strategies has on the marketing activities of Unilever Nigeria Plc. Relevant interaction were reviewed to ascertain the impact of pricing strategies on consumer goods. According to Rosenberg (2017) pricing as an act of translating the value of product into money. Rosenberg classified pricing objectives to three distinct division as profit oriented, volume oriented, and status quo oriented Objectives.

The profit or returns volume oriented objectives in pricing in order to achieve a certain sales volume and status oriented objectives is pricing to meet competition. According to Kotler (2017) pricing strategies are the task of defining the price range and price movement through time. He identified market penetration, skimming, cost oriented and competitive discount as various pricing strategies. Penetration seeks to get wide market coverage through low price, skimming seeks to skin the market by high price at the initial introduction of the goods into the market.

Various methodologies were adopted in gathering the data and information that is needed for the research work, both primary and secondary sources of data were used. Questionnaires were administered and relevant text books were also used in this research work

## **5.2 Conclusion**

This study has revealed that the impact of pricing strategies in the marketing of a company's product is very successfulness depends on the proper integration of their channel of distribution. It could be concluded that adopting pricing strategies by organization is not by force, but that their function contribution is not by force, but that function contributes in no small measure to the general development of the patronage on the Company's is of its pricing strategies help it to achieve its marketing goals and objectives.

### 5.3 Recommendations

In the course of carrying out this study that the researcher observed some problems in the light of these problems that the following suggestions were made by the researcher in the area of development, management and control.

- i There should be the need to motivate the company's sales to encourage their efforts through offering of better incentive schemes, bonuses and other packages in order to boost their market for better performance.
- ii There should be the need to motivate the company's sales to encourage their efforts through offering of better incentive schemes, bonuses and other packages in order to boost their market for better performance.
- iii There should be the need from the management to check a forum where distributors and management can interact regularly and offer them with some fit items and other incentives to maintain and consolidate their relationship and also to maintain products loyalty.

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## **APPENDIX I**

Department of Business Administration,  
College of Business and Management  
Studies.  
Kaduna Polytechnic,  
Kaduna State.

Dear Respondents,

### **LETTER OF INTRODUCTION**

I am a final year student of the above institution. I am conducting a project research titled *“Impact of pricing strategies on the performance of Unilever Nigeria Plc, Kaduna.*

As the research is the part of the requirement for the award of Higher National Diploma (HND) in Business and Management Studies.

I will be grateful, if you will help me fill these questions to the best of your knowledge, the information given would be treated with utmost confidentiality and will be used only for the purpose of these research work. Thank you for your co-operation.

**Evan Zanjen Kinchai**

Researcher

## APPENDIX II

### Section 1:

#### Characteristics of Respondents

Please tick [V] the appropriate opinion in the boxes provided

(1) Age of Respondents?

- a. 18 – 25 Years [    ]
- b. 26 – 40 Years [    ]
- c. 41 Years and above [    ]

(2) Respondents' Sex?

- a. Male [    ]
- b. Female [    ]

(3) Educational Qualification

- a. Postgraduate [    ]
- b. B.Sc – HND [    ]
- c. ND – Cert [    ]
- d. SSCE—Below [    ]

(4) Years of Working Experience

- a. 15 – Years [    ]
- b. 6 – 10 Years [    ]
- c. 11– 15 Years [    ]

d. 16 Years & above [ ]

**Section 2: General Questions on Pricing Strategies and Organizational**

Performance Instruction: Please, tick [V] as appropriate in the spaces provided

I. Price is an amount that is reasonable and fair to both the buyer and the seller.

a. Strongly Agree [ ]

b. Agree [ ]

c. Undecided [ ]

d. Disagree [ ]

e. Strongly Disagree [ ]

2. The transfer pricing strategy adopted by the company is effective.

a. Strongly Agree [ ]

b. Agree [ ]

c. Undecided [ ]

d. Disagree [ ]

e. Strongly Disagree [ ]

3. There is high patronage for your product by the consumers.

a. Strongly Agree [ ]

b. Agree [ ]

c. Undecided [ ]

d. Disagree [ ]

- e. Strongly Disagree [ ]
4. The price of your products actually attracts consumers to patronize them. a. a.
- Strongly Agree [ ]
- b. Agree [ ]
- c. Undecided [ ]
- d. Disagree [ ]
- e. Strongly Disagree [ ]
5. Customers/consumers patronize Unilever products on regular basis.
- a. Strongly Agree [ ]
- b. Agree [ ]
- c. Undecided [ ]
- d. Disagree [ ]
- e. Strongly Disagree [ ]
6. The price adopted by the competitive position/competitors affect your sales.
- a. Strongly Agree [ ]
- b. Agree [ ]
- c. Undecided [ ]
- d. Disagree [ ]
- e. Strongly Disagree [ ]

7. The prices of Unilever products are far better and fair than that of its competitors.

a. Strongly Agree [ ]

b. Agree [ ]

c. Undecided [ ]

d. Disagree [ ]

e. Strongly Disagree [ ]

8. Unilever Nigeria Pie attempts to improve its market position by emphasizing on flexible pricing policy.

a. Strongly Agree [ ]

b. Agree [ ]

c. Undecided [ ]

d. Disagree [ ]

e. Strongly Disagree [ ]

9. The company set price to maximize current profit and its market share.

a. Strongly Agree [ ]

b. Agree [ ]

c. Undecided [ ]

d. Disagree [ ]

e. Strongly Disagree [ ]

10. In setting price in Unilever Nigeria Plc, the company often considered the income level of consumers of its products.

a. Strongly Agree [    ]

b. Agree [    ]

c. Undecided [    ]

d. Disagree [    ]

e. Strongly Disagree [    ]

11. Price liming has the greater benefit of simplifying the consumers' buying decision.

a. Strongly Agree [    ]

b. Agree [    ]

c. Undecided [    ]

d. Disagree [    ]

e. Strongly Disagree [    ]

12. Cost plus pricing can help to maximize profit.

a. Strongly Agree [    ]

b. Agree [    ]

c. Undecided [    ]

d. Disagree [    ]

e. Strongly Disagree [    ]

13. The introduction of new product with psychological pricing increases the sales volume of the company.

a. Strongly Agree [ ]

b. Agree [ ]

c. Undecided [ ]

d. Disagree [ ]

e. Strongly Disagree [ ]

14. The introduction of new product with price penetration increases the rate of Turnover of the company.

a. Strongly Agree [ ]

b. Agree [ ]

c. Undecided [ ]

d. Disagree [ ]

e. Strongly Disagree [ ]

15. The introduction of new product with price skimming makes the company to be able to compete well in the competitive market.

a. Strongly Agree [ ]

b. Agree [ ]

c. Undecided [ ]

d. Disagree [ ]

e. Strongly Disagree [ ]

### APPENDIX III

#### DETERMINATION OF SAMPLE SIZE TABLE ADAPTED BY KREJCIE

#### AND MORGAN

N-n	N-n	N-n	N-n	N-n
10-10	100-80	280-162	800-260	2800-338
15-14	110-86	290-165	850-265	3000-341
20-19	120-92	300-169	900-269	3500-346
25-24	130-97	320-175	950-274	4000-351
30-28	140-103	340-181	1000-278	4500-354
35-32	150-108	380-186	1100-285	5000-357
40-36	160-113	380-191	1200-291	6000-361
45-40	170-118	400-196	1300-297	7000-364
50-44	180-123	420-201	1400-302	8000-367
55-48	190-127	440-205	1500-306	9000-368
60-52	200-132	460-210	1600-310	10000-370
65-56	210-136	480-241	1700-313	15000-375
70-59	220-140	500-217	1800-317	20000-377
75-63	230-144	550-226	1900-320	30000-379
80-66	240-148	600-234	2000-322	40000-380
85-70	250-152	650-242	2200-327	50000-381
90-73	260-155	700-248	2400-331	75000-382
95-76	270-159	750-254	2600-335	100000-384

**Source:** Krejcie & Morgan. 2017

Where:

N = Population

n = Sample size