

**IMPACT OF PRICING TECHNIQUES ON
CUSTOMER BUYING DECISIONS**
(A CASE STUDY OF AIRTEL COMMUNICATION NIGERIA LIMITED)

BY

**EFFIONG ANTHONIA
HND/BAM/23/FT/226**

**SUBMITTED TO THE
DEPARTMENT OF BUSINESS ADMINISTRATION AND
MANAGEMENT, KWARA STATE POLYTECHNIC, ILORIN.**

**IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE
AWARD OF HIGHER NATIONAL DIPLOMA (HND) IN BUSINESS
ADMINISTRATION AND MANAGEMENT**

JULY, 2025

CERTIFICATION

This is to certify that this project has been read and approved as meeting the requirement for the award of Higher National Diploma (HND) in Business Administration and Management. Institute of Finance and Management Studies, Kwara State Polytechnic, Ilorin.

DR. MUHAMMED. A
PROJECT SUPERVISOR

DATE

Mr. UMAR BOLOGI
PROJECT COORDINATOR

DATE

MR. ALAKOSO. K. I
HEAD OF DEPARTMENT

DATE

DEDICATION

ACKNOWLEDGEMENTS

All honour and glory to God the owner and giver of knowledge and wisdom for giving me the opportunity to attain this height in life

My gratitude also goes to my honourable supervisor DR.MUHAMMED.A for his devotion of his time in reading the manuscript and his useful comment on the project,I also appreciate all members and staff of the BUSINESS ADMINISTRATION department for their mentorship and guidance throughout my programme.

I also appreciate the immeasurable contribution of my parents MR and MRS EFFIONG who out there manage resources guaranteed my future by investing my life and education,may the almighty God continue to shower his glorious blessings AMEN

Furthermore a project of this nature cannot be accomplished in isolation of other people who have also contribute in one way or the other,I appreciate MR FELIX ESSIEN EFFIONG,MR UDUAK ANTHONY EFFIONG and my lovely brother ETETE, EDET, RAPHAEL,My sister joy for the calling and for their contribution and understand over the completion of this project,may Almighty God continue to shower his blessing upon you all AMEN

Finally I will not fail to mention my villa ALHAMDUHILLAH villa for their support and contribution in financial aspect of seeing me through both coming and going in the name ZAINAB,KEMI, ESTHER, my prayer for them is that anything goodness in life shall be permanent,in Jesus Name AMEN Thank you all.

TABLE OF CONTENTS

Title page	i
Certification	ii
Dedication	iii
Acknowledgement	iv
Table of contents	v

CHAPTER ONE: INTRODUCTION

- 1.1 Background to the Study
- 1.2 Statement of the Problem
- 1.3 Research Question
- 1.4 Objectives of the Study
- 1.5 Research Hypothesis
- 1.6 Significance of the Study
- 1.7 Scope of the Study
- 1.8 Definition of terms

CHAPTER TWO

LITERATURE REVIEW

- 2.1 Introduction
- 2.2 Conceptual Framework
- 2.3 Theoretical Framework

CHAPTER THREE

3.1 METHODOLOGY

- 3.1 Introduction
- 3.2 Research Design
- 3.3 Population of the Study
- 3.4 Sample size and sampling and techniques

- 3.5 Method of Data Collection
- 3.6 Instrument of Data Collection
- 3.7 Method of Data Analysis

CHAPTER FOUR:

DATA PRESENTATION, ANALYSIS AND INTERPRETATION.

- 4.0 Introduction
- 4.1 Data Analysis and presentation
- 4.2 Data analysis on respondent characteristic

CHAPTER FIVE:

SUMMARY, CONCLUSION ANDRECOMMENDATIONS

- 5.1 Summary
- 5.2 Recommendations
- 5.3 Conclusion

- References
- Questionnaire

CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Marketing is the process of planning and executing the market conception, pricing, promotion, and distribution of goods and service with the end goal being to satisfy customer needs (Lancioni, 2005). An organization will not only use marketing to gain competitive edge or boost profits, but also foresee and protect the company's market position in the future. Kotler (2003) describes marketing management as the art and science of selecting a target market but growing the customer base by creating, delivering, and communicating superior customer value. Marketing mix is a tool used by an individual and organization to pursue its market activities in order to achieve its objective in a given market. Marketing mix consists of 4p's (Product, Price, Place & Promotion) which became the 7p's in incorporating, people, process and physical evidence.

Considered one of the most flexible P's of the marketing mix, price the value consumers attach to the goods and services offered by the company (Lancioni, 2005). Organizations spend a lot of time and resources figuring out the best pricing strategy for their products because it can cost them their customers and therefore result into loss of revenue and market share. Companies that have not yet gotten their pricing strategies right lag behind the market since their competitors are the ones setting market prices (Dolan & Simon, 1996). This will negatively affect their brand position because they have to go by the prices fixed by their competitors otherwise their market share may reduce adversely.

As Dolan and Simon (1996) assert, price therefore becomes a competitive element in the goal for market share and an influencing factor on consumer purchase decision. Consumer behavior is the study of individuals, groups, or organizations and the decision-making processes they use to select, secure, and

dispose of products, services, experiences. The study attempted to understand how telecommunication companies like Airtel communication view consumer behavior as they come up with their pricing strategies. It was suggested that product quality from the marketer's perspective is associated with communication, price, feature, function, or performance of a product (Manzur et al., 2011). Consumer purchase decision looks at what factors the customer considers when they are buying or using a product, the decision-making process involved (Peter & Donnelly, 2003). It refers to the actions of the consumers in the marketplace and the factors influencing these actions. Organizations expect that by understanding what causes the consumers to buy goods and services, they will be able to understand the market and what pricing strategy to use in order to gain ground in the market. There are various factors that influence the consumer purchase decision. They include marketing factors such as product design, price, promotion, packaging, position and distribution and personal factors such as age, gender, education and income level (Tang et al., 2001).

According to Kotler (2001), several other factors influence consumer purchase decision. Namely; product choice, brand choice, dealer choice, purchase timing and purchase amount. Many studies have attempted to understand the relationship between price and consumer purchase decision, concluding that product pricing was a complex matter and that there are many strategies that influence consumer perceptions and purchase intentions (Alba et al., 1994; Chandrashekara et al., 2003; Hardesty et al., 2003; Hildalgo et al., 2008; Manzur et al., 2011). Other studies have focused on the service industry with little focus on the telecommunication industry, for instance Kane (2007) studied the effect of different pricing strategies on consumer purchase decision in the insurance industry, which was a service industry. The study tried to find out how pricing strategies influence the choice of insurance policy that consumers purchase. In the study, it was found that consumers purchase policies which had lower prices compared to higher priced policies. Kane (2007) therefore concluded that consumers consider the pricing strategy adopted by the insurance company when purchasing a policy.

Pricing strategy is of importance to every Organization involved in the production of consumer goods and services. This is because it gives an idea of a company's pricing strategy because a company does not set a single price but rather a pricing structure that covers different items in its line Kotler et al. (2001). , for instance uses a tariffed pricing structure for M-PESA services based on different value bands. A pricing strategy takes into account segments, ability to pay, market conditions, competitor actions, and trade margins and input costs. A good pricing strategy also includes the perspectives of the consumer, the

organization, and the competition thus ensuring that an organization has a sustainable competitive advantage (Dutta et al., 2002).

Tang et al. (2001) observes that there was nothing more important in business than the right pricing strategy. There are various pricing strategies that companies can adopt and they vary across industries (Hinterhuber, 2008). These strategies can be categorized into three groups namely cost-based pricing, competition-based pricing and customer value-based pricing. Cost-based pricing primarily uses data from cost of production to determine prices. It does not take competition into consideration and also does not examine consumer purchase decision (Hinterhuber, 2008). Competitor oriented pricing uses competitors' price as a starting point for price setting (Blythe, 2005). It uses anticipated or observed price levels of competitors as primary source for setting prices (Hinterhuber, 2008).

Customer value-based pricing uses the value that a product or service delivers to a segment of customers as the main factor for setting prices (Hinterhuber, 2008) as was with the clustered tariff pricing used by M-PESA. The literature review recognized Customer value-based pricing as superior to all other pricing strategies (Ingenbleek et al., 2003). Retailers using this strategy may choose to use everyday Low pricing strategy or high-low pricing strategy, which implemented well in the supermarkets because they are easy to manage. There are also pricing strategies for new products, they include the price skimming strategy and the penetrating pricing strategy. Price skimming is a pricing policy whereby a firm charges a high introductory price, often coupled with high promotion (Lam et al., 2004). It refers to setting the highest initial price that customers really desiring the product are willing to pay (Kerin et al., 2004). Penetrating pricing was setting a low initial price on a new product to appeal immediately to the mass market (Kerin et al., 2004). Penetrating pricing is used when an organization aimed at setting low prices for its new product in order to attract large number of customers and a large market share (Kotler et al., 2001).

Consumer purchase decision is a complex, dynamic issue which cannot be defined easily and commonly (Engel et al., (2006). It has therefore been defined in different ways by different researchers depending on the focus of the research. According to Peter & Donnelly (2003) consumer purchase decision was an individual decision influenced by culture, social class and reference group, and price. Schiffman and Kanuk (1997) defined consumer purchase decision as the study of individuals, groups, or organizations and the process they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society at large. In totality, consumer purchase decision reflects on consumers' decisions with respect

to their acquisition, consumption and disposition of goods, services, time and ideas (Schiffman & Kanuk, 2004).

Kotler (2001) came up with a list of factors that influence consumer purchase decision. He categorized them into two categories, the market stimuli and the buyer characteristics. The market stimuli include the product, price, place and promotion, while the buyer characteristics include culture, social, and personal and psychological factors. Kotler (2001) further states that buyer's decisions are characterized by the product choice, brand choice, and dealer choice purchase timing and purchase amount. In this study measured consumer purchase decision in terms of brand choice, store choice, purchase timing and purchase amount. Brand choice is the behavior that involves goals requiring actions, imposing upon the buyer's intention also the attitudes about the existing brand alternatives in the buyers evoked set that results from an arrangement of a preferential order regarding the brand (Aaker, 1991).

