PRICING STRATEGY AS A FACTOR FOR SALES PERFORMANCE OF CONSUMABLE GOODS: EVIDENCE FROM CONSUMABLE GOODS DEALERS IN WUKARI LOCAL GOVERNMENT AREA, TARABA STATE, NIGERIA

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ABSTRACT: The major objective of this study is to find out the impact of pricing strategy on sales performance of consumable goods. This study adopted the survey design method. The population of the study comprised of staff of six enterprises that deal on consumables goods in Wukari, totaling thirty-two (32). The researchers used purposive sampling because the selected enterprises are the major dealers in consumable goods in the area. In addition, because the population of the enterprises is manageable, the researcher used the entire population as the sample size. Questionnaire served as instrument for data collection. Validity of the data collection instrument was established and its reliability ascertained. The researcher adopted both descriptive and inferential statistics using tables with frequencies and percentages to present data and the Pearson Product Moment correlation to test the formulated hypotheses aided by the Statistical Package for Social Scientists (SPSS). Cost-plus, mark-up and competitors-oriented pricing strategies were the measured dimensions of the independent variable whereas, sales performance served as the dependent variable. Findings from data analysis shows that cost-plus pricing strategy has no influence on sales performance of consumable goods; mark-up pricing strategy has no influence on the sales performance of consumable goods; competitors’ pricing strategy has an influence on the sales performance of consumable goods. Based on the findings, the following recommendations were made by the researchers: consumable goods dealers should adopt cost-plus pricing strategy with caution since it does not influence sales performance. They should not depend on mark-up pricing strategy as it does not influence sales performance. Since competitors-oriented pricing strategy influences sales performance of consumable goods, dealers should at all times watch out for their competitors’ prices. This is to enable them to optimize sales performance.

Keywords: Sales Performance, Cost-Plus, Mark-Up, Competitor-Oriented, Pricing Strategy and Consumable.

1. INTRODUCTION

Marketing a product is about how one positions it to satisfy customer needs. For marketing to effect a change in a product, there are elements that remains constant which must be incorporated, and this is called the “four P’s”. These four P’s are Product, Price, Promotion and Place (Ehmke et al., 2005). Price affects consumers’ decision making and in the words of Yusuff (2010) pricing is the key element of the marketing mix because it represents on a unit basis what the company receives for the product or service that is being marketed. Ebitu (2015) says that price has many faces: it may be known as fees, fare, rents, tuition, rates, interests, dues, premium, honorarium or even bribe. All these examples point to one key fact; it emphasizes what one must give up in order to obtain either a product or service. Pricing is one of the most crucial factors in management decisions. Egbunike (2007) asserts that setting the price for an organization’s product or service is one of the most difficult tasks due to some number or varieties of factors that must be considered.

Choosing a pricing objective and associated strategy is an important function of the business owner and an integral part of the business plan or planning process (Roth, 2007). Hence, assigning product prices is a strategic activity and the price or prices assigned to a product or range of products will have an impact on the extent to which consumers will view the firm’s products and determine its subsequent purchase (Agwu, 2014). No matter how good the product, how creative the promotion or how effective the distribution, unless the price covers cost, the company will make a loss. It is essential that managers must
understand how to set prices because both undercharging (lost margin) and overcharging (lost sales) can have dramatic effects on profitability (Jobber, 2004).

A company’s survival and profitability depends upon its pricing decisions, because price is the only element in the marketing mix that produces revenue and thus ensures profitability (Kotler and Keller, 2006). It is evident therefore, that management of an organization has a big responsibility before them in setting and adopting pricing strategies and policy in order to achieve sustainable performance.

1.1. Statement of the Problem
Marketing organizations are faced with many problems in trying to achieve their set goals, especially issues concerning their customers. This perhaps is a remembrance of marketing concept which is synonymous with customer satisfaction. Marketing concept is all about creating customers and satisfying them well using the four (4) P’s: product, price, place and promotion. Yet it is a common observation that there is instability and differentials in the prices of consumable goods.

Most times marketers of these goods take advantage of irregular supply to create artificial scarcity and exploit buyers. Perhaps, they fail to understand the need to set prices suitable for their goods. Importantly, it is believed that they do not know that price is usually associated with the consistency of a product’s image across markets. Sometimes dealers of consumer goods are forced to sell on competitors (prevailing or going) price to avoid losing their customers irrespective of the cost price of their goods. Many of them loose their capital in the process maybe because they take for granted the need to strategically set prices for their products/services. As a consequence, the adaptation of unsuitable pricing strategy could affect brand image and have negative effects on its performance.

