Pricing Strategies and Purchasing Behaviour of Hotel Customers in Cross River State, Nigeria

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DOI: 10.56201/ijssmr.v9.no11.2023.pg260.282

Abstract
The study empirically examined the impact of pricing strategies on purchase behavior of hotel customers in Calabar, Cross River State. The specific objectives were to: examine the effect of competitive pricing; discount pricing and geographical pricing on purchase behavior of hotels customers in Calabar. This study adopted survey research design and data for this study were gathered from primary sources through the use of structured questionnaire. Secondary sources were obtained from textbooks, journals articles, libraries and Internet. The data collected from the field survey was presented and analyzed in tables and simple percentages. Also, the Chi-square statistical tool was used in testing the research hypotheses. Based on the analysis of the results, the following findings were made: there was a significant impact of competitive pricing on purchase behavior, there was a significant impact of discount pricing on purchase behavior, there was a significant impact of geographical pricing on purchase behavior. The study recommended that management should implement effective pricing strategy that will aid the price to a level of equilibrium and therefore, policies should be implemented to meet sales objectives.

Keywords: *Pricing Strategies, Purchasing Behaviour, Hotel Customers, Competitive Pricing, Discount Pricing, And Geographical Pricing*

INTRODUCTION

Marketing strategy is important for the "success of any organization'', whether service- or product- oriented. It is a method by which a firm attempting to reach its target market and to attract customers. Marketing strategy starts with market research, in which needs, attitudes and competitor's products are assessed and the firm concentrates its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage (Nymous, 2006). Marketing strategies are concern with detecting, selecting and directing business opportunities that are to be pursued by the organization. (Douglas and Craig ,1989). These strategies enable a firm to identify opportunities, indicate interest in targeted markets, developed effective competitive measures above competitors. In Nigeria, until the early 1960s, relatively SMEs in the less developed areas were attributed to the scarcity of capital, and poor pricing. Since independence, the business sector has been growing to be one of the most fundamental pillars of the economy. Pricing strategy is a pivotal component of an organization's management focus that can elevate or deter a company's performance. It determines the value that must be provided by a customer in return for a product or service. Pricing strategy is extremely important that businesses get their pricing strategies absolutely right. (Collins, 1991). The importance of price as a purchase stimulus plays a key role in price management due to the fact that not only does it determines the way prices are perceived and valued, but influences consumer purchase behavior. A firm that uses pricing strategy, prices a product or a service at less than its normal, long range market price in order to gain more rapid market share. This strategy can sometimes discourage new competitors from entering a market niche if they mistakenly view the penetration price as long-range price (Justin, 2004). Hotels do their pricing in a variety of ways where pricing is a key factor, pricing departments are set to assist others in determining appropriate prices. Pricing therefore refers to the process of setting a price for a product or service and more than any other element of marketing mix. Price for any product or a service will inevitably fall somewhere between that which is too low to produce a profit and that which is too high to generate any demand (Gruca and Rego, 2005). Most successful strategies give hotels some property that is unique or at least distinctive and the means for renewing its competitive advantage as the environment changes (Haberberg & Rieple, 2008). Many empirical studies have been done on pricing strategies but none has really focused on the relationship that exists between pricing strategy and the performance. Ruilang and John (2010) conducted a study on service level, pricing strategy and hotels performance, using a profit-maximization model demonstrated that optimal service level and pricing strategy exist under different market (Vikas, 2011). Hotels employ pricing strategy with the expectation that eventually the price will be raised once the initial marketing objectives are fulfilled. Pricing is likely to result in lower profits than would be the case if prices were set higher. There is no dispute as to the effect of strategies on the hotels performance. The study will attempt to isolate specific strategies that will eventually form the purchase behavior of customers.

Hotels operate in a dynamic business environment characterized by intense competition for resources and market share hence have become more challenging to manage and sustain their growth rate. Despite their importance to the economy, hospitality industry faces a lot of challenges in terms of competition. Therefore, it is important for them to adopt some pricing strategies so as to realize profits in terms of sales and growth. However, finding the right balance for a marketing mix is a big challenge to many companies. Hotel administration needs to put many factors into consideration when setting the marketing mix. The reviewed literature studies revealed that price is a very important part of the marketing mix as it can affect both the supply and demand of the firms' products. Griffith (2004) found out that customers are willing to pay an extra amount of money when they are assured of qualities in the product. Myers (2001) noted that customers have different perception of the products depending on the price. Therefore, pricing products for customers is a mind-boggling task, mainly because a high price may cause negative feelings about products, and also a low price can be misleading on other products features such as quality. Empirical evidence of the role of pricing strategies and how it affects growth of hotels in Calabar is scanty in the African contexts. This is the research gap that this study sought to fill by examining the effect of pricing strategy on purchase behavior.