With the fast pace of product introductions, spurred by technological development, organizations need to understand what really motivates consumers to choose the product they buy and where to buy it. Ellickson and Misra (2009) found that pricing strategy was very important when it comes to consumer purchase decision since it influences the choice of store, the purchase amount and the choice of brand. Grewal (2014) asserts that research into consumer purchase decision with regard to pricing was ubiquitous in the marketing literature and that literature suggests that consumers perceive price in both positive and negative roles that ultimately influence purchase decision. In both positive and negative respects, perceptions of price operate as market place cues that aid the consumer in their decision making process within a complex market situation (Dodds, 1995).

With the current growth in technology, consumers" have become more knowledgeable since information is easily accessible. Consumers who are more knowledgeable understand price for value and adjusts decision towards a product and service provider accordingly (Huchzermeier et al., 2002). Organization therefore need to keep abreast with these changes since failure to understand the relationship between pricing strategies and consumer purchase decision may result in loss of customers to competitors who understand the relationship (Cram, 2006). It was important to study the consumer purchase decision because marketers gain a good insight into understanding what makes consumer prefer one product over another and what price they are willing to pay for a particular product. By obtaining a view into how consumers think, feel, reason and choose, marketer scan use this information to not only design products and services that will be in demand, but also how to present these options to the consumer base in an attractive fashion and the best price to offer (Schiffman& Kanuk, 1997).

The study of Kopalle et al. (2009) provides literature review on retailer pricing with a focus on the interaction between pricing strategies and competitive effects in Europe. Gauri et al. (2010) looked at the framework of online and offline retail pricing in the developed world. There are yet other researchers who have studied the concept of pricing strategy in the western world (Ellickson et al., 2008; Goldrick et al., 2000). Besides there has not been consistency in the research methodology used to analyze data in the previous studies. For instance, Jung (2014) used time-series methods to examine the effects of pricing strategies. In her study, Kane (2007) used online survey instrument managed through the web-survey service zoom and to obtain data. Ellickson and Misra (2008) used the Bayesian structure in their study. There have been mixed finding in the area. Some academic research has established that temporary price reductions substantially increase short-term brand sales as a result of consumers' perception (Blattberg et al., 1995). On the other hand, recent studies have found out that promotion effects die out in subsequent weeks or months (Srinivasan et al., 2008).

Lunn and Lyons (2015) investigated how consumer and service characteristics relate to switching intentions, using a sample of fixed-line broad band, mobile telephony and landline telephony customers from a 2015 survey conducted by Com Reg, Ireland's National Regulatory Authority. The findings revealed that long-standing subscribers who have never switched are exceptionally resistant to switching. Bill shock is strongly associated with intention to switch, especially among those more inclined to switch. A similar effect arises for expected gains, especially gains over 20%. This implies that willingness to switch was not simply a characteristic of certain social groups, but was more complex and context dependent.

Danish et al. (2015) study analyzed different factors which affect the customer retention, such as satisfaction, trust, corporate image, commitment level, loyalty and switching behaviour of customers. The data was collected through self-administered questionnaires distributed to customers of different service providers. SPSS analyzed 300 (response rate 68%) useable questionnaires and then AMOS was used to analyze the data. The results showed that through trust; satisfaction and loyalty customer retention was increased. Customers repurchase intentions are increased when they are satisfied with company products and services and are getting emotional and functional benefits.

Joseph and Joachim (2009) discussed switching cost and its relationship with customer retention, loyalty and satisfaction in the Nigerian telecommunication market. The author found that customer satisfaction positively affects customer retention and the switching cost affect significantly the level of customer retention. Abolaji and Ojo (2015) examined the Competitors' Strategies of the five GSM Service providers in Nigeria. Survey questionnaire was

administered to the stakeholders in order to collect the data. The purpose of this study was to identify those strategies employed by each network gains its competitors and how those strategies succeeded in bringing about the realization of corporate objective, promotion, customers satisfaction and target market. It was established that various strategies adopted by the GSM providers provide a significant influence on the promotions, corporate objectives, target market and customers satisfaction. In addition, we find that there was need for GSM providers to involve in marketing research in order to create their own original promotional strategies (or products) instead of imitating or mimicking strategies by other network. Furthermore, the study recommends that they should continue to lay more emphasizes on the strategies for promotions, customer services, corporate objectives and the target market so as to achieve the organization goals.

Daudi (2015) study was carried out to determine the indicators or factors of market segmentation and consume behavior that contribute to the shaping of marketing strategies of Tanzanian telecommunication sector (Vodacom, Airtel, Tigo, Ttc and Zantel). The results of this research were used as basis for the target marketing. The research was a cross-sectional study that encloses a total of 500 self- structured questionnaires distributed to randomly selected respondents who reside in five regions in Tanzania. Besides descriptive statistics such as percentages and frequencies, a cluster analysis was conducted to determine the differentiation among respondents of the groups (four) of the sample. The findings revealed the possibility of explaining customers' buying behaviour through the market segments, attitudes towards telecom companies and towards the services provided by these companies. The results also emphasized that the four clusters of consumer groups differ from one another in regards to psychological characteristics such as: fewer users, light users, medium user and heavy users.

In Nigeria ,Ongache (2015) identified the competitive strategies adopted by Airtel Nigeria Limited to tackle competition, and the challenges experienced in applying the strategies. The study used a case study research design and interview guide to facilitate data collection. The data obtained during interviews, through the interview guide, was analyzed qualitatively using content analysis. The study found that the business environment within which the mobile telephony sector operates has been very volatile. Ongache (2015) concluded that mobile industry's rapid growth could be because of the affordability of mobile phones, lower interconnectivity charges, the infrastructural improvements by operators, the presence of multiple players in the industry, and a stable regulatory environment, among other things. The competitive advantage that Airtel Nigeria has gained was that their customers identified with the differentiated attributes, compared to the competitors, such as the data services that enable recognition of other caller's locations.

Over the last few years, Nigeria n telecommunication industry has been dominated by five operators i.e. , Airtel, Orange-Telkom and the recently closed down Essar Telekom. Based on the CAK quarter 2, 2015 report, Airtel communication Limited recorded the largest share of 67.4 per cent gaining 3.2% percentage points from the previous quarter. Airtel Networks Limited followed with a market share of 22.6% after increasing by a substantial margin of 40.9 percent from 5.4 million subscriptions recorded in the previous quarter. Telkom Kenya (Orange) total subscriptions gained 11.3 percent to reach 3.3 million from 3.0 million recorded during the last quarter (Ongache, 2015).

Telecommunication development in Kenya has led to growth of organizations that support the industry. Such organizations are, equipment vendors, contractors, infrastructure owners etc. Threats and opportunities experienced by the service providers in Nigeria spill down to the above-named organizations. As a result, some organizations have managed to survive the highly competitive environment while others have gone under. Communication Authority of Nigeria (CAK) formerly known as CCK monitors the organizations in the telecommunication industry. Communication Authority of Nigeria (CAK) formulates the policies that govern the telecommunication sector in Nigeria as well as offer licenses to the qualified organizations (Communication Authority of Nigeria , 2017).

1.2 STATEMENT OF THE PROBLEM

There are studies that have used different methodologies when looking at the influence of pricing strategies on consumer purchase decision in the past. For instance, Jung (2014) used time series methods to exam the effects of pricing strategies. In her study, Kane (2007) used online survey instrument managed through the Web-survey service zoomerang to obtain data. Ellickson and Misra (2008) used the Bayesian structure in their study. It was therefore important for this a study to use a different method to find out whether the results will be similar. This study adopted the Pearson Correlation, mean and standard deviation to analyze data. Kane (2007) used customer retention and customer loyalty to measure consumer decision. On the other hand, Chen (2009) used belief, trust and perceived risk to measure consumer decision. Therefore, it was important for a study to be carried out using other elements to find out whether the results would tally.

Other studies like Ailawadi et al. (2009) centered their Discussion around pricing and retailing, but without focusing on pricing strategy. Fassnacht and Husseini (2013) in their study found out that there was no comprehensive literature review of this topic with its determinants and outcomes. A gap also exists in the elements used to define consumer purchase decision.

In Nigeria, Ongache (2015) ought to identify the competitive strategies being adopted by Airtel Nigeria Limited to tackle competition, and the challenges experienced in applying the strategies although the study failed to establish how consumer behavior influence pricing strategies. Similarly, Njoroge (2015) study established the competitive strategies that Telkom Kenya (Orange) was adopting to gain competitive advantage and increase its profits in the long run. There are other researchers who have also looked at the influence of different pricing strategies on consumer purchase decision in different contexts but few have focused on the influence of pricing strategies on consumer purchase decision in the telecommunication sector in the Nigeria context especially, in that regard, this study accessed the influence of pricing strategies on consumer purchase decision at .

1.3 OBJECTIVES OF THE STUDY

The main objective of the study was to examine the effects of the pricing strategy on Airtel communication firms in the Nigeria on their patronage. However, the specific objectives are as follows;

1. To determine the extent product line pricing affects customer patronage of Airtel communication in the Nigeria.
2. To ascertain the extent price bundling affects customer patronage of Airtel communication in Nigeria.
3. To find out the extent demand-based pricing affects customer patronage of Airtel communication in Nigeria.

1.4 RESEARCH HYPOTHESES

Subsequent to the aforementioned objectives and research questions; the following hypotheses have been formulated:

Ho: Product line pricing have no positive effect on the pricing strategy of Airtel communication firms in the Nigeria on their patronage.

H1₁: Product line pricing has positive effect on the pricing strategy of Airtel communication firms in the Nigeria on their patronage.