If the pricing strategy adopted is not in response to opportunities and competitive challenges or managers being unaware that pricing strategies need to be set well in order to outperform competitors in the market, they may be pushing their organization into trouble and may be held responsible for this short coming. It is on the basis of the identified problems that study was designed.

1.2. Objectives of the Study
The main objective of this study is to find out the impact of pricing strategies on sales performance of consumable goods.

1.2.1. Specific Objectives
1. To identify if cost-plus pricing strategy affect sales performance of consumable goods.
2. To examine if mark-up pricing strategy influence sales performance of consumable goods.
3. To ascertain if competitors oriented pricing strategy influence sales performance of consumable goods.

1.3. Research Questions
Below are some of the questions that will help to further the course of this research:

1. Does cost-plus pricing strategy affect sales performance of consumable goods?
2. Does mark-up pricing strategy influence sales performance of consumable goods?
3. Does competitors-oriented pricing strategy influence sales performance of consumable goods?

1.4. Research Hypotheses
The following Null hypotheses were formulated and tested:

HO₁: Cost-plus pricing strategy does not affect sales performance of consumable goods.
HO₂: Mark-up pricing strategy has no influence on sales performance of consumable goods.
HO₃: Competitors-oriented pricing strategy does not influence sales performance of consumable goods.

1.5. Significance of the Study
This research will serve as a guide to marketing organizations in setting good pricing policy which will enhance profitability in the short and long run. It will serve as a guide in choosing pricing strategy which strikes a balance between what the consumer wants to pay for a product and the price a marketing organization is willing to sell.
The research will also be useful for those carrying out further research on this or related topic. It will also be of benefit to the government because the revenue generated by the firms will help them to pay tax (es) to the government. This study will benefit the larger society in the sense that, effectively set price will enhance high purchase of goods by the customers simply because the price fixed is acceptable to them.

1.6. Scope of the Study
Since no single research can vividly cover all areas, the study focused primarily on selected consumable goods dealers in, Wukari Local Government Area of Taraba State to reduce cost.

2. CONCEPTUAL FRAMEWORK

2.1. Meaning of Price
Price is one of the most important elements of marketing mix and the only one that generates revenue for the firm, unlike the others that consume funds (Agwu, 2014); a view supported by Jobber (2007). Price is a measure of what one must exchange in order to obtain a particular product or service (Ebitu, 2015). Ezeudu (2005) pointed out that price is the exchange value of goods and services. Kotler and Armstrong (2006) opine that price in the narrowest sense is the amount of money charged for a product or service. Price is the value attached to a product or service or a reflection of the value of something. The price of a product is what the company gets back in return for all the efforts that are put into manufacturing and marketing the product.

Akalabu et al. (2014) view pricing as major marketing function carried out to determine the value or worth of goods/services expected to satisfy the needs of the buyers. Pricing is the act of deciding how much to charge for something (OALD., 2015). Yusuff (2010) says that, pricing is a main determinant of a brand value to the customer, it is therefore essential that it should be effectively set because both undercharging and overcharging can have dramatic effects on profitability.

2.2. Pricing Objectives

Weber (2000) is of the opinion that, a firm ought to decide upon the objectives of pricing before determining the price itself. Some of the main objectives of pricing are as follows:

2.2.1. Achieve Target Return on Investment
Kotler and Armstrong (2008) described this as building a price structure designed to provide enough return on capital used for specific products so that the sales revenue will yield a predetermined average return for the entire firm. This objective is used by most firms for short run periods whereby a percentage mark up on sales is set. This set percentage covers anticipated operating cost plus desired profit for the year (Ezeudu, 2005).

2.2.2. Profitability

Profits are important indicators of the existence, success and growth of a business, and are rewards to shareholders and also one of the ingredients for a company that practices the marketing concepts (Ebitu, 2015). Profit making organizations must set prices with profit in mind. For consumers to pay prices that are either above average or below average, they must be convinced they are receiving value for money (Yusuff, 2010). According to Etzel et al. (2004), “a profit maximization goal is likely to be far more beneficial to a company if it is pursued over the long-term. To do this, however, firms may have to accept modest profit or even losses over the short term. For example, a company introducing a new product frequently does best by initially setting low prices to build a large clientele, where repeated purchase from this large group of customers may allow the firm to maximize its profit over the long term.