The general objective of the study was to examine the impact of pricing strategies on purchase behavior. While the specific objectives are;

to examine the impact of competitive pricing, discount pricing and geographical pricing on purchase behavior hotel customers . The following research questions were formulated to enable us develop research hypotheses. What is the impact of competitive pricing, discount pricing and geographical pricing on purchase behavior of hotel customers?. Based on the research objectives and questions, we proposed the following hypotheses:

Ho1: There is no significant impact of competitive pricing strategy on purchase behavior of hotel customers in Cross Rivers

Ho2: There is no significant impact of discount pricing strategy on purchase behavior of hotel customers in Cross River State

Ho3: There is no significant impact of geographical pricing strategy on purchase behavior of hotel customers in Cross River State

2.LITERATURE REVIEW

Pricing strategies consist of skimming and penetration strategy. Skimming strategy involves setting a high initial price for a new product and it is aimed at a market segment that is willing to pay for it. The strategy is often referred to as ‘‘skimming-the-cream’’. After successfully skimming the upper layer of the cream or market, the price is lowered so that other layers of the market segment may pick the product (Collins, 1991). Factors that determine the use of skimming pricing strategy; where the market segments exist and can be taken one at a time. Penetration pricing strategy refers to a process of setting a low price for a progduct in order to attract its mass market and achieve high volume of sales for a product. In skimming strategy appeal is directed at the upper layer or core customers. While in penetration strategy the appeal is directed at the entire market (Teece, 1997). The objective is principally to realize high sale volume and then high total revenue. The choice between skimming and penetration involves trading of a number of factors. Factors that favour the use of penetration strategy are; the product should not be socially conspicuous or symbolize social status and products whose production and marketing costs are comparatively lower, this will attract large volume of sales. (Grant, 2011).

Empirical studies have been conducted by Madson (2017) and Slater and Aaby (2019) to analyze the linkage between marketing strategy and its impact on performance but due to different parameters adopted there is no single way of measuring effectiveness of this linkage. They continued that, many researchers have tried to investigate on the similar subject yet no acceptable measure has been identified due to limitations in methodology and other practical limitations. The finding revealed that, marketing strategy had a positive impact on firm’s performance. The scholars adopted primary methodology in gathering relevant information. Gomz (2004) conducted the elements of company’s marketing strategy that results in high performance for Spanish firms. Results were obtained using linear regression and multivariate methods. Results confirm positive association between marketing strategy and firm penetration level in foreign market out of the four Ps of marketing mix, distribution is the most significant element which should be given more emphasis in export policies. Edward (2009) investigated the differences in strategies adopted between high performances and low performing firms through the survey of 60 firms from Tanzania. Export performance is taken as dependent variables and macro variables and micro variables (strategy, structure and management) are independent variables. Result confirms negative association between export performance and strategy using correlation methods. The research of Omotayo (2009) is aimed at identifying strategic factors mix, which investigates the impact of standardization versus adaptation of marketing element for Nigerian companies. Questionnaire was used to collect data from a sample of 50 companies. Data analyzed through correction, t-test, ANOVA and F-test to test hypotheses. Result concludes that, marketing strategies are strongly co-related with export performance. Ampuero (2006) to investigate on the relationship between marketing strategies and SMEs performance. The following variables were used; competitive policy, discount policy, geographical pricing policies on service patronage. A sample of 50 companies was used in Asia. One hundred and twenty (120) copies of questionnaire were distributed using correlation coefficient. The finding revealed that independent variables had a positive impact on service patronage (competitive policy, discount policy and geographical policy).

2.3 The role of pricing in hotels

Many marketing campaigns stress that their products offer the best quality at the lowest price. In a rational economy, quality and price should be in direct proportion, the higher an item's quality, the more it should cost. Marketing obscures this relationship by introducing intangible elements, such as status, desire and branding. The price of product depends as much on how and to whom it is being marketed as on its inherent value. Cheap goods are promoted to the market at low prices to encourage mass buying; other goods, sometimes no better in quality, are sold at higher prices as luxury items to people who can afford them.

Increased competition causes prices to drop, because most customers, when presented with two similarly priced products from competing companies will purchase the less expensive one. As competition increase, marketing attempts to convey the image of the product as superior in quality but less expensive than its rivals. In the world of marketing, public perception counts for more than the veracity of marketing statements. In a field with little competition, a manufacturer is less compelled to lower prices or to market its product as low-priced, because customers do not have much choice about where to buy it.

When demand increases for an item, its price rises as the competition to acquire it increases. This is an ideal situation for a marketer; when there are many eager buyers, the marketer spends less money on advertising because people are already seeking the product. Price will rise with demand, until the item's price becomes prohibitive to a large enough proportion of the buying public; at the point, it is no longer advantageous for the seller to raise the price any higher.

The price you set for your product or service sends a message to customers about the quality of your product. Consider the brands, or image, you want to create in the marketplace, look at your competitor's prices and determine what price point will help you promote or maintain your brand goals in the marketplace.

2.4 The importance of pricing

Price is important to marketers because it represents marketers' assessment of the value customers see in the product or service and are willing to pay for a product or service. Adjusting the price has a profound impact on the marketing strategy and depending on the price elasticity of the product; it will often affect the demand and sales as well. Pricing contributes to how customers perceive a product or a service. The other elements of the marketing mix (product, place and promotion) may seem to be more glamorous than price and thus, get more attention, but determining the price of a product or service is actually one of the most important management decisions. While product, place and promotion affect costs, price is the only element that affects revenue and thus, a business profits. Price can lead to a firm's survival. Adjusting the price has a profound impact on the marketing strategy and depending on the price elasticity of the product; it will often affect the demand and sales as well. Both a price that is too high and one that is too low can limit growth. The wrong price can also negatively influence sales and cash flow. Problems occur if the marketer fails to set a price that complements the other elements of the marketing mix and the business objectives, as pricing contributes to how customers perceive a product or a service. A high price indicates high quality. The term luxury comes to mind if however, a firm wants to position itself as a low-cost provider, it will charge low prices. Just as they do with high-end providers, customers know what to expect when they see low prices. Therefore, it is important that an organization sets the right price. An organization's success can depend on it. Pricing is an important matter not only for the organization, which it produces, but also for the buyer and the society. Price represents the value of the market offering to the buyers. Price can affect the demand of the product. Also, price indicates the quality of the product. The buyers who might interpret it as a consequence of improvement of quality may perceive increase in price favourably. According to the law of demand, a decrease in price leads to an increase in demand. Price of a product influences profit, rent, interest, wages that are the prices paid to the factors of production- entrepreneurship, land, capital and labor respectively. Thus, price acts as a regulator of economy, because it influences the allocation of the factors of production.