H1₁: Product line pricing has positive no effect on the pricing strategy of Airtel communication firms in the Nigeria on their patronage.

Ho₂: Price bundling have no positive effect on the pricing strategy of Airtel communication firms in the Nigeria on their patronage.

H1₂: Price bundling has positive effect on the pricing strategy of Airtel communication firms in the Nigeria on their patronage.

Ho₃: Demand based pricing have no positive effect on the pricing strategy of Airtel communication firms in the Nigeria on their patronage.

H1₃: Demand based pricing has positive effect on the pricing strategy of Airtel communication firms in the Nigeria on their patronage

1.5 RESEARCH QUESTIONS

The study focused on three research questions as follows:

- I. Does product line pricing have any impact on consumer buying behavior?
- II. Does price bundling have any impact on consumer buying behavior?
- III. Does demand based pricing have any impact on consumer buying behavior?

1.6 SIGNIFICANCE OF THE STUDY

This study will be beneficial to Airtel communication PLC as it will contribute to strategic knowledge on how pricing strategies influence consumer purchase decision. It will also enable them know how many of their competitors adopt similar pricing strategies and therefore they will be able to position themselves competitively.

Other Telecommunication companies

The study will provide knowledge to the telecommunication managers on the influences of Everyday pricing strategy on consumer purchase decision and therefore they will be able to adopt the right pricing strategy for their target market.

Consumers

Customers and the public in general are also likely to benefit from the research by understanding the various pricing strategies that are available. This will come in handy when they are making decision concerning what products and services they want to purchase.

Researchers

The study will benefit academicians searching for information in this area of marketing by providing yet another method of analyzing the pricing strategies and consumer purchase decision variables. Future scholars will also benefit from this study as they continue in the pursuit of further studies in this topic

1.7 SCOPE OF THE STUDY

The study focused on employees at Airtel communication PLC, questionnaires distributed at the Airtel communication headquarters Kwara state offices, offering the necessary data on consumer reaction to the pricing strategy and consumer behavior influence pricing strategies. The study take place between January and April 2025. The study was limited to Kwara state area.

1.8 DEFINITION OF TERM

PRICING; was the setting up of a value to a product or service and was the result of a complex set of calculations, research and understanding and risk taking ability (Danish et al., 2015).

Pricing strategy: was paramount to every organization involved in the production of consumer goods and services because it gives a cue about the company and its products because a company does not set a single price but rather a pricing structure that covers different items in its line (Kotler et al., 2001).

CONSUMER BEHAVIOR: This was the decision process and physical activity individuals engage in when evaluating, acquiring, and using economic goods and services (Chen, 2009).

Demand-based pricing (also known as demand-driven pricing or customer-based pricing) is a pricing strategy where the price of a product or service is determined primarily by the customer's perceived value **and** current demand rather than by the cost of production or historical prices.

Product line pricing is a pricing strategy where a company sets different prices for different products within the same product line based on features, benefits, or target market segments.

Price bundling is a pricing strategy where a company sells two or more products or services together as a single package—often at a lower price than if each item were bought separately.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 INTRODUCTION

This chapter presented a literature review by various scholars on assess the pricing strategies and consumer behavior in the telecommunication sector with a focus on Airtel communication Nigeria limited. In this chapter, the reader was provided with a review of literature relevant to the stated specific research objectives, which aimed to establish the effects of pricing on consumer behavior, how consumer behavior influence pricing strategies and to establish consumer behavior challenges affecting pricing strategies.

2.2 EFFECTS OF PRICING STRATEGY ON CONSUMER BEHAVIOR

Low Cost Leadership

Barney and Hesterly (2008) explained that a firm may choose a cost leadership strategy with the aim of gaining advantages by reducing its cost below its competitors, and in doing so; a firm must strive to maintain the desirable quality

level expected by consumers in the market place. Barney and Hesterly (2008) warned that poor quality might sabotage a firm's positioning in the market and thus result in loss of sensitive buyers to competitors. Thompson, Strickland, and Gamble (2008) also noted that organizations seeking the low cost provider strategy can either decide to sell their products at a lower price compared to the relative market price due to the low production cost thus attract the price sensitive buyers. Most of the time, this is done with an aim of increasing the market share or market growths and revenues due to economies of scale. The other option involves selling at the normal market price and therefore taking advantage of the increased profit because of reduction in the production cost. This results in the gain of competitive advantage as a low cost provider.

Manjala (2014) explained that cost leadership policy entails lowering costs while at the same time providing value for customers, this targeted towards gaining competitive strategy in an extremely competitive environment. Firms adopting this strategy often offer standardized products that are generally acceptable to customers with minimal differentiation. Anyim (2012) also narrated that for the cost leadership strategy to be sustainable, there was a need to reduce operational costs, have faster mover advantage, ensure the price war was over, and have a higher market dominance.

Riungu (2013) highlighted that cost reduction strategies that can be utilized by such a firm would include construction of efficient-scale facilities, having tight control over production and overhead costs, minimizing costs of sales, product research and development, and reduction of margins as well as investment in state-of-the-art technologies. Sirengo (2009) claimed that such a firm ought to have an existing link between the primary and secondary value creating activities, achievable through process simplification as well as achieving efficiency and effectiveness, cost reduction. Chepkiyeng (2009) explained that the activities that constitute the value chain must utilize the available resources effectively through an aggressive construction of efficient-scale facilities, unending pursuit of cost reductions, tight cost and overhead control, as well as cost minimization in areas of research and development, service, sales force and advertising. Mwangi (2010) did an assessment on the effectiveness of pricing strategies on brand loyalty among cell phone users in Ol-Kalou in Nigeria. The objectives of the study were to establish the level of customers' awareness of the prices charged by the cell phone service providers on various services they enjoy as well as the effectiveness of pricing strategies used by the mobile phone service providers in creating brand loyalty. The study focused on 200 residents of Ol-Kalou location chosen using multi-stage sampling criteria. Cluster sampling sub-divided the location into five sub-locations. Simple random sampling identified the respondents depending on the number of households in each sub-location. Primary data was collected using

semi-structured questionnaire. The study recorded 156 respondent, which represented a 76% response rate. The data was analyzed using descriptive data analysis with tools like percentages, mode, mean, standard deviation, frequencies and statistical package of social sciences-PC version. From the study, it was established that most people in Ol-Kalou location only uses basic features of their cell phone like voice calls, text messages, checking balance and transferring of money. High computing services of smart phones like internet, multimedia messaging among others were very rare. The findings revealed that only 35.53% of the respondents were aware of the prices charged on various services. It was established that most of them shift from one cell phone service provider to the other. The major reasons being the prices charged, extra services provided and influence from close friends, relatives, colleagues and business associates.

2.2.2 DIFFERENTIATION PRICING

Product differentiation was a business strategy whereby a firm attempt to gain competitive advantage by increasing perceived value of their products or services relative to competitors in the market (Barney & Hesterly, 2008). Due to the unending buyer needs organization providing a standard product may need to rethink and offer differentiation to attract its customers. This was only attainable via a thorough study of the needs and preference of the customers and thus incorporating the desired features in the product. Barney and Hesterly (2008) stated that differentiation offers the organization an opportunity to fix a higher price on their product, maintain and attract new customers as well as build a loyalty group based on the brand. They also noted that for differentiation to work, the customers must see the value, accept and be willing to pay the premium price as well as being difficult, almost impossible for the rivals to copy the product and its attributes. Broad differentiation strategy hence involves developing unique products targeted for a large market segment.

According to Thompson, Strickland, and Gamble (2008), firms can undertake differentiation in many angles, this include addition of multiple features (e.g. Microsoft Windows, Microsoft office), having a broad selection and one stop shopping (e.g. home depot, amazon.com), having superior service, availability of spare parts ,engineering design and performance, prestige and distinctiveness, expressing quality manufacturing, technological leadership among others. Thompson et al. (2008) also argue that differentiation yields longer lasting and more profitable competitive edge when based on product innovation, technical superiority, comprehensive customer service, product quality and reliability, and unique competitive capabilities.

According to Porter (1980), this was to evoke the feeling of unique product inside customers and sustain this strategy. Businesses can also benefit from increased profit margin by differentiation, or providing low cost-unique products

or services to their customers. Use of differentiation strategy allow businesses to gain customer loyalty and can bar other companies from entering the market and therefore put the businesses into an advantageous position against the substitute products that can be offered to the market (Porter, 1980).

Qayyum (2017) investigated the differentiation strategies of mobile telecom operators and the impact of factors influencing the process of differentiation. The study concentrated on the differentiation strategies of the mobile telecom service firms operating in Pakistan. The analysis model of this research relied on the determinants of product differentiation, relating to the tools that managers at mobile telecom service companies employ to execute differentiation strategies, and the factors influencing them. The study used qualitative methods of data collection, through semi-structured interviews primary data was gathered, and secondary data extracted from the websites and annual reports.

The findings revealed that all the mobile operators opt for the differentiation strategies based on the determinants. Qayyum (2017) examined from this research that differentiation process led to competitive imitation, which caused convergence of strategies resulting in undifferentiated services even though operators tried to differentiate their services. The competitive limitation became easy by oligopoly structure of the mobile telecom industry. This study however failed to indicate effects of the differentiation pricing on consumer behavior.

Justus and Ulrich (2011) investigated how consumers react towards price differentiation between on net and of-net calls in mobile telecommunications -a pricing policy that was common in many mobile telecommunications markets. Based on a survey of 1044 students the study demonstrated that some consumers may suffer from a "price differentiation bias", i.e., a fair number of consumers may overestimate the savings that result from reduced on-net and/or off-net charges, as they do not appear to weigh the prices with the probabilities of placing off-net and on-net calls. It was also clear those consumers who switched more often to other network operators in the past pay, on average, less for mobile telecommunications services. The same result was established for participants who take more time collecting information about the tariff options best suitable for their telecommunications behavior. The result revealed that a large share of students did not correctly incorporate the structure of on-net and off-net calls in their calculations to find optimal tariffs.