2.2.3. Meeting Competition

Many times, firms are forced to pursue such objectives as pricing to meet competition in order to stay in business and maintain its market share (Ebitu, 2015). Lancaster et al. (2002) stated that organizations may try to meet up with competition by reducing prices or even prevent it by adopting what is called “follow the leader” policy or leading price (a policy whereby companies price products based on a leading competitor’s price).
2.2.4. Market Survival

Kotler and Armstrong (2009) explained that, a firm must set prices to ensure its short term survival”. That is to say, the firm adjusts prices so that it can stay in business. Ebitu (2015) points out other objectives which firms may decide to pursue which may be beneficial to customers or which may protect the firms’ self-interest are:

(a) Quality and value objectives: A company or manufacturing organization should think of producing quality goods and services and also convince the target market that its offering has high quality.

(b) Social objectives: This pricing objective seeks to present a fair and affordable price to customers and a competitive price to other competing firms in the industry. A fair price wins customers’ loyalty, creates repeat purchase and sustain relatively large market share.

2.3. Pricing Strategies

According to Kotler and Lane (2009), pricing strategies covers decisions about setting initial prices and adopting prices in response to opportunities and competitive challenges. Below are some of the pricing strategies:

2.3.1. Cost Oriented Pricing Strategy

Cost based-pricing approaches determine prices primarily with data from cost of production. Its main advantage is that data is readily available but at the same time a disadvantage stands. It does not examine customer’s willingness to pay Hinterhuber (2008). Two methods are normally used here, they are cost plus method and direct or marginal cost pricing (Jobber, 2004).

(a) Cost plus method: The cost plus method involves the addition of a predetermined margin to the full unit cost of production and distribution without reference to prevailing demand conditions (Ezeudu, 2005). Agwu (2014) stated that, this consists of adding a “reasonable” mark up to the cost per unit. Ebitu (2015) opines that, in ordinary language, it is pertinent for a firm to determine its total cost of production and sales and then add a certain percentage on it after considering other factors like the price of competitors, the quality of the product, distribution and promotion strategies.

(b) Direct or marginal method: This method of price determination involves the calculation of only those costs that are likely to rise as output increases. Direct cost pricing is useful for services marketing. For example, where seats in aircraft or rooms in hotels cannot be stored; if they are unused at any time, the revenue is lost. In such situations, pricing to cover direct costs plus, a contribution to overheads can make sense. Direct costs, then, indicate the lowest price at which it is sensible to take business if the alternative is to let machinery (or seats or rooms) lay idle Jobber (2007).

2.3.2. Mark-Up Pricing

According to Farese et al. (2003), mark-up is the difference between the price of an item and its cost that is generally expressed as a percentage. The whole essence of mark-up is for it to cover the expenses of running the business and include the intended profit (Farese et al., 2003).

2.3.3. Competitors Oriented Pricing Strategy

This is using competitor’s price as a starting point for price setting (Blythe, 2005). Here companies set prices on the basis of price set by its competitors. It takes the form of going rate pricing which is a common practice with homogenous products with very little variation from one product to another, such as aluminum or steel (Kevin R. A. et al., 2004). It makes use of the prevailing market price as a basis for setting price of a product or service (Agwu, 2014). This is most likely to occur where:

a. There is a degree of price leadership taking place within a particular market.

b. Businesses are reluctant to set significantly different prices because of the risk of setting off a price war, which would reduce profits to all firms.

a. There is a degree of collusion taking place between firms.

2.3.4. Competitive Bidding

The most usual process is the drawing up of detailed specifications for a product and putting the contract out to tender and potential suppliers quote a price that is confidential to themselves and the buyer (Jobber, 2004). All other things being equal, the buyer will select the supplier that quotes the lowest price (Kevin R. A. et al., 2004).
2.3.5. Prestige Pricing Strategy

According to Brassington and Pettitt (2006), customers use prestige pricing as a means of assessing quality i.e. the high price attracts the status-conscious consumers and the discerning customer for whom price is no object. Ebitu (2015) states that there are some customers who feel that low prices are indices of low quality, such customers will set price floors and will not buy products which are below such floors.

2.3.6. Differential Pricing

This involves selling the same product to different buyers under a variety of price Bearden  et al. (2004). This means different prices are used for different segments (Brassington and Pettitt, 2006).

2.3.7. Demand Based Pricing

This strategy looks outward from the production line and focuses on customers and their responsiveness to different price levels (Brassington and Pettitt, 2006). They are prices based on the customers’ demand for the product. Here prices are set with demand and market considerations in mind (Lancaster and Withey, 2005). This is akin to the higher the demand, the higher the price and vice versa system. When this method of pricing is used, the price set must be in line with customers’ perception of the product or it will be priced too high or too low for the target market (Farese  et al., 2003).