2.5 Factors that influence price setting

According to Esu (2005), the most important factors that influence prices are: Costs set a floor below which prices should not fall. If prices are lower than costs, volume may be high, but losses will be incurred. To price profitably, it is necessary for a producer to know his costs components. To appreciate the relationship between costs and pricing, it is also necessary to know the various cost elements. These include: Variable costs, fixed costs, total costs and average costs.

An understanding of the demand dynamic helps the marketer in determining the prices of his goods or services. Two demand factors are considered here; aggregate demand and elasticity of demand. An increase on aggregate demand would lead to an increase in price and a decrease in aggregate demand could force down the price. Demand therefore provides a ceiling beyond which price cannot pass, since buyers have to be willing to pay at a stated price before sale can be made. This means that, no matter what situation the producer may be facing, when setting price, he must consider market acceptance of such price.

Firms that offer the same product or class of products that are close substitutes for each other have the tendency to compete. One of such basis is on price. No marketer would want to risk losing customers by fixing too high a price or sustain unnecessary loss in revenue by setting too low a price. Price must be set within the legal framework existing at the time in the domestic and international market. Every nation has laws, which influence pricing decisions. Most companies set prices based on their objectives and desired public image. Price is one of the ''bundles of satisfaction which the customer buys''. An outrageous high price shows that the firm is lacking in customer orientation. This may damage their company's image that has taken years to build. The price of a product can also be influenced by the stage in the product life cycle. A high price can be fixed in the introductory stage to recoup the start-up cost.

2.6 Pricing objectives

Pricing objectives are selected based on what the company wants to accomplish with its particular product (Esu, 2005). There are eight objectives of pricing such as: An organization strives for survival when business or industrial analysis shows that it is in a precarious stage. For example, the product may be in the maturity or decline stage in its product life-cycle or has become a dog in the growth share matrix. When organizations are plagued with over capacity, the tendency is to cut prices. The profit motive is a common denominator of all profit oriented organizations. Organizations could use price setting approach that will yield maximum profit from the sales of a unit of its product and services. Return on investment desired by an organization could influence the pricing decisions of the organization. Organizations fix prices that will maximize current revenue. This objective is healthy for the future performance of the organization. Organization seeks to recover cash as fast as possible. The emphasis is based on selling more of the firm's product. It is believed that a higher sales volume will lead to lower unit cost (AVC) and higher long run profit. Lower prices facilitate product acceptance. It increases the volume of sale. It refers to the percentage the market controlled by a firm for a product. It is difficult to measure the market share of the firms in a developing economy where there is absence of marketing data. Most companies will prefer to be the middle rider. Such firms will not want to rock the boat. They take the price ceiling as determined by the market leaders. Firms may have either of these competitive objectives. Firstly, pricing to meet competition or prevent competition. But since most new entrants into the industry may not have the resources to fight head-on with the leader, they usually enter the market with slightly lower price, thereby preventing competition. Secondly, to stabilize prices, the objective is to have similar prices throughout the industry, so that competition will not

2.7 Pricing strategies

Setting the price of a product or service based on what the competition is charging competitive pricing is used more often by businesses selling similar products, since services can vary from business to business while the attributes of a product remain similar Mpuon and Oyong (2019). This type of pricing strategy is generally used once a price for a product or service has reached a level of equilibrium, which often occurs when a product has been on the market for a long time and there are many substitutes for the product. Businesses have three options when setting the price for a good. They cans set it below the competition, at the competition or above the competition. Above the competition pricing requires the business to create an environment that warrants the premium, such as generous payment terms or extra features. A business may set the price below the market and potentially take a loss; if it thinks that a customer is more likely to buy other products is well (Sheth, 2012). Competitive is an effective pricing that make or break a business. Selling a well-established product at a similar price to competitors is an option for small retailers who want to draw customers to their businesses. Keeping customers there, however, often means distinguishing themselves on bases other than price. Relying on a competitive pricing strategy may be risky if volume cannot be maintained or if costs suddenly rise(Sheth & Sisodia,2015)

Discount pricing

It is an important element of a product marketing campaign. More than any other element, it directly impacts the amount of profit you make. Choose a discount, helps to meet your sales objectives, it enhances your reputation and provides the best profit point for the market demand. A discount pricing strategy is useful for driving traffic and sales short term. Used as a long-term strategy discount pricing has some negative effects on market position and brand loyalty. Businesses use discount pricing to sell low-priced products in high quantities. With this strategy, it is important to cut costs and stay competitive. Large retailers are able to demand price discounts from suppliers and make a discount pricing strategy effective. It is usually impossible to compete with these retailers based solely on a discount pricing strategy. Use discounts off the list wisely and sparingly occasional discounts and discounts that reward loyal customers are effective. Discount used too often begin a downward pricing spiral that may eventually damage your ability to sell the product at full price. (Rust, 2014)

Geographical pricing It is the practice of modifying a basic list price based on the geographical location of the buyer. (Chances, 2015). It is intended to reflect the costs of shipping to different locations. It is made up of the following: the purchaser pays the shipping cost from the factory. Ownership of the goods is transferred to the buyer as soon as it leaves the point of origin.