2.2.3 PSYCHOLOGICAL PRICING AND CONSUMER PURCHASE BEHAVIOR

The psychological pricing was a marketing or pricing strategy based on the theory that certain prices have psychological impacts on the consumers" price perception, attitude and their buying behavior. The marketers and the organisations

to influence the consumers' decision-making process for a long period, especially in the retail sector and in the price advertisement, have exercised this strategy. The retail prices are often expressed as „psychological prices“, i.e., a little less than an encircling figure (e.g., `20.49, `99.95, `92.99, `99 or `199). The Consumers tend to perceive psychological prices as being significantly lower than they actually are, and tending to encircle to the next lowest monetary unit. Thus, a price such as `5.99 was associated with spending `6.00 rather than `5.00 (Asamoah & Chovancová, 2011).

Asamoah and Chovancová (2011) suggest that the practice of psychological pricing in retail has become widespread in many countries. Even though, the results have been to some extent contradictory across the product categories and the countries. The accomplishment of nine-ending prices seems to be suitable, especially regarding low-priced products. The fundamental assumptions of psychological pricing are that, prices set just below the nearest encircled figures produce a higher demand than the expected demand at that level. This indicates that the purchasing probability for just-below price was to the right of estimated demand curves that generates a kink in the demand curves at these points. According to Holdershaw et al. (1997), the psychological prices, known as magic prices, charm prices, odd prices, irrational prices, intuitive prices or rule-of-thumb prices as cited in Asamoah and Chovancová (2011).

A study by Thomas and Morwitz (2005) explained that reducing a price by one cent to a 99 ending affects amount perceptions when the left digit of the price changes (e.g., \$5.00 to \$4.99). The study brought out the fact that amount perception remained the same when the left digit of the price was unchanged (e.g., \$5.20 to \$5.19 or \$4.80 to \$4.79). The study also noted that, nine-ending prices may sometimes but not always be seen to be lower than a price one cent higher. According to Schindler (2006), analysis of two samples of price advertising points that there was a strong and robust correlation between the practice of the 99-ending prices and the presence of the low price appeal such as a claimed discount. Also, that the salience of price advertising leads it to dominate other sources of information in the customers' learning of price-ending meanings. In addition, that the retailers, the regulators and the customers should consider the meaning communicated by the rightmost digits of the product prices and the price advertising.

Baumgartner and Steiner (2007) analyzed consumers' preferences for nine-ending versus zero-ending prices at the individual level and observed that some consumers strongly prefer nine ending prices, whereas the other consumers favor zero-ending prices. Also, observed that few consumers behave rationally in the sense that they prefer lower prices to higher prices. The study found that 38% of the consumers favor the round price, probably use it as a quality indicator, while

29% of the consumers prefer nine ending prices, and seem to associate the digit nine with the opportunity to buy brand cheaper. According to Guéguen et al. (2009), an augment in the choice of the target pizza by the customers came out when the price of this item was nine-ending price and the prices of the other items ended with zero.

Ngobo et al. (2010) conducted an analysis on over 11,000 stock keeping units in 102 product categories of two grocery retailers and found that the effect of 99-ending prices on the SKU's category choice are larger in concentrated and promotional categories but smaller in classy categories. However, their influence on purchase quantity was larger in classy categories, but smaller in concentrated categories. A study by Kleinsasser and Wagner (2011), explained that consumers of higher-priced goods consider price endings while making purchase decisions, just as consumers of lower-priced good do. In addition, personal involvement and price interest have a moderating effect on perceptions of such price endings. In addition, odd prices make sense for sellers of higher-priced goods.

A study by Bambauer-Sachse and Grewal (2011) revealed that reframed prices are more favorable than cumulative prires for high-price products, especially in combination with even price endings, a cumulative price that normally refers to a comparatively short time period, or customers with poor computation affinities. Cumulative prices offer more benefits than reframed prices for low-priced products, odd price endings, cumulative prices that refer to longer periods, and customers with brilliant computation affinities. According to Grewal et al. (2011), innovations in the retail pricing and promotions increase the sales.

2.3 CONSUMER BEHAVIOR INFLUENCE ON PRICING STRATEGIES

Involvement

In previous studies, the concept of consumer involvement has been widely researched. Zaichkowsky (1985) provided comprehensive concepts of involvement in consumer behavior. Consumers can be involved with advertisement (Murry, Lastovicka and Singh, 1992), products, and purchase decisions (Zaichkowsky, 1985). Consumers are motivated to respond to advertisements if they are involved in them. When consumers appear to be involved in products, they are interested in product information based on their needs and values. Thus, when consumers are concerned with receiving a discount, they appear to be involved in obtaining a discount; therefore, consumers will be motivated to make a careful search for deals. While significant impacts are resulted from involvement in advertising (Murry et al., 1992) and information processing (Park & Hastak, 1994), a comprehensive study on involvement with purchases remains uncharted waters.

The concept of consumer involvement with purchases needs analysis based on intensity of efforts spent in obtaining a specific activity. The studies

define highly involved consumers as those who spend more time, effort, and money to search for better deals (Schindler, 1998). Previous literature suggested that involvement is the time spent in product search, the energy spent, the number of alternatives examined, and the extent of the decision process (Engel & Blackwell, 1982; Schindler, 1998). Stone (1984) defined behavioral involvement as time and intensity of effort expended in pursuing a particular activity. Other behavioral alternates for involvement are in a leisure context, such as frequency of participation, money spent, miles travelled, ability or skill, ownership of equipment and number of memberships (Kim, Scott & Crompton, 1997). Conversely, low involvement consumers are passive toward price deals (Farahmand & Chatterjee, 2008).

In contrast, uniform pricing strategies perform essentially the same as dynamic pricing policies in the case of low-involved consumers (Aviv & Pazgal, 2008). Thus, higher levels of involvement lead to greater levels of consumer loyalty and a lower need for scarce marketing resources. Hence, involvement plays a significant moderating role in the purchase decision; in most cases, the relationships are stronger for consumers with higher involvement (Varki & Wong, 2003). In addition, the degree of involvement that the price promotion was able to generate can cause a large consumer response to a price promotion (Schindler, 1992). According to Schindler's (1992) study, consumers can become far more involved in a price promotion than any simple consideration of the discount would seem to warrant.

2.3.2 BRAND AWARENESS

Being the main driver of consumer behavior and an important component of brand management, price can either make a brand profitable or destroy it. Since it primarily signals about the product quality, failing to price a product correctly can cost the company significant losses. Oftentimes, consumers that perceive a brand that they are unaware of as being too expensive end up never buying it, while if priced too low the product raises suspicion about its features. Erdem, Keane and Sun (2007) assert that brand awareness was associated with brand loyalty, which decreases price sensitivity and demand elasticity. The crucial task for a company is to determine the price that matches the brand awareness and sustains the brand image, while maximizing demand and profits. Such a goal requires an in-depth analysis of consumers' willingness-to-pay (WTP) (Roll, Achterberg, and Herbert, 2010), in order to define consumer expectations and draw realistic upper and lower bounds of the products' price range.

Hendra and Budi (2017) conducted a study to determine the effect of brand image, price and awareness toward brand loyalty through customer satisfaction. In this study distributed 260 questionnaires to Samsung smartphone

holders. Conducted in in Indonesia with the objective being to understand the Samsung brands in relation to smartphones. The criteria of the respondents used was consumers who have used Samsung smartphones at least twice. The results used multiple linear regression analysis, indicated that brand image and brand awareness significantly affect brand loyalty, while price does not have a significant effect on brand loyalty. Further, brand image significantly effects customer satisfaction. The study also found that customer satisfaction mediates the effect of brand image on brand loyalty.

Brand awareness plays an important role on purchase intention because consumers tend to buy a familiar and well-known product (Macdonald & Sharp, 2000). Brand awareness can help consumers to recognize a brand from a product category and make purchase decision. Brand awareness also has a great influence on selections and can be a prior consideration base in a product category and acts as a critical factor in the consumer purchase intention, and certain brands will accumulate in consumers' mind to influence consumer purchase decision. A product with a high level of brand awareness will receive higher consumer preferences because it has higher market share and quality evaluation (Wu, 2002).

Peng (2006) indicates that brand awareness has the greatest total effects on brand loyalty. When businesses develop a new products or a new market, they should promote their brand awareness in order to receive the best result because there is a positive correlation between brand awareness and brand loyalty (Peng, 2006). Chou (2005) submitted that value could facilitate loyalty. Parasuraman and Grewal (2000) propose that the more positive customer transaction perceptions are, the stronger customer loyalty was. Sirdeshmukh, Sigh and Sabol (2002) also deem that value will bring a positive influence toward customers.

Wu (2007) identified that the perception of consumers increased or reduced brand loyalty. Judith and Richard (2002) further indicated that perceived quality and brand loyalty have a highly connection, they will positively influence purchase intention. Chi, Yeh and Chiou (2009) a new view and evidence to the study of brand loyalty that customer perceived quality influenced brand trust and brand affect, and further influenced brand attitude and purchase behavior. Thus, perceived quality and brand loyalty have a positive correlation, and brand loyalty will increase if perceived quality increases. Consumers will have a higher purchase intention with a familiar brand. Likewise, if a product has higher brand awareness it will have a higher market share and a better-quality evaluation (Yeh & Chiou, 2009).

A well-known brand will have a higher purchase intention than a less well-known brand (Hsu, 2000). Ho (2007) also asserted that the higher the perceived quality and perceived value of the private brand foods, the higher buying intention to consumers. In addition, Chang (2006) and Wu (2006) conclude that perceived

quality and purchase intention are positively related. Brand loyalty was a repurchase commitment that promised consumers will repurchase their favorable brands in the future, and they will not change their loyalty under any circumstance (Oliver, 1999). Wang and Kan (2002) also mentioned that consumers must have positive feelings to a brand, and then they will produce purchase intention.