2.3.8. Bundle Pricing

Brassington and Pettitt (2006) see it as assembling a number of products in a single package to save the consumer the trouble of searching out and buying each one separately. Here several products are packed in a single package that is sold at a single price. This is likened to bulk purchases pricing.

In the above pricing strategies, markup, competitor oriented, cost plus, demand based and bundles are more applicable to consumable goods.

2.4. Pricing Policy for New Products

According to Drury. (2000) as cited in the work of Echem (2017), the cost information is only one of many variables that must be considered in the pricing decision. The final price that is selected will depend upon the pricing policy of the company and these policies are grouped into two which a firm can select from. They are:

1. Price-skimming policy
2. Penetration pricing policy

**Price skimming:** It refers to setting the highest initial price that customers really desiring the product are willing to pay (Kevin R. A.  et al., 2004). Customers involved here are not price sensitive, instead the quality and ability of the product to satisfy their needs appeal to them. It involves setting high prices for new products in order to skim maximum revenues layer by layer from segments that are willing to pay the price allowing for the company to make fewer but profitable sales (Kotler  et al., 2001).

**Penetration pricing:** This pricing strategy for new products emphasizes that marketers should adopt low prices in introducing new products into the market (Ebitu, 2015). When the aim of the company is to penetrate the market, to attract a large number of buyers and a large market share, it uses penetration pricing by setting low price for a new product (Kotler  et al., 2001).

2.5. Consumers’ Perception of Price

When consumers buy a product, they exchange something of value (the price) to get something of value; the benefits of having or using the product (Kotler and Armstrong, 2006). Effective buyer-oriented pricing involves understanding how much value customers place on the benefits they receive from the product and setting a price that fits this value. Consumers know whether a product’s price is high or low, and when setting the prices, the company must consider their perception to prices (Kotler and Armstrong, 2010). The dimension of price perception may change in terms of the roles that price play on consumers’ buying behavior. If price positively affects the buying decisions of consumers, then the positive role of price is mentioned (Gecti, 2014). Most consumers react differently to price and consumer price perception happens to realize over a course of time. Accordingly, consumer obtains the price information visually or in auditory form, interprets this information, and gathers some results while having a specific remark. Consumers may possess some approaches or develop new approaches via the experience or learning of
In this context, consumers follow this process even when preferring a specific brand (Gecti, 2014).

2.6. Seven Dimensions of Consumers’ Perception of Price

According to Lichtenstein et al. (1993) as cited in the work of Gecti (2014), price perception of consumers has seven dimensions as presented below:

2.6.1. Price-Quality Association

The relation between price and perceived quality provides consumers with the opportunity of using a property such as price in order to make an evaluation about a product’s quality. Many variables such as total duration of the research, perceived risk related to purchases, frequency of purchases and price level of product class might mediate the price-quality association. For instance, if consumers are more experienced and have more product information, then they become less inclined towards price-quality inference (Jin and Sternquist, 2003; Meng, 2011).

2.6.2. Prestige Sensitivity

Consumers with high prestige sensitivity may buy expensive goods not because of quality perception per se, but because of the perception that others may perceive them as socially positive because of the high price Bao and Carter (2004). There are some customers who feel that low prices are indices of low quality. Such customers set price floors and will not buy products which are below such floors. This is so in that such customers do not want to compromise quality and status by associating with low prices (Ebitu, 2015).

2.6.3. Price consciousness

Price consciousness is described as the degree to which the consumer focuses exclusively on paying low prices (Jin and Sternquist, 2003). Many people believe that the behavior of lower price search exists among people during conditions worse than that of an economic recession (Moore et al., 2003).

2.6.4. Value Consciousness

Value consciousness is seen as the price paid for the quality received. If consumers consider price as a monetary sacrifice, then they will become more conscious about value. Value consciousness reflects the concern for price paid relative to quality received (Jin and Sternquist, 2003; Meng and Nasco, 2009).

2.6.5. Price Mavenism

Meng and Nasco (2009) opine that, price perception may be affected by the intention of consumers to be informed about the prices in order for them to transfer the information about the prices to others. Price mavenism is defined as the degree to which an individual is a source for price information for many kinds of products and places to shop for the lowest prices, initiates discussions with consumers, and responds to requests from consumers for marketplace price information.

2.6.6. Sale Proneness

Refers to an increased tendency to respond to a purchase offer because the sale form in which the price is presented positively affects purchase evaluations. In this respect, sale proneness means an increasing trend in responding to the tender offer as a result of the form of sale, in which the price affects purchase evaluations positively (Jin and Sternquist, 2003). Buy two and have one free in promotion sales is a typical example of sale proneness.