Price increase as shipping distance increase. This is sometimes done by drawing concentric circles on a map with the plant or warehouse at the center and each circle defining the boundary of a price zone. Basing point pricing: Certain cities are designated at basing points. All goods shipped from a given basic point are charged the same amount. Freight-absorption pricing: The seller absorbs all or part of the cost of transportation. This amounts to a price discount and is used as a promotional tactic. It is the support, encouragement, privilege or financial aid that an organization or individual bestows to another.

2.8 Customer satisfaction

Most of the organizations in these days have treated customer-handling procedure as a strategic marketing tool. Service providers are frequently exhorted to strive towards a ‘‘zero defects’’ service; the ability to ‘‘get it right first time’’ is thought to offer significant benefits to organizations in terms of both customer evaluations and costs of delivery. If any organization is striving for zero defects, they need not give that much importance for complaint handling sections.(Ampuero,2016) In practice, it is often difficult to imagine how service providers can attain such a goal, not least because of the inherent heterogeneity in service provision and limitations on the extent to which a provider can control the range of different interactions with customers. In general, customers are complaining with four major ideas like to get compensation, find expression for their anger, and help to improve the service and for unselfish reasons. Service organizations should build up the culture of straightforwardly to invite the complaints with a motive to improve the service and with selfless reasons. And at the same time, organizations should be cautious enough about the complaining nature of some customers with an intention to demand compensation and spoil company image. (Edril,2010) Whatever the reason in the customer mind behind the complaining nature, that is irrelevant to the organization. Their main accountability is to genuinely solve the complaint and be successful in explaining the reasons for that in a convincing way. However, service businesses in advance clearly recognize the various reasons behind the complaining nature of the market and should devise special strategies to give a legitimate reason and another important element in this aspect, organizations has to develop complaint procedure with minimum of fuss. If customers are treating complaint procedure is too lengthy and clumsy, it will also affect the performance of entire organization. Thus, organizations should be very carefully design the complaint procedure with minimum of paper work. Related to the outcome of the complaints, market has one strong notion i.e., result is always in favor of organization whatever the problem, whoever may be the reason for that. The market is feeling that they are not treated fairly and far away for adequate justice. This kind of belief in the market is more dangerous for any business in the present day's highly cut-throat competitive business world. Therefore, while analyzing the complaints, service firms' complaint handling sections should be more vigilant in finding the legitimate reasons and also the responsibility to provide ample justice to the customers' community.(Nymous,2006) This class of legitimate judgment will give great confidence in the minds of customers while solving their indisputable problems and in turn increase the image of the firm. Finally, service firms should be better to realize the importance of complaint handling procedure and its outcome and also well again to bring into play this one as a strategic marketing tool to accomplish the benefits such as customer satisfaction, customer loyalty, favorable word-of-mouth publicity, and to decrease litigation. The concept of customer satisfaction occupies a central position in marketing thought and practice. Many companies today are aiming for TCS- Total Customer Satisfaction. Satisfaction is a major outcome of marketing activity and serves to link processes culminating in purchase and consumption with post purchase phenomena such as attitude change, repeat purchase and brand loyalty. Satisfaction is defined as a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under-or-over-fulfillment. Satisfaction is the consumer's response to the evaluation of the perceived discrepancy between prior expectations and the actual performance of the product as perceived after its consumption. Attitude also shapes consumer expectations and expectations are, therefore, either positively or negatively inclined. Expectations, according to the disconfirmation paradigm, exert an important influence on customer satisfaction with the service encounter and thus on service quality perceptions. Customer satisfaction is the individual's perception of the performance of the product or service in relation to his or her expectations. The concept of customer satisfaction is a function of customer expectations. A customer whose experience falls below expectations will be dissatisfied. And customers whose expectations are exceeded will be very satisfied or delighted. Customer satisfaction will occur only through conscious efforts to alter the way the firm's approach to work. Service firms must not only change their attitudes but also change the way they organize their effort. Therefore, organizations must rethink how they do business as customers move from the periphery to center stage, old ways of doing business no longer work. Every company would be wise to measure customer satisfaction regularly because one key to customer retention is customer satisfaction. Understanding what customers expect from a service organization is necessary for service managers, because expectations provide a standard of comparison against which customers judge an organization's performance.(Ogbonna,2017) and Mpuon et al. (2022) Customers of services have expectations about what they will receive from the delivery system. Undoubtedly, customer satisfaction is the key to survival and thriving in the competitive time is to win the customer and to keep them in service or product range. Obsession with customer satisfaction is what drives change today particularly in service sector. Customer satisfaction will occur only through conscious efforts to alter the way we approach our service delivery process. Service companies must not only change their attitudes towards market but also change their way in providing services with market expected parameters like quality, reliability, tangible evidences, responsiveness, assurance, empathy, price, availability, accessibility, etc. Therefore, organizations in general, service firms in particular must rethink how they do business as customers move from the periphery to center stage, old ways of doing business no longer work.