2.4 CONSUMER BEHAVIOR CHALLENGES AFFECTING PRICING STRATEGIES

2.4.1 EMOTIONAL AND BEHAVIORAL RESPONSES TO PRICING

Traditionally, literature suggested that consumers are interested in price promotions primarily because of the amount of money saved. Weiner (1985) argued that consumers experience pride and positive feelings because of attributing positive outcomes to them. Moreover, Kelly's (1967) co-variation theory suggested that the perception of consumers that received a discount not received by everyone else would enhance the "smart-shopper feelings" which result from this discount. Thus, the literature suggested that a consumer's willingness to take restrictions in order to get a discounted rate would lead to a greater achievement and excitement as a form of dynamic pricing. Similarly, consumers will tell more about their purchase and make repeat purchases if they attribute more to the discount's cause (Schindler, 1998). Reynolds and Arnold (2000) pointed out that consumers tend to spread positive word-of mouth and make repeat purchases when they feel they have a good relationship with the service provider.

Recent research has examined how different specific emotions influence various domains of consumer behavior, including shopping, evaluation, consumption, choice and persuasion (Agrawal & Duhachek, 2010; Goldsmith, Kim & Dhar, 2012). In particular, Lerner, Small, and Loewenstein (2004) demonstrated how incidental emotions can influence economic decisions, showing that emotions induced in unrelated tasks can carry over and can subsequently impact willingness to pay, with sadness increasing and disgust decreasing willingness to pay (WTP) for an unrelated, neutral product. The price paid also depends upon the distribution of prices in the marketplace, and the extent to which customers engage in search. This distinction was important because emotions and the action tendencies they are associated with may not just affect evaluative responses such as WTP, but may also alter behavioral responses such as the extent of customer search.

Perceived price changes like price increases, rebates, or deviations from a reference price may elicit consumer feelings, albeit mild, of anger, happiness, sadness, or relief. Still, a perusal of the behavioral pricing literature reveals a flagrant cognitive bias. The overwhelming majority of research in behavioral

pricing was concerned with cognitive price-related phenomena such as price thresholds, reference prices, price-quality inferences, value-for-money judgments, price fairness perceptions, and price knowledge, for example. The finding that behavioral pricing scholars have paid only scant attention to the construct of price affect was noteworthy for two reasons. First, in other areas of marketing (e.g., advertising research), the impact of emotions on consumer behavior was well-established (Bagozzi et al., 1999).

Bargh (2002) suggested that affect and cognition influence behavior independently. Thus, the consideration of consumers' emotional responses to price information may give behavioral pricing scholars an opportunity to provide a more detailed account of consumers' processing of price information and to improve the prediction of consumer behavior. O'Neill and Lambert (2001) linked their price affect construct to various price-related cognitive measures. For example, they found surprise and enjoyment to act in tandem with involvement, price consciousness, and price quality associations in shaping consumer reactions to prices. On the other hand, Suri et al. (2002) analyzed the effect of fixed vs. discounted pricing on consumers' affective responses and product evaluations. Their experimental evidence suggests that fixed price arrangements (i.e., low price guarantees) are related to more positively valenced cognitions and higher levels of positive affect than a discounted price format (i.e., occasional rebates).

2.4.2 CHANGING CONSUMER BEHAVIOR

Changing consumer behavior was an obstacle in the growth of business because it leads to heavy losses due to obsolete stock of the organization. Consumer behavior was complex and very often not considered rational. A further challenge was that consumer personalities differ across borders, also between, and within regions. Taste, behavior and preference of consumers are key since the consumers are the "Kings" of market. Consumer behavior is a complex, dynamic, multidimensional process, and all marketing decisions rely on assumptions about consumer behavior. Therefore, marketing strategies related to consumer behavior are important in order to beat competition in global context. In modern times, prediction of consumer behavior was essential for prosperity of the business. Its prediction and strategy formulation was a challenge for the management of any business organization. Only those organizations that formulate and implement consumer-oriented marketing strategies, can survive in global competitive era.

Consumer behavior is a dynamic and multidimensional process and reflects the totality of consumers' decision with respect to the acquisition consumption and disposition of goods, services, activities and ideas. Schiffman and Kanuk (1997) have pointed out that "consumer behavior was the behavior that consumers display

in searching for purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs."

Most of the marketing problems arise because the products, services, and marketing programs are not in harmony with consumer's mind. The study of consumer behavior tries to harmonies marketing programs and strategies with consumer needs. In India, due to increase in diversity of population and the ever-expanding choices and freedom makes the study of consumer behavior a must for the marketing function. Today, understanding consumer behavior is prerequisite for the success of firms in the marketplace and individuals in the workplace (Chen, 2009).

Consumer behavior unearths much information to help marketers in the selection of target segment, developing the positioning strategy and develop appropriate marketing mixes for different markets and groups of consumers. Behavioral effect Viewpoint suggests that, Strong environmental forces direct consumer toward that, without feelings or beliefs prefabricated, buys a product. At this point, the consumer does not apply rational process but uses feelings to make purchase decision.

Instead, his purchase is as a direct result of environmental forces such as sales promotion tools, cultural norms, physical or economic pressures. As can be seen, most purchases have elements of each of these three perspectives discussed. Research in the field of consumer behavior, in part of external effective factors of a product, Mofidi (2009), investigated the effect of the characteristics of detergents on consumer behavior. In this study, the characteristics such as advertising, packaging, signage standards, their effectiveness, accessibility, consumer behavior are very effective and important.

Karimi (2008) analyzed the influencing factors of customer loyalty to brands in the edible products. Pong and Yee (2001) expressed effective parameters on consumer behavior in terms of five main characteristics. These features are as follows: the reputation of the trademark, being standard, and the type of packaging, taste and availability. Aghaei (2010) evaluated technical and physical characteristics of dairy products in terms of consumers in Tehran. In this study, the factors influencing the purchasing decisions of consumers in northern Tehran were as follows: advertising, advice and introduce others, of the commercial brands, packaging, distribution pattern, a habit, a new product, product quality and easy access. Variables such as prices and its unexpected increase evoke the memory and compare the prices of different brands on the selection and purchasing decisions of consumers of dairy products in Tehran and against the notion, it is a basic standard.

Safaeian (2000) identified factors associated with purchasing decisions of consumers in the choice of Edible products. In this research, advertising agents, habits and product diversity were the factors that have no impact on the purchasing

decisions of consumers to buy food. The factors of quality, the national standard, ISO certification, price, product presentation, customer loyalty, packaging, people, reputation, brand and business back on purchasing decisions and perceptions of food products were factors that were important to customers. In the meantime, the most effective factor was quality, and being new in the total sample as the lowest effective factor were identified (Safaeian, 2000).

Nadia, Shahrina, Hadi, and Naseebullah (2018) study sought to determine what make consumer sign up to Plug-in Hybrid Electric Vehicles (PHEVs) as well as Predict Malaysian consumer behavior in adoption of PHEVs. To achieve this, a sample of 403 respondents from Malaysia forecasted the customer's intention to adopt PHEVs by using the extended theory of planned behavior. The empirical outcome using the partial least square investigation exposed that all four constructs, subjective norm, personal moral norm, perceived behavioral control, and attitude ominously shows an indirect effect which has inclined towards the Malaysian consumers' intention to adopt PHEVs. The study predetermined all the four major constructs by their respective environmental concern. Whereas, hyperbolic discounting moderated the relationship between intention and adoption. The fostering result verifies that the relevance of the extended theory of planned behavior had a good explanatory power in the line of predicting the Malaysian consumers' intention to adopt PHEVs.

2.5 CHAPTER SUMMARY

This chapter reviewed literature that assessed the pricing strategies and consumer behavior in the telecommunication sector addressing all the three objectives the next chapter will look at research methodology. Chapter 3 covered the research methodology describing the methods and procedures used to carry out the study

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter discussed the general methodology used in the research. The chapter looked at the research design, population and sample size, data collection methods, research procedures and data analysis and the presentation methods used in this research.

3.2 RESEARCH DESIGN

According to Cooper and Schindler (2013), a research design is a design for choosing subjects, research area and data collection in order to answer specific research questions. A research design is the framework used in research and makes up the blueprint for data collection and the analysis of the data.

A descriptive study determines the rate something occurs or the relationship between variables. Cooper and Schindler (2013) also indicate that a descriptive study determines, who, what, where, and how of a phenomenon which was the objective of this study. In addition, a descriptive study is concerned with finding out the what, where and how of a phenomenon (Ngechu, 2004). This descriptive research design was therefore appropriate for this study.

The study obtained and described the views of the respondents from Airtel communication PLC Kwara state in line with assessing the pricing strategies and consumer behavior in the telecommunication sector with a focus on Airtel communication PLC. The study incorporated both quantitative and qualitative research to gain a better knowledge and in-depth understanding of the results.

3.3 POPULATION AND SAMPLING DESIGN

3.3.1 POPULATION

Population is the total collection of individuals whom researchers seek to make inference on (Orodho& Kombo, 2012). The target population for this study was employees at Airtel communication PLC managers at the headquarters

Table 3.1: Population distribution.

Department	Population	Percentage
Managers	10	11
Research	11	12
New Product Development	6	7
Sales Team	63	70
Total	90	100

3.3.2 SAMPLING DESIGN

Mugenda and Mugenda (2012) defined a sampling design as the framework that will guide the researcher on how the study sample was determined from the entire study population. The subgroup must be an accurate representative of the characteristics of the entire population. Each member or case was a subject or element.

3.3.2.1 SAMPLE FRAME

A sampling frame was the source material or device from which a sample was drawn. It represents a list of all those within a population who can be sampled, and may include individuals, households or institution (Zikmund & Babin, 2012). The sample of the study comprised of all employees at the head office.