2.6.7. Coupon Proneness

As a marketing tool, coupons offer consumers the possibility to purchase products at a reduced price, and consumers who are stimulated by coupons are considered prone. Coupon proneness is defined as an increased propensity to respond to a purchase offer due to the purchase offer’s increased attractiveness caused by coupon (Swaminathan and Bawa, 2005).

2.6.7. Problems of Pricing Products

Osuala (1998) as cited in Ebitu (2015) identified the following as being the problems associated with pricing in Nigeria:
2.6.8. Price Instability
A price change varies rapidly in Nigeria. For instance, goods sold at forty Naira ($40) in the morning can cost fifty Naira ($50) in the evening in the same geographical market. The reasons for the fluctuations in price are not far-fetched. It can be caused by assumed shortages, hoarding, uneven distribution and under-production. Consumable goods are mostly affected by this sharp swing in price.

2.6.9. Price Differentials
A buyer is made to pay high price if he happens to be a weak bargainer or ignorant of the selling price of the product/goods he intends to buy. This mostly affects items that are not price tagged.

2.6.10. Irregular Supply of Goods
Nigerian businessmen take advantage of the manufacturer’s irregular supply of goods they sell to charge exorbitant (too high) prices. They create artificial scarcity (shortages) in order to extract unfair prices from prospective buyers.

2.6.11. Absence of Reliable or Fair Pricing Policy
Generally, a fair price policy sets the approach to be used in specifying individual product prices but in Nigeria there is no reliable and fair pricing policy. Discriminatory pricing is very common.

2.6.12. Pricing Relation to Quality
In Nigeria, quality is rarely used as a criterion for determining the price of a commodity. This is because the purchasing power of many people is low and many go for poor quality commodities which are cheaper.

2.7. Sales Performance
Sales according to the OALD. (2015) is the number of items sold. Performance on the other hand is how well or badly you do something. Sales performance is defined as a measure of sales results or the ability to achieve sales results.

Sales performance therefore, uses raw data concerning the number of customers a sales associate speaks to compared with the number of actual sales. By reviewing the sales performance of an employee, a sales performer manager can determine his strengths and weaknesses. Sales performance can indicate the rate of customer loyalty to the business. Enhancing sales performance can automatically enhance the number of loyal customers (McClelland, 2017). This is illustrated by the sales performance drivers’ wheel presented below.

![Figure 1. Sales Performance Wheel](http://www/rainsalestraining.com/solns/sales-consultant/improve-sales-performance)

**Source:** Schultz (2018). Identified eight (8) drivers of sales performance, these are explained below:
2.7.1. Strategy
This focuses on the factors that most affect the direction of sales organization. To achieve long-term success, managers must develop the right overall strategy, streamline it and execute it. They can take all sorts of actions but without the right strategy in place, the organizational sales performance will not be as high as expected or planned.

2.7.2. Structure
It relates to the organization selling at the company, including sales compensation, territory design, and territory, account and lead assignment. If you do not get the structure right, you might not attract or keep the right people and you leave significant revenue-growth opportunity in the market untapped.

2.7.3. Operations
This refers to how efficiently the sales organization runs, how activities and outcomes are tracked and how information is communicated to management for decision making. Without a good handle of operations, sales organizations are inefficient and cost too much. Managers have no visibility into how the organization is doing or what metrics need to change to drive performance higher.

2.7.4. Enablement
This is what allows sellers to sell at their potential, including sales management and coaching, sales process, sales method and all technologies tools and resources. Lack of enablement could mean that sales organizations are much less effective than they could be.

2.7.5. Talent Management
This is the organization’s overall strength of people including the competencies of sellers and sales managers, recruiting, selections and assignment, and onboarding. Sales organizations need the right people in the right roles to succeed.

2.7.6. Training
Training focuses on the development of sellers as well as the organization’s culture and investment around training and education. It includes effectiveness overall and in specific areas such as filling the pipeline, driving opportunities, driving account growth and managing sellers. Sales teams need the skills to be able to succeed.

2.7.7. Capabilities
This refers to the skills and knowledge needed to drive sales performance such as developing executive relationships, consultative selling, managing sales, growing accounts and more.

2.7.8. Motivation
Motivation includes seller attitudes, their energy and focus, leadership’s ability to create and sustain selling energy and the organizational culture with respect to selling.