2.9 Purchase Behavior

Intent to purchase is a kind of decision in which studied why a customer purchases a brand in particular. Constructs like considering something purchasing a brand and anticipating to purchase a brand aids to scope the intentions of purchasing. Ampuero (2016) also elaborated customers' intention to purchase a focused brand is not merely by his same brand attitude, but also by his attitudes leading to other brands in choice of set considered. Edril (2010) explained a type of loyal customer, whose purchase decision is insensitive to pricing and the show their loyalty by suggesting positive recommendations to firm and even investing money in the brand which show their extreme trust in the brand. Nymous (2006) and Mpuon et al. (2021) explained that customers buying behavior also depend on the level of existing competition in the industry. Ogbonna (2017) told that people of China who have affordability expensive imported branded items of clothing, they are becoming receptive in large number to fashionable styles internationally and demand for imported brand products increasing due to variations in behavior of the consumer as well as growing purchasing power. According to Ampuero (2006) under these circumstances, customers must depend merely on extrinsic attributes of the product. Sovereignty of the consumer rely on saving decisions which want that the individual effectively finds income view of current and future consumptions. To do so customers should obey their practices in the past for the products in particular type (e.g. brand loyalty or habitual buying) in formation of the decision for the purchase of the product

2.1 Theoretical framework

The study is anchored on the following theories

2.1.1 Resource based view theory.

Grant propounded this theory in 1971. It recognizes the importance of a firm's internal organizational resources as determinants of the strategy and performance. This theory anchors on internal organizational resources as assets, capabilities, organizational processes, firm attributes, information, knowledge, that are controlled by a firm and that enable it to envision and implement strategies to improve its efficiency and effectiveness. The strength of the theory is to place primary emphasis on the intangible skills and organizational resources of the firm. The weaknesses of resource based views that the intangible resources of the firms are marketable.

2.1.2 the dynamic capabilities theory

The dynamic capabilities view strengthens the RBV, it emphasis on how combination of resources and competences can be developed, deployed and protected (Teece, 1997). The factors that determine the essence of a firm's dynamic capabilities are the organizational processes where capabilities are embedded, the positions the firm have gained and the evolutionary paths adopted and inherited. Based on this perspective, the marketing factors that determine the competitive advantage are marketing efficiency resulting from the marketing organizational process and the endowments of market assets that has generated such as customer satisfaction and brand equity; i.e. market position. In the context of global competition, RBV and dynamic capabilities theory suggest that historical evolution of a firm (accumulation of different intangible organizational assets through tacit learning) constrains its strategic choice and so will affect market outcomes (Collins, 1991). According to Douglas and Craig (1989) and Mpuon (2018) the development of a marketing strategy is carried out during the stage of global rationalization. It means that the firm has to take the step of initial foreign market entry and expansion of national markets during its process of internationalization. Consequently, in the two previous stages, the firm learned and accumulated not only different physical assets but also different intangible organizational assets, likewise, it faced and took risks in different and complex market contexts. This process of learning affected its performance.

2.1.3 Marketing impact theory

The need for measuring marketing impact is intensified as firms feel increasing pressure to justify their marketing expenditures (Gruca and Rego, 2005). Accordingly, Mpuon (2019) argued that marketing practitioners and scholars are under increased pressure to be more accountable for showing how marketing activities link to shareholder value. It is important to know that marketing actions, such as packaging, brand name, density of the distribution channel, advertising, permanent exhibitions, sponsoring, press bulletins, among others can help long-term assets or positions as brand equity and customer satisfaction.

2.1.4 Marketing efficiency theory/data envelopment analysis

The other way by which research in marketing has faced marketing performance is related to efficiency. On the other hand, Sheth (2012) and Mpuon et al. (2022), define marketing efficiency as the ratio of marketing output over input. It includes two of the dimension, efficiency as well as effectiveness i.e. getting loyal customers at low marketing costs. On the other hand, Rust (2014) used the term marketing productivity to refer to how marketing activities are linked to short-term and long-term profits. In reference to literature review, Chances (2015) first suggested applying DEA to gain insight into efficiency of marketing efforts. Since then, there have been some marketing studies that used the DEA as a methodology.

3. RESEARCH METHODOLOGY

Research design is a blueprint for carrying out a study with great extent of control over some influences that may interfere with the validity of the results. This study adopted survey research design in order to determine the opinions, attitudes, preference and perceptions of persons of interest to the research study. Adopting a survey method requires researcher to construct a questionnaire needed to collect data from the respondents. This facilitates the investigation of the relationship between the variables under study. The size of the population is large and this will justify the conduct of this study adopting survey design, which relies on sampling approach. This research is carried out in Calabar metropolis. Calabar is a city in Cross River State and it is the

State capital. The original name for Calabar was Akwa Akpa from Efik language. The city is watered by the Calabar and Great Kwa Rivers and Creeks of the Cross River. Calabar is the capital of Cross River State. For the purpose of administration, the city is divided into Calabar Municipal and Calabar South Local Government Areas. It has an area of 406km^2 and a population of 371,022. These hotels are Transcorp hotel located along Murtala Muhammed highway, Channel view at MCC, Monty Suites along Murtala Muhammed highway and Pyramid hotel along Murtala Muhammed highway. These hotels are selected geographically and the researcher has Knowledge about the hotels**.** Population of the study according to Etuk (2010) comprising of all the elements that form the basis of analysis; a target population could consist of persons, ‘‘objects or events’’. The population of the study comprises two hundred and forty-seven (247) customers. Samplings tehniques accordinge to Ogomaka (2007), is a process of selecting part of population representing the relevant characteristics of the population with the representative part being called a sample and the population as the set of all elements of class under investigation from which the sample was selected. In drawing the sample size of the study, the formula of Yamane (1967) of known population was used to determine the sample size thus: N1+N (e)2,

$$S = NNN1$$

Where;

S	=	sample size
N	=	finite population
e	=	limited of tolerable error

Substituting:

$$S = \frac{N}{1+N(e)^2}$$

$$S = \frac{247}{1+247(0.0025)^2}$$

$$S = \frac{247}{1.6175}$$

S = 152.7

S = 153.