3.3.2.2 SAMPLING TECHNIQUE

According to Mugenda and Mugenda (2003), sampling was the process of selecting a study subject from a bigger population. It was essential because the methodology applied determined whether the sample of the study was a true representative of the whole population from which it was drawn or not. The findings of the study was a true representative of the study population.

The total population comprises of different groups, and each element in each group was similar to one another in some way. The study used stratified random sampling to gain sampling precision as well as reduce the costs of the survey by treating the different groups separately. The study treated these groups, or strata, as separate subpopulations and a random sample from each stratum was be drawn (Cooper & Schindler, 2013).

3.3.2.3 SAMPLE SIZE

Smith, Thorpe and Jackson (2008), said that a sample refers to a subset of those entities that relate to the entire population. This study used four groups of employees and from the initial population of 90 employees Yemane (1967) formula gave a sample size of 73.

The formula used for these calculations was:

$$\text{Sample Size } n = N \div [1 + N (e)^2]$$

- $90 \div [1 + 90 (0.05)^2]$
- 73

Where:

n= sample size

N= population size

E= error margin (5%)

The sample size of this study was therefore be 73 respondents.

Table 3.2: Sample Size Distribution

Department	Population	Percentage
Managers	8	11
Research	9	12
New Product Development	5	7
Sales Team	51	70
Total	73	100

3.4 Data Collection Methods

The study collected primary data by administering close-ended questionnaire to the respondents. This instrument allowed for cost and time saving

for the respondents as well as the researcher. An online form helped distribute the questionnaires.

The questionnaire had three sections, section A gave details about the respondents' general information with respect to their gender, age, years of experience, and their department. Section B addressed the first objective, effects of pricing on consumer behavior with three subtitles, low cost leadership, differentiation pricing and psychological pricing. The second objective in section C was how consumer behavior influences pricing strategies. The section had two subtitles covering involvement and brand awareness. Section D addressed the last objective on the consumer behavior challenges affecting pricing strategies. This section also had two subtitles addressing emotional and behavioral response to pricing strategy and the consumers changing behavior.

The study also used a five-point Likert scale to ask all respondents to express their opinion on given statements, and expected to agree, strongly agree, and remain neutral, disagree or strongly disagree.

3.5 RESEARCH PROCEDURES

According to Joppe (2000), "Validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. In other words, does the research instrument allow you to hit "the bull's eye" of your research object?" (pg.1). Therefore, the researcher made sure that the number of respondents was efficient to reduce errors. The questionnaires will undertake a pretest to ensure reduction in error during data collection.

The study administered a standard questionnaire google forms to the 73 sampled respondents, though it took a lot of follow up to have the respondents fill the questionnaire on line, it proved to be most efficient and reliable way to administer the questionnaire. After creating the questionnaire online, the link went out to the respondents via emails and phone sums, they simply had to access the link to fill out the questionnaire, and the system would then collect them and analyze the response.

Five questionnaires were pre-tested and reviewed for precision, completeness, accuracy and clarity of interview questions. Findings received from the pretest went into the questionnaire before administering the final copy. Standardized questions minimized interference from interpersonal factors. Before using the questionnaire the researcher sought permission from Airtel communication management, and this was via communication by a letter. The respondents had ample time to fill in the questionnaires, and the information received was be treated confidentially for academic purpose only. The researcher communicated to the organization about the results of the research findings.

A pilot study was to establish reliability of the questionnaires. The pilot study was done and random sample of 15 selected Airtel communication employees. By use of Cronbach's Alpha, a reliability analysis with findings showing that effects of pricing on consumer behaviour had a Cronbach value of 0.818. On the other hand, effect of consumer behaviour on pricing strategies had a Cronbach value of 0.675; however, by deleting the question "Airtel communication involves consumers in advertisement" the alpha value increased to 0.716. Consumer behaviour challenges affecting pricing strategies had a Cronbach value of 0.719 as shown in Table 3.3

Table 3.3: Cronbach Reliability Test for Study Variables

Scale	Cronbach's	Number of
	Alpha	Items
Effects of pricing on consumer behavior	0.818	15
Effect of consumer behavior on pricing strategies	0.716	11
Consumer behavior challenges	0.719	7

3.6 Data Analysis Methods

Data analysis is the process of analyzing, cleaning, transforming and modeling data collected in research. Data analysis methods used in the study included both qualitative and quantitative techniques (Mugenda & Mugenda, 2003). The study coded data according to different variables of the study for ease of data entry and interpretation. The descriptive statistical tool, Statistical Package for Social Sciences (SPSS) aided the researcher to describe the data and determine the extent used. Statistical Package for Social Sciences (SPSS) analyzed the data and presented through percentages, means, standard deviations and frequencies. The study used tallying, computing percentages as well as describing and interpreting the data concerning the study objectives and assumptions through use of SPSS. The study also undertook a correlation analysis of the various variables to determine how the consumer behavior accept pricing strategies. The study used tables and figures to display the data for ease of comprehension and analysis.

3.7 CHAPTER SUMMARY

This chapter clearly described the methodology used to reach the objectives of the study. The research methodology was presented under the following sections, research design, population, sampling frame, sampling technique, Sample

size, data collection and data analysis. Chapter 4 sought to cover data analysis and presentation of the findings of the research.

CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 INTRODUCTION

This chapter presented the research findings on pricing strategies and consumer behavior in the telecommunication sector with a focus on Airtel communication PLC. The study collected primary data by administering structured questionnaire to the respondents. The descriptive statistical tool, Statistical Package for Social Sciences (SPSS) and excel applications utilized to undertake descriptive and inferential analysis by use of means, standard deviations, frequencies as well as correlation. Major challenge encountered was the slow response time and to curb this, the researcher used online questionnaires; respondents knew that the research was for academic function only.

The study issued 73 questionnaires, 65 were duly filled and returned giving a response rate of 89 %, and this was deemed sufficient for the study as indicated in Table 4.1.

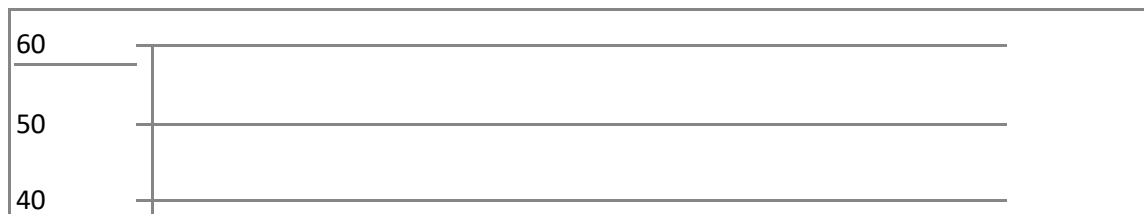
Table 4.1: Response Rate

VARIABLE	FREQUENCY	PERCENTAGE
Filled and returned	65	89
Non-response	8	11
Total	73	100

4.2 DEMOGRAPHIC INFORMATION

4.2.1 Respondents Age

Analysis of the respondents' age revealed that respondents aged below 25 years represented 6% with respondents aged 25-30 years representing the majority at 55%, it was also established that respondents with 31-35 years represented 23% and those of 36-40 years had 15% representation. As indicated in Figure 4.1, all age groups represented in the study.



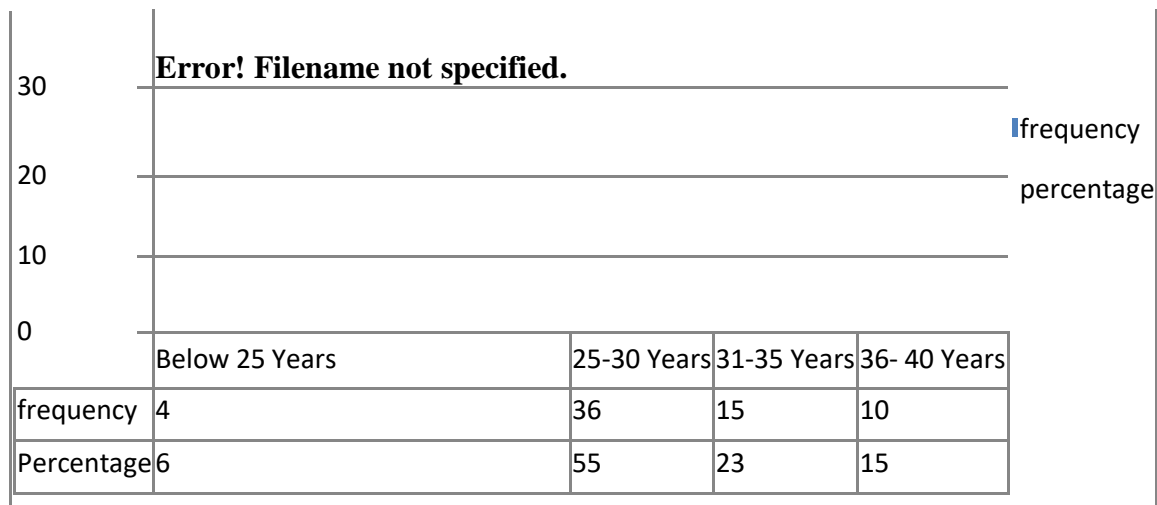
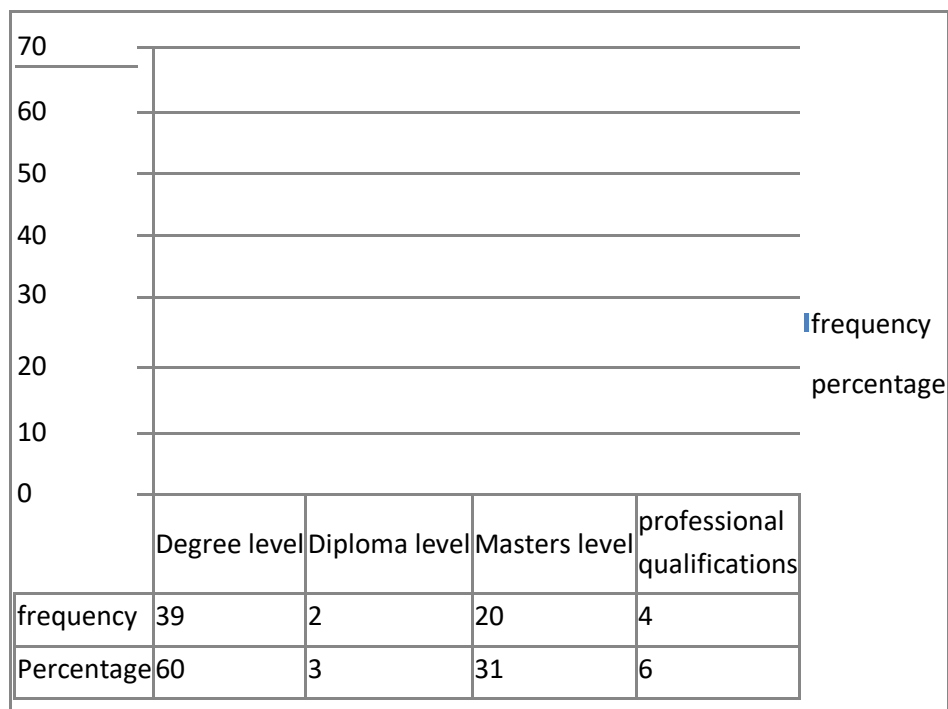