2.8. Theoretical Framework
This study hinges on the pricing theory as propounded by Friedman. Friedman (1990) as cited in the work of Agwu (2014) asserts that pricing theory is the explanation of how relative prices are determined and how prices function to coordinate economic activity. Below are the pricing theories

2.8.1. Game Pricing Theory
Ezeudu (2005) states that game pricing theory is a collection of tools for predicting outcomes of a group of interacting agents where an action of a single agent affects the payoff of other participating agents. According to Diamantopalos (1991) as cited in Agwu (2014), game theory studies interactive decision making. There are two key assumptions underlying in this theory:

i. Each player in the market acts on self-interest. They pursue well-defined exogenous objectives, i.e. they are rational. They understand and seek to maximize their own payoff functions.

ii. In choosing a plan of action (strategy), a player considers the potential responses/reactions of other players.
2.8.2. Arbitrage Pricing Theory

This is comparatively a moderate diverse technique for analyzing the assets prices model. It assumes that the stock prices were influenced partially and uncorrelated with most of macroeconomic variables and these variables are not multi-collinear with each other. Arbitrage pricing theory defines that expected return on stock prices is composed of the capital gain plus the realization of risk premium (macroeconomic variables risk) during the course of time (Walter et al., 2011).

2.8.3. Consumer Theory

This is concerned with how a rational consumer would make consumption decisions (Martijn, 2011). The consumer theory arises because the consumer’s choice sets are assumed to be defined by certain prices and the consumer’s income or wealth.

2.10. Empirical Review

Obigbemi (2004) conducted a research on the role of competition on the pricing decision of an organization and the attainment of the organizational objectives, a study of SMEs in Nigeria. The survey methodology was adopted by the researcher, with the administration of questionnaires to the SMEs. It was discovered by the researcher that competition plays a major role in pricing decision and that there is a relationship and attainment of organizational objective. It was recommended by the researcher that, there should be a close monitoring of SMEs and that SMEs should employ the service of price experts when making pricing decisions.

Agwu (2014) researched on the effect of pricing strategies on the purchase of consumer goods. The researcher utilized a descriptive and historical method and relied heavily and solely on secondary instruments as sources of data. Findings from the researcher’s data indicated that consumers have a perception of value reflected in prices of firm’s products. It was also found out that competitor’ price affects the purchase and informs purchase decision. Therefore, the researcher recommends that firms should focus on communicating value to customers through prices and should also be on the watch for competitors’ prices and examine how much it affects purchase of their products.

Michael et al. (2012) conducted a research on the relevance of pricing strategies on corporate performance in Nigeria. The researchers adopted descriptive research design and secondary method of data collection was used. They used regression model for analysis. The study revealed that pricing strategies have a great influence on the performance of breweries. It further revealed the extent to which both variables are correlated. The sales strategy adopted by the researchers revealed to be negatively related to the performance of the brewery industry in Nigeria. It was recommended that effective cost and discounting system should be adopted by the brewery industry to attract more customers under the condition that product quality will not be compromised.

Victor (2014) carried out a study on price strategies as a determinant of performance on Romanian companies in export markets. Specifically, the study was focused on mark-up pricing strategy and price skimming strategy. The methodology adopted for the study was a cross sectional design method using questionnaire as a major data collection instrument. The target population for the study was 54 exporting companies in Romanian. The study employed stratified random sampling; selecting 22 companies that were used as a study focal point. The data collected was analyzed using SPSS. The study found among others that mark-up and skimming pricing strategy has no positive effect on sales of export products.

Mohsen and Sahar (2015) carried out a study on the Mediating Role of Competitive Strategies in the Effect of Firm Competencies and Performance in Jeddah, Saudi Arabia. Using a sample of 213 SMEs drawn from a population of 496 registered SMEs, the study used a survey to collect data from randomly selected respondents from the area under study. Chi-square Test of Association was used to analyze and test the hypothesis for the study. The results indicated that cost-inclusive pricing strategy does not affect performance of SMEs neither does it give leverage over competitors.

3. METHODOLOGY

This study adopted the survey design method. The population of this study comprised of staff of six enterprises that deal on consumables goods in Wukari, totaling thirty-two (32). The researchers used purposive sampling for this study because the selected enterprises are the major dealers in consumable goods in Wukari. Because the population of the enterprises is manageable, the researcher used the entire population as the sample size. The researchers used questionnaire during survey exercise to collect data. The validity of the data collection instrument was established and its reliability ascertained. The researcher adopted both descriptive and inferential statistics using tables with frequencies and percentages.
to present data. To test the formulated hypotheses, Pearson Product Moment correlation aided by the Statistical Package for Social Scientists (SPSS) was used.

3.1. Decision Rule
This study requires at least 95% confidence in a decision to reject the null hypotheses; reject the null hypotheses if the SPSS provided p-value is ≤0.05.

4. DATA PRESENTATION AND ANALYSIS

4.1. Data Presentation
Data collected for this study were presented in a tabular form and analyzed based on the response outcomes.

| Table 1. The price of product is determined by the cost of production and distribution |
|---------------------------------|-----------------|----------------|----------------|
|                                  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid                            |           |         |               |                   |
| SA                               | 22        | 68.8    | 68.8          | 68.8              |
| A                                | 10        | 31.3    | 31.3          | 100.0             |
| Total                            | 32        | 100.0   |               | 100.0             |

Source: Field Survey, 2018

From table 1 above, 22 respondents (68.8%) strongly agreed and 10 respondents (31.3%) agreed.

| Table 2. In order to get profit, an amount or handling cost is added to the initial price of the product |
|---------------------------------|-----------------|----------------|----------------|
|                                  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid                            |           |         |               |                   |
| SA                               | 23        | 71.9    | 71.9          | 71.9              |
| A                                | 8         | 25.0    | 25.0          | 96.9              |
| D                                | 1         | 3.1     | 3.1           | 100.0             |
| Total                            | 32        | 100.0   |               | 100.0             |

Source: Field Survey, 2018

Table 2 depicts that 23 respondents (71.9%) strongly agreed, 8 respondents (25.0%) agreed and 1 respondent (3.1%) disagreed.

| Table 3. Competitors' price affects the business sales performance |
|---------------------------------|-----------------|----------------|----------------|
|                                  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid                            |           |         |               |                   |
| SA                               | 19        | 59.4    | 59.4          | 59.4              |
| A                                | 12        | 37.5    | 37.5          | 96.9              |
| U                                | 1         | 3.1     | 3.1           | 100.0             |
| Total                            | 32        | 100.0   |               | 100.0             |

Source: Field Survey, 2018

Table 3 above revealed that 19 respondents (59.4%) strongly agreed, 12 respondents (37.5%) agreed and 1 respondent (3.1%) undecided.

4.2. Test of Hypotheses

\( H_{01} \): Cost-plus pricing strategy does not affect sales performance of consumable goods.

| Table 4. Correlations |
|-----------------------|------------------|----------------|
| Sales Performance     | Pearson Correlation | Cost-plus Pricing Strategy |
|                       | 1                | -.656**         |
| Sig. (2-tailed)       | .121             |                 |
| N                     | 32               | 32              |

Cost-plus Pricing Strategy

|                       | Pearson Correlation | Cost-plus Pricing Strategy |
|                       | -.656**             | 1                           |
| Sig. (2-tailed)       | .121               |                              |
| N                     | 32                 | 32                           |

*. Correlation is significant at the 0.05 level (2-tailed).
Source: SPSS Result, 2018.
On the first hypothesis, the correlation analysis in table under 4 above shows a negative significance value (r-value) of -0.656** and probability value (p-value) of 0.121. This analysis results fail to support the rejection of null hypothesis since the p-value is greater than 0.05 (p = 0.121 > 0.05) significance value (r-value). The result therefore supports the acceptance of null hypothesis. This implies that cost-plus pricing strategy does not affect sales performance of consumable goods.

\[ H_{02}: \] Mark-up pricing strategy has no influence on sales performance of consumable goods.

\[
\begin{array}{|c|c|c|}
\hline
\text{Sales Performance} & \text{Mark-up Pricing Strategy} \\
\hline
\text{Pearson Correlation} & 1 & -.586** \\
\text{Sig. (2-tailed)} & .541 & \\
\hline
\text{N} & 32 & 32 \\
\hline
\end{array}
\]

* Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS Result, 2018.

For second hypothesis, the correlation analysis in the table under 5 above gives a negative significance value (r-value) of -0.586** and a probability value (p-value) of 0.541. Thus, because the p-value is greater than 0.05 (p = 0.541 > 0.05) r-value which is the minimum level of null hypothesis acceptance, the null hypothesis is accepted and the alternative hypothesis is rejected. This signifies that, mark-up pricing strategy has no influence on sales performance of consumable goods.

\[ H_{03}: \] Competitors-oriented pricing strategy does not influence sales performance of consumable goods.

\[
\begin{array}{|c|c|c|}
\hline
\text{Sales Performance} & \text{Competitors Oriented Pricing Strategy} \\
\hline
\text{Pearson Correlation} & 1 & .792** \\
\text{Sig. (2-tailed)} & .000 & \\
\hline
\text{N} & 32 & 32 \\
\hline
\end{array}
\]

* Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS Result, 2018.

For third hypothesis, the correlation analysis in the table under 6 above gives a very high positive significance value (r-value) of 0.792** and a probability value (p-value) of 0.000. Since the p-value is less than 0.05 (p = 0.000 < 0.05) r-value which is the minimum level of null hypothesis acceptance, the null hypothesis is rejected and the alternative hypothesis is accepted. This implies that, competitors-oriented pricing strategy influences sales performance of consumable goods.

4.3. Discussion of Findings

Using Pearson Product Moment correlation with the aid of SPSS, hypothesis one of this study reveals that cost-plus pricing strategy does not affect sales performance of consumable goods. This is because relationship between cost-plus pricing strategy and sales performance of consumable goods has been found to be negative at -0.656 which signifies that, the more an organization or entrepreneur depends on this pricing strategy, the lesser the chances of high sales of consumer goods and vice versa. This is in agreement with the findings of Mohsen and Sahar (2015), which says that cost-inclusive pricing strategy does not affect performance of SMEs neither does it give leverage over competitors.

The researcher found on the test of the second hypothesis that, mark-up pricing strategy has no influence on sales performance of consumable goods. Also, the relationship between the independent and the dependent variables was found to be negative at -0.586. This finding is in line with that of Victor
(2014), who uncovered among others that, mark-up and skimming pricing strategy, has no positive effect on sales of export products.  

On the test of hypothesis three, the study found that, competitors-oriented pricing strategy influence sales performance of consumable goods. The extent of relationship between competitors oriented pricing strategy and sales performance was found to be positive at 0.792 which implies that, a more dependence on this pricing strategy would result to higher sales of consumable goods. This is in consonance with the study of Kevin Z. Z. et al. (2017), who found out that competitors’ line price setting is a significant predictor of organizations performance.

5. SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.1. Summary of Findings

This study concentrated on three major pricing strategies: cost-plus, mark-up and competitors oriented pricing strategies. The study hypotheses were tested and the outcome of hypothesis one shows that cost-plus pricing strategy has no influence on sales performance of consumable goods; Result from test of hypothesis two indicates that mark-up pricing strategy has no influence on the sales performance of consumables goods; while result from test of the third hypothesis shows that competitors’ pricing strategy has an influence on the sales performance of consumable goods.

5.2. Recommendations

The following recommendations were made by the researcher based on the findings:

1. That consumable goods dealer should adopt cost-plus pricing strategy with caution since it does not influence sales performance.
2. That consumable goods dealer should not mark-up pricing strategy as it does not influence sales performance.
3. Since competitors-oriented pricing strategy influences sales performance of consumable goods, dealers should at all times watch out for their competitors’ prices.

5.3. Conclusion

Based on the findings, the researchers conclude that for a consumable goods dealer to optimize sales performance, it must keep an eye on the competitor’s price, deemphasize on cost-plus and markup pricing strategies as much as use other pricing strategies that will yield result.

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**APPENDIX**

<table>
<thead>
<tr>
<th></th>
<th>Sales Performance</th>
<th>Cost-plus Pricing Strategy</th>
<th>Mark-up Pricing Strategy</th>
<th>Competitors Oriented Pricing Strategy</th>
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<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>Pearson Correlation</td>
<td>-656**</td>
<td>-.586**</td>
<td>.792**</td>
</tr>
<tr>
<td><strong>Performance</strong></td>
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<td>.121</td>
<td>.541</td>
<td>.000</td>
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<td><strong>Cost-plus</strong></td>
<td>N</td>
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<td>32</td>
<td>32</td>
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<tr>
<td><strong>Pricing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td><strong>Sales</strong></td>
<td>.656**</td>
<td>1</td>
<td>-.504**</td>
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<tr>
<td></td>
<td><strong>Performance</strong></td>
<td>.121</td>
<td>.347</td>
<td>.116</td>
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<td><strong>Cost-plus</strong></td>
<td>32</td>
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<td>32</td>
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<tr>
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<td><strong>Strategy</strong></td>
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</tr>
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<td>.389</td>
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<td>.228</td>
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<td>32</td>
<td>32</td>
</tr>
<tr>
<td><strong>Competitors</strong></td>
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<td>-.504**</td>
<td>1</td>
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<tr>
<td><strong>Oriented</strong></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.116</td>
<td>.228</td>
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<tr>
<td><strong>Pricing</strong></td>
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<td>32</td>
<td>32</td>
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</tr>
</tbody>
</table>

*. Correlation is significant at the 0.05 level (2-tailed).