The questionnaire was distributed in a pro-rata way across and according to their contribution to the total population of 153. With respect to the Sources of data and data collection method, data for this study were gathered from primary sources through the use of structured questionnaire. Secondary sources was obtained from textbooks, journals articles, libraries and internet. Considering the research instrument, it is the data collection tool that is used in the study. For this study, the research study adopted the structured questionnaire designed with three sections to measure the relationship between pricing strategies and purchase behavior in Calabar, Cross River State. Section A of the instrument will request the respondents to supply their demographic information. Section B and C sought information from respondents on pricing strategies and purchase behavior respectively. The items in section C will be rated using five points Likert-scale categorised as Strongly Agree (5 points), Agree (4 points), Disagree (3 points), Strongly Disagree (2 points) and Not sure (1 point). Copies of the questionnaire were administered to the respondents.

Besides, Validity and reliability of instrument takes into consideration the degree to which an instrument accurately measures what it intends to measure. To ascertain the validity of the instrument used for the study, only items relevant to the study will be included in the questionnaire, which will be carefully drawn and handed over to lecturers in the Faculty of Management Sciences, University of Calabar for scrutiny, vetting and input to ensure its content validity. Some items in the questionnaire were rephrased; others were connected appropriate. After effecting the corrections, it was submitted to the supervisor for final vetting and corrections before administering to the respondents. Reliability in the other hand considered the degree to which a measuring instrument yield the same result when repeated. Reliability is also regarded as the consistency of the test instrument in measuring what it purports to measure. In other words, reliability entails that the test instrument is dependable and stable in measurement. In order to ensure that the instrument can measure consistently what it is supposed to measure, a pilot test using test-retest method was conducted on randomly selected respondents in other firms in Cross River State

The data collected from the field survey was presented and analyzed in tables and simple percentage format. Also, the Chi-square statistical tool was used in testing the research hypotheses. The formula of Chi-square as:

$$X^2 = \frac{(fo-fe)^2}{fe}$$

Where;

X^2	=	Chi-square hypothesis distribution
fo	=	the observed data or frequencies
fe	=	the expected data or frequencies

These tools are often considered as a measure of discrepancies (fo) and the expected frequencies (fe). If there is no discrepancy, the X^2 = 0. As the discrepancy becomes longer, the value of X^2 are evaluated by the 2 distributions. The Chi-square (X^2) distribution as a statistical tool is also referred to as goodness of fit test.

The degree of freedom is determined using the formula:

Df = (R-1)(K-1)

Where;

Df	=	degree of freedom
R	=	the number of rows containing the observed data
K	=	the number of columns containing the observed data

The Chi-square Statistical method was used to test the extent to which the impact of pricing strategies affects purchase behavior. The model of this study is shown thus:

PB = f(COMP, DISP, GEOP)

Where;

PB	=	Purchase behavior
COMP	=	Competitive Pricing
DISP	=	Discount Policy
GEOP	=	Geographical Pricing

4. RESULTS

A total of one hundred and fifty copies of questionnaire were distributed to customers of selected hotels in Calabare rate is presented in table 1

TABLE1

Distribution of respondents according to sex

Sex	Number of respondents	Percentage
Male	98	65.30
Female	52	34.70
Total	150	100.00

Source: Survey work, 2023.

From table 4.1, 98 respondents representing 65.30 percent were male, while 52 respondents representing 34.70 percent were female. Table 4.2 shows that, 21 respondents representing 14.00 percent were 18-25 years, 41 respondents representing 27.30 percent were 26-35 years, 46 respondents representing 30.70 percent were 36-45 years, while 42 respondents representing 28.00 were 46 years above. From table 4.3, 86 respondents representing 57.30 percent were single, 55 respondents representing 36.70 percent were married while 9 respondents representing 6.00 were divorced. Table 4.4 indicates that, 20 respondents representing 13.30 percent were FSLC holders, 37 respondents representing 24.70 percent were WAEC holders while 93 respondents representing 62.00 were HND/B.Sc holders. From the above table 4.5, 108 respondents representing 72.00 percent strongly agree, 19 respondents representing 12.70 percent agree, 6 respondents representing 4.00 percent were undecided, 5 respondents representing 3.30 percent disagree; while 12 respondents representing 8.00 percent were strongly disagree.

From table 4.6, 58 respondents representing 38.70 percent strongly agree, 67 respondents representing 44.60 percent agree, 10 respondents representing 4.00 percent were undecided, 6 respondents representing 2.40 percent disagree; while 9 respondents representing 3.60 percent were strongly disagree. Table 4.7 shows that, 55 respondents representing 36.70 percent strongly agree, 19 respondents representing 30.70 percent agree, 29 respondents representing 19.30 percent were undecided, 12 respondents representing 8.00 percent disagree; while 8 respondents representing 5.30 percent were strongly disagree.

TABLE 4.2

Distribution of respondents according to age

Age	Number of respondents	Percentage
20-25 years	21	14.00
26-30 years	41	27.30
31-35 years	46	30.70
36 years above	42	28.00
Total	150	100.00

Source: Survey work, 2023.

TABLE 4.4

Distribution of respondents according to educational qualification

Educational qualification	Number of respondents	Percentage
FSLC	20	13.30

WAEC	37	24.70
HND/B.Sc.	93	62.00
Total	150	100.00

Source: Survey work, 2023.

4.2 Data analyses and interpretation

TABLE 4.5
Prices of the products are competitive

Responses	Number of respondents	Percentage
Strongly agree	108	72.00
Agree	19	12.70
Undecided	6	4.00
Disagree	5	3.30
Strongly disagree	12	8.00
Total	150	100.00

Source: Survey work, 2023.

TABLE 4.6
Customers patronize our products when there is lower price

Responses	Number of respondents	Percentage
Strongly agree	58	38.70
Agree	67	44.60
Undecided	10	4.00
Disagree	6	2.40
Strongly disagree	9	3.60
Total	150	100.00

Source: Survey work, 2023.

TABLE 4.7
Prices of our product is competitive

Responses	Number of respondents	Percentage
Strongly agree	55	36.70
Agree	46	30.70
Undecided	29	19.30
Disagree	12	8.00
Strongly disagree	8	5.30

Total	150	100.00

Source: Survey work, 2023.

TABLE 4.8
Quantity discount encourages buyers to buy more

Responses	Number of respondents	Percentage
Strongly agree	40	26.70
Agree	60	40.00
Undecided	15	10.00
Disagree	30	20.00
Strongly disagree	5	3.30
Total	150	100.00

Source: Survey work, 2023.

From table 4.8, 40 respondents representing 26.70 percent strongly agree, 60 respondents representing 40.00 percent agree, 15 respondents representing 10.00 percent were undecided, 30 respondents representing 20.00 percent disagree while 8 respondents representing 3.30 percent were strongly disagree. From table 4.9, 63 respondents representing 42.00 percent strongly agree, 40 respondents representing 26.70 percent agree, 19 respondents representing 12.60 percent were undecided, 18 respondents representing 12.00 percent disagree; while 10 respondents representing 6.70 percent were strongly disagree. From the table 4.10, 10 respondents representing 6.70 percent strongly agree, 18 respondents representing 12.00 percent agree, 19 respondents representing 12.60 percent were undecided, 40 respondents representing 26.70 percent disagree while 63 respondents representing 42.00 percent were strongly disagree. From the table 4.11, 108 respondents representing 72.70 percent strongly agree, 19 respondents representing 12.70 percent agree, 6 respondents representing 4.00 percent were undecided, 5 respondents representing 3.30 percent disagree while 12 respondents representing 8.00 percent were strongly disagree.

From the table 4.12, 58 respondents representing 38.70 percent strongly agree, 67 respondents representing 44.60 percent agree, 10 respondents representing 4.00 percent were undecided, 6 respondents representing 2.40 percent disagree while 9 respondents representing 3.60 percent were strongly disagree.

From the table 4.13, 55 respondents representing 36.70 percent strongly agree, 46 respondents representing 30.70 percent agree, 29 respondents representing 19.30 percent were undecided, 12 respondents representing 8.00 percent disagree while 8 respondents representing 5.30 percent were strongly disagree.

TABLE 4.9
Offering a product at reduced price attracts customers

Responses	Number of respondents	Percentage
Strongly agree	63	42.00
Agree	40	26.70

Undecided	19	12.60
Disagree	18	12.00
Strongly disagree	10	6.70
Total	150	100.00

Source: Survey work, 2023.

TABLE 4.10
Price discount compensate highly esteemed customer

Responses	Number of respondents	Percentage
Strongly agree	10	6.70
Agree	18	12.00
Undecided	19	12.60
Disagree	40	26.70
Strongly disagree	63	42.00
Total	150	100.00

Source: Survey work, 2023.

TABLE 4.11
High cost of transportation affects customers

Responses	Number of respondents	Percentage
Strongly agree	108	72.00
Agree	19	12.70
Undecided	6	4.00
Disagree	5	3.30
Strongly disagree	12	8.00
Total	150	100.00

Source: Survey work, 2023.

TABLE 4.12
Products are distributed on a uniform delivered price

Responses	Number of respondents	Percentage
Strongly agree	58	38.70
Agree	67	44.60
Undecided	10	4.00
Disagree	6	2.40
Strongly disagree	9	3.60
Total	150	100.00

Source: Survey work, 2023.

TABLE 4.13
The prices of the hotels are decisive

Responses	Number of respondents	Percentage
Strongly agree	55	36.70
Agree	46	30.70
Undecided	29	19.30
Disagree	12	8.00
Strongly disagree	8	5.30
Total	150	100.00

Source: Survey work, 2023.

TABLE 4.14
Customers patronize our services

Responses	Number of respondents	Percentage
Strongly agree	40	26.70
Agree	60	40.00
Undecided	15	10.00
Disagree	30	20.00
Strongly disagree	5	3.30
Total	150	100.00

Source: Survey work, 2023.

TABLE 4.15
Our services are rendered on daily basis

Responses	Number of respondents	Percentage
Strongly agree	63	42.00
Agree	40	26.70
Undecided	19	12.60
Disagree	18	12.00
Strongly disagree	10	6.70
Total	150	100.00

Source: Survey work, 2023.

TABLE 4.16
Prices of the products are competitive

Responses	Number of respondents	Percentage
Strongly agree	108	72.00
Agree	19	12.70
Undecided	6	4.00
Disagree	5	3.30
Strongly disagree	12	8.00
Total	150	100.00

Source: Survey work, 2023.

From the table 4.14, 40 respondents representing 26.70 percent strongly agree, 60 respondents representing 40.00 percent agree, 15 respondents representing 10.00 percent were undecided, 30 respondents representing 20.00 percent disagree while 5 respondents representing 3.30 percent were strongly disagree.

From the table 4.15, 63 respondents representing 42.00 percent strongly agree, 40 respondents representing 26.70 percent agree, 19 respondents representing 12.60 percent were undecided, 18 respondents representing 12.00 percent disagree while 10 respondents representing 6.70 percent were strongly disagree.

4.3 Test of hypothesis

The Chi-square (X^2) is the statistical tool, which is used to test the reliability of the research whether it is accepted or rejected.

Decision rule

If $x_0^2 < x_t^2$, the researcher has the option to accept the null hypothesis (Ho) and reject the alternatives hypothesis (H_1) and if $x_0^2 > x_t^2$, the option is to accept the alternative hypothesis (H_1) and reject the null hypothesis (Ho).

The hypothesis will be tested at 5 percent level of significance (the desired level of significance is .5). This is done through establishing the significance level and identification of acceptance and rejection hypothesis.

Hypothesis one

H_01: There is no significant impact of competitive pricing on purchase behavior

H1: There is a significant impact of competitive pricing on purchase behavior.

TABLE 4.17
There is no significant impact of competitive pricing on purchase behavior.

Items	o	e	(o-e)	$(o-e)^2$	$\frac{(o-e)^2}{e}$
SA	108	30	78	6084	202.8
A	19	30	-11	121	4.03
U	12	30	-18	324	10.8
D	6	30	-24	576	19.2
SD	5	30	-25	625	20.8
Total	150	150	0	7730	257.63

Calculated value = 257.63
Degree of freedom = n-1
= 5-1
= 4
Critical value of 0.05 at 4df = 9.49.
Interpretation

From the X^2 analysis of H_1, the calculated value is 257.63 while the critical value is 9.49. The X^2 rule states that since the calculated value (257.63) is greater than critical value (9.49), it is therefore concluded that alternate hypothesis is upheld and null hypothesis is rejected. The analysis revealed that, there is a significant impact of competitive pricing on purchase behavior.

Hypothesis two
H_O2: There is no significant impact of discount policy on purchase behavior.
H_A2: There is a significant impact of discount policy on purchase behavior

TABLE 4.18
There is no significant impact of discount policy on purchase behavior

Items	o	e	(o-e)	$(o-e)^2$	$\frac{(o-e)^2}{e}$
SA	10	30	-20	400	13.33
A	18	30	-12	144	4.8
U	63	30	33	1089	36.3
D	19	30	-11	121	4.03
SD	40	30	10	100	3.33
Total	150	150	0	1854	61.79

Calculated value = 61.79
Degree of freedom = n-1
= 5-1
= 4
Critical value of 0.05 at 4df = 9.49
Interpretation

From the X^2 analysis of H_1, the calculated value is 61.79 while the critical value is 9.49. The X^2 rule states that since the calculated value (61.79) is greater than critical value (9.49), it is therefore concluded that alternate hypothesis is upheld and null hypothesis is rejected. The analysis revealed that, there is a significant impact of discount policy on purchase behavior.

Hypothesis three

H_O3: There is no significant impact of geographical pricing on purchase behavior.

H_A3: There is no significant impact of geographical pricing on purchase behavior.

TABLE 4.19

There is no significant impact of geographical pricing on purchase behavior.

Items	o	e	(o-e)	$(o-e)^2$	$\frac{(o-e)^2}{e}$
SA	58	30	28	784	26.13
A	67	30	37	1369	45.63
U	9	30	-21	441	14.7
D	10	30	-20	400	13.33
SD	6	30	-24	576	19.2
Total	150	150	0	3570	118.99

Calculated value	=	118.99
Degree of freedom	=	n-1
	=	5-1
	=	4
Critical value of 0.05 at 4df	=	9.49

Interpretation

From the X^2 analysis of H_1, the calculated value is 118.99 while the critical value is 9.49. The X^2 rule states that since the calculated value (118.99) is greater than critical value (9.49). It is therefore concluded that alternate hypothesis is upheld and null hypothesis is rejected. The analysis revealed that, there is a significant impact of geographical pricing on purchase behavior.

4.4 Discussion of findings

The study empirically examined the impact of pricing strategies on purchase behavior

In hypothesis one, it was shown that competitive pricing had a significant impact on purchase behavior. The finding conforms to the works of Edrill (2010) who postulated that, setting the price of a product or service based on what the competition is charging. Competitive pricing is used more often by businesses. Competitive pricing is an effective pricing that makes a business. Furthermore, competitive pricing requires the business to create an environment that warrants the premium such as generous payment terms. Price is important to marketers because it represents marketers' assessment of the value customers see in the product or service and are willing to pay for a product or service. The finding supports the works of Esu (2005) who postulated on important factors that influence prices such as costs dynamics, demand dynamics and competitions. In addition, relying on a competitive pricing strategy may be risky if volume cannot be maintained or if costs suddenly rise.

In hypothesis two, it was shown that discount policy had a significant impact on purchase behavior. The finding conforms to the works of Gomz (2004) who postulated that discount policy is an element of a product marketing campaign. It has a direct impact on profit. This finding supports that discount policy enhances reputation and provides the best profit point for the market demand. A discount pricing strategy is useful for driving of sales and it has effects on market position and brand loyalty. This study supports that businesses use discount pricing to sell low-priced products in high quantities and this strategy is very relevant in competition. In support of Haberberg and Rieple (2008), pricing gives an organization some property that is unique or at least distinctive and the means for renewing its competitive advantage as the environment changes. Organizations do their pricing in a variety of ways and it is a key factor and pricing departments are set to assist others in determining appropriate prices.

In hypothesis three, it was shown that geographical pricing had a significant impact on purchase behavior. It is the practice of modifying a basic list price based on the geographical location of the buyer. These postulations conform to the works of Vikas (2011) who supports that, geographical pricing are of the most effective marketing available to a business organization. It involves setting a low entry price for a new product or brand in order to gain a breakthrough in a highly competitive market. Geographical pricing reflects the cost of shipping to different locations. The finding is in support with the works of Ampuero (2006) who viewed that geographical policy positively affected purchase behavior.

5. CONCLUSIONS