Figure 4.1: Respondents Age

4.2.3 Respondents Education

The researcher analyzed employee education level. An analysis of the respondent's education levels revealed that 60% had a bachelor's degree and 31% had advanced to a 34 masters level. At the same time, diploma holders represented 3% of the general respondents while those with professional qualifications represented 6% as shown in Figure 4.3



Error! Filename not specified.

Figure 4.3: Respondents Education

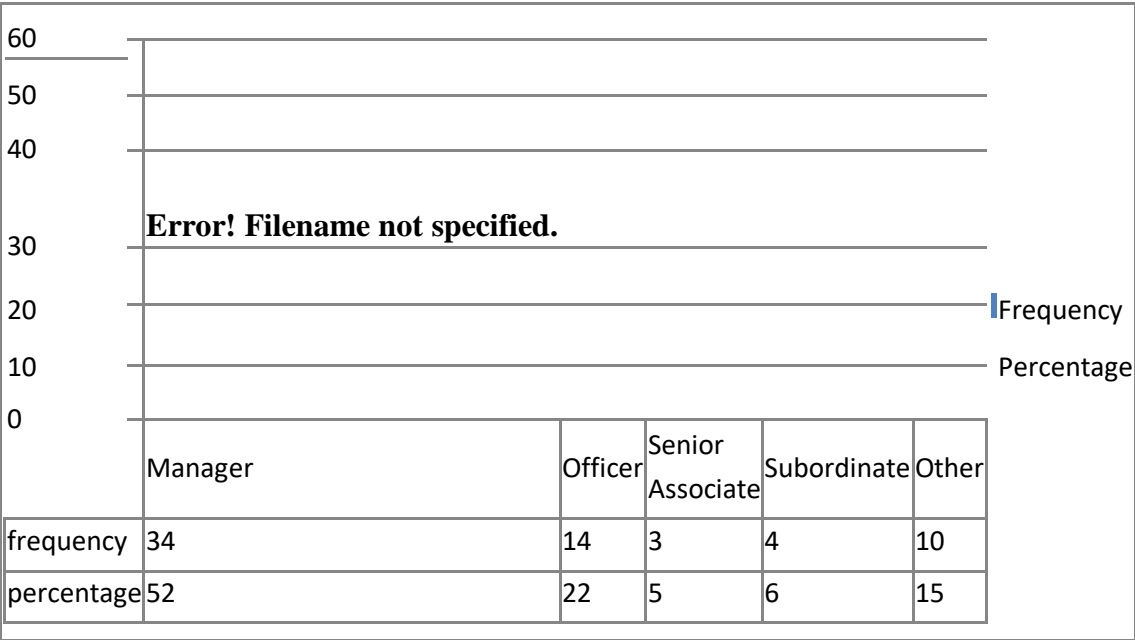


Figure 4.5: Management Leve

4.2.4 Department Worked

The researcher sought to seek the respondent's department and the findings revealed that Marketing had 12% representation, while New product development had the highest representation at 23%, results also show that research had 15%, sales 12%, and others had 37% representation as shown in Figure 4.4 This implied that all sectors were well represented.

4.2.5 Management Level

The researcher analyzed the designation of the respondents in the organizations. A review of the management levels established that respondents in the manager level had a 52% representation, while officers followed at 22% and the senior associate level managers had 5%, subordinates were 6%, and others ha

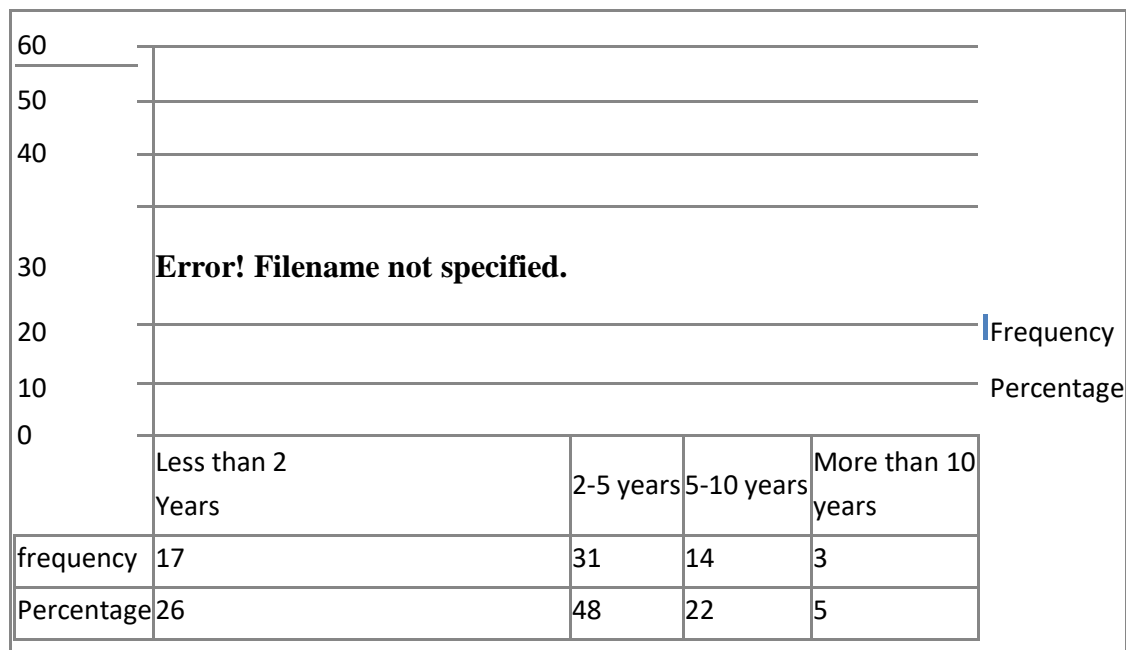


Figure 4.6: Years worked

4.2.5 Years worked

The researcher sought to find out how long respondents have worked at Safaricom. The study reviewed respondents work experience in years and the results show that majority accounting for 48% have 2-5 years" experience, at the same time respondents with less than 2 years" experience accounted for 26% while those with 5-10 years represented 22% of the total respondents. The findings also show that respondents with over 10 years" experience represented 5% shown in Figure 4.6

Effects of Pricing on Consumer Behavior

The study sought to analyze the effects of pricing on consumer behavior and to achieve this objective; respondents answered a set of questions to indicate to what extent they agree or disagreed with statement. Using a five-point Likert scale where 1 - Strongly Disagree 2 - Disagree 3 - Neutral 4 - Agree 5 - Strongly Agree.

Descriptive Statistics of Differentiation pricing

The findings revealed that Airtel communication offers products/services that are different from its competitors ($m=3.97$, $SD=.847$). Respondents also indicated that Airtel communication offer customer friendly packaging for its products ($m=3.78$, $SD=.739$). Majority also agreed that Airtel communication offers unique products features that institutions/companies are willing to pay a higher price for ($m=3.72$, $SD=.893$). There was however uncertainty between employees on whether Airtel communication departments that I deal with are properly coordinated and efficient ($m=3.14$, $SD=1.130$), there was also uncertainty of Airtel communication communicating the points of difference in their products /services it offers in credible ways ($m=3.23$, $SD=1.129$).

Descriptive Statistics of Psychological pricing

Variable	N	1	2	3	4	5	M	SD
12. Airtel communication applies psychological pricing.	65	12	0	25	48	15	3.54	1.147
13. Psychological pricing has an impact on the consumers" price perception.	65	3	5	14	46	32	4.00	.968
14. The Consumers perceive psychological prices as being significantly lower.	61	8	22	28	28	9	3.10	1.121
15. Airtel communication customer view re-	65	19	12	9	34	26	3.37	1.464

framed prices (e.g. 19,999) as more favorable than cumulative prices for high-price products (20,000).

Effect of Pricing Strategy across Education Groups

A Pearson correlation established the relationship between the various pricing strategies across the education groups. The findings revealed that there was a positive relationship between low cost strategy and client education ($r=0.091$, $p>0.01$). It was also established that there was a positive and significant relationship between differentiation strategy and client education ($r=0.431$, $p<0.05$), on the other hand, the findings also indicated that there was a positive and significant relationship between psychological pricing strategy and client education levels ($r=0.331$, $p<0.05$).

Consumer Behavior Influence on Pricing Strategies

The study sought to analyze the effects of consumer behavior influence on pricing strategies and to achieve this objective, respondents were asked a set of questions to indicate to what extent they agree or disagreed with statement. Using a five point Likert scale where 1 - Strongly Disagree 2 - Disagree 3 - Neutral 4 - Agree 5 - Strongly Agree.

Descriptive of Brand Awareness

It was agreed that Airtel communication pricing has made the brand profitable ($m=4.46$, $SD=.792$). In addition, brand image and brand awareness significantly affect brand loyalty ($m=4.57$, $SD=.612$). The study also revealed that customer satisfaction mediates the effect of brand image on brand loyalty ($m=4.00$, $SD=.984$).

Results also show that consumers tend to buy a familiar and well-known product from Airtel communication ($m=4.29$, $SD=.931$). The results also show that there was a high purchase intention of Airtel communication brand ($m=4.20$, $SD=.733$) and customer perceived quality influence brand trust ($m=4.15$, $SD=1.034$) as shown in Table 4.9.

Descriptive of Brand Awareness

Variable	N	1	2	3	4	5	M	SD
6. Airtel communication pricing has made the brand profitable.	65	0	5	5	30	60	4.46	.792
7. Brand image and brand awareness significantly affect brand loyalty.	65	0	0	6	31	63	4.57	.612
8. Customer satisfaction mediates the effect of brand image on brand loyalty.	65	0	5	34	19	43	4.00	.984
9. Consumers tend to buy a familiar	65	5	0	5	42	48	4.29	.931

and well-known product from
Safaricom.

10. There was a high purchase 65 0 3 9 52 35 4.20 .733

intention of Airtel communication brand.

11. Customer perceived quality 65 5 3 9 39 45 4.15 1.034

influence brand trust.

Consumer Behavior Challenges Affecting Pricing Strategies

The study analyzed consumer behavior challenges affecting pricing strategies and to achieve this objective, respondents answered a set of questions to indicate to what extent they agree or disagreed with statement.

Emotional and Behavioural Response

Results established that consumers are interested in price promotions ($m=4.25$, $SD=.884$). The findings also indicated that consumers experience pride and positive feelings because of attributing positive outcomes to them ($m= 4.69$, $SD=.789$). It was also revealed that consumers tend to spread positive word-of mouth and make repeat purchases when they feel they have a good relationship with the service provider ($m=4.32, SD=.709$). it was however disagreed that perceived price changes like price increases, rebates, or deviations from a reference price may elicit consumer feelings ($m=2.62$, $SD= 1.208$).

4.3 CHAPTER SUMMARY

This chapter presented the results established from the data analysis done employee demography and specific research question of this study. Descriptive analysis in form of frequencies, mean, and standard deviation was tabulated. Similarly, correlation analysis determined the influence of employee demography on pricing strategy and consumer behavior. In Chapter 5 consists of, conclusions and recommendations of the study are drawn.

CHAPTER FIVE

5.0 DISCUSSION CONCLUSION AND RECOMMENDATION

5.1 INTRODUCTION

This section offered an analysis of the findings in line with the literature review presented in chapter two. This was structured as per the research questions of the study, which sought to establish the effects of pricing on consumer behavior.

5.2 SUMMARY

The purpose of this study was to assess the pricing strategies and consumer behaviour in the telecommunication sector with a focus on Airtel communication PLC. The study addressed three research questions.

5.3 DISCUSSION

5.3.1 Effects of Pricing on Consumer Behavior

The study established that economies of scale was a competitive advantage that Airtel communication has over smaller entities. Barney and Hesterly (2008) explains that a firm may chooses a cost leadership strategy focuses with the aim of gaining advantages by reducing its cost below its competitors, and in doing so, a firm must strive to maintains the desirable quality level expected by consumers in the market place. Barney and Hesterly (2008) warn the poor quality may sabotage a firms positioning in the market and thus result into loss of sensitive buyers to competitors.

5.3.2 Consumer Behavior Influence on Pricing Strategies

The study established that consumers are concerned with price discounts. Campo and Yague (2007) analyzed how a purchase at a discount price affects the consumer's perception of price as a function of his or her personal characteristics; they found that individuals with different characteristics perceive the price differently.

5.3.3 Consumer Behavior Challenges Affecting Pricing Strategies

Results established that consumers are interested in price promotions and same sentiments are echoed in past literature suggests that consumers are interested in price promotions primarily because of the amount of money saved.

5.4 CONCLUSION

5.4.1 Effects of Pricing on Consumer Behavior

Big institutions like Airtel communication have been able to benefit from economies over smaller entities. Despite this, Airtel communication has maintained competitive pricing of its products and services.

5.4.2 Consumer Behavior Influence on Pricing Strategies

In the Telecommunication sector, consumers are concerned with price discounts and consumers create a positive perception when they are more involved in the pricing process and such greater levels of loyalty increase consumer loyalty

5.4.3 Consumer Behavior Challenges Affecting Pricing Strategies

Consumers are interested in price promotions and there was a tendency for them consumers to experience pride and positive feelings to a brand that was performing well. Use of unofficial communication such as by word-of mouth leads to repeat purchases especially when the good relationship with the service provider is at its best.

5.5 RECOMMENDATION

5.5.1 Recommendation for Improvement

Effects of Pricing on Consumer Behavior

To maximize its profit Airtel communication should come up with particular products that they can be able to sell at lower prices in the market as compared to its competitors. As noted consistency and standardization of the products need to be at its best at all times.

5.5.1.2 Consumer Behavior Influence on Pricing Strategies

Airtel communication should continuously strive to offer their consumers price discounts, as this was what consumers seek as a form of appreciation from the company. There was a need for Airtel communication to undertake research to bring on board consumers in regard to the involved in the pricing process as such moves tend to boost levels of consumer loyalty.

5.5.1.3 Consumer Behavior Challenges Affecting Pricing Strategies

More price promotions as a strategy to retaining old and attracting new users can be profitable. There was also a need to enhance consumers pride and positive feelings by continuously appreciating them.

5.5.2 Recommendation for Further Research

For further study, similar research should be undertaken in other telecommunication companies in order to be able to generalize the findings. In addition, there could also be a study to compare the effects of pricing on consumer behavior.

REFERENCES

- Aaker, D. (1991). *Managing Brand Equity: Capitalizing on the Value of a Brand Name*. New York, NY: DIANE Publishing Company.
- Aghaei, S. (2010). *Assessment of priority characteristics of technical and physical of the consumers of dairy products in Tehran*, MSc thesis Business administration Tehran University.
- Agrawal, N. & Duhachek, A. (2010). Emotional Compatibility and the Effectiveness of Anti-Drinking Messages: A Defensive Processing Perspective on Shame and Guilt, *Journal of Marketing Research*, 47 (2), 263-27
- Bambauer-Sachse, S. & Grewal, D. (2011). Temporal reframing of prices: when is it beneficial?“, *Journal of Retailing*, 87, (2). 156–165.
- Baumgartner, B. & Steiner, W.J. (2007). Are consumers heterogeneous in their preferences for odd and even prices? Findings from a choice-based conjoint study“, *International Journal of Research in Marketing*, 24(4).312–323
- Blythe, J. (2005). *Essentials of Marketing*, 3rd Edition, Pearson Education Limited, Harlow, Essex, England.

- Campo, S., & Yague, M. (2007). The perception of price discounts according to consumer's characteristics. *Journal of Revenue and Pricing Management*, 6(2), 86–99.
- Danish, R., Ahmad, A., & Ali, H. (2015). Factors Affecting Customer Retention in Telecom Sector of Pakistan. *American Journal of Marketing Research* 1 (2), 28-36.
- Erfanian, Z. (2007). *Factors affecting demand for milk and milk products in Iran*, MSc Thesis Agricultural Economics, and Tehran University.
- Farahmand, A., & Chatterjee, C. (2008). The case for dynamic pricing. *Hospitality Upgrade*, 154-155.

APPENDIX

Department of business
Administration and
Management,
Institute of Finance and
Management Studies,
Kwara State Polytechnic,
Ilorin.

Dear Respondent,

We are final year students of the aforementioned department, carrying out a research on the topic: An Assessment of pricing strategies and consumer behavior This is in partial fulfillment for the award of Higher National Diploma (HND) in Business Administration and Management.

Kindly fill the attached questionnaire and I am assuring you that all information given will be treated with utmost confidentiality.

Thank you for your co-operation.

Yours faithfully,

QUESTIONNAIRE

Directions: these responses to all items in the questionnaire by ticking the appropriate answer.

All response are made strictly confidential

SECTION A

1. Sex: A Male (). B. Female ().
2. Age: A. Below 25 Years(). B. 25-30 years C. 31-35 years (). D. 36-40 years().
3. Marital status: A. Single (). B. Married (). C. Widow (). D. Divorced ().
4. Educational qualification A. primary school certificate (). B. WASSCE/GCE (). C. B.sc/HND/B.ed (). D. Masters (). E. Others specify ().

SECTION B

5. Do You believe in pricing strategies and consumer behaviour? (a) Yes (). (b) No (). (c) Indifferent ().
6. Do you believe that pricing strategies and consumer behaviouris needed so as to keep you abreast of current innovation in the World of technology? (a) Yes (). (b) No (). (c) Indifferent ().
7. Do you agree that there ispricing strategies and consumer behaviour? (a) Yes (). (b) No (). (c) Indifferent V
8. Do you believe that pricing strategies and consumer behaviour helps that to update their sales to acquire more new pricing? (a) Yes (). (b) No (). (c) Indifferent().
9. Do you believe in pricing strategies and consumer behaviour? (a) Yes (). (b) No (). (c) Indifferent ().
10. Do you agree that pricing strategies and consumer behaviouradd to worker's mentality? (a) Yes (). (b) No (). (c) Indifferent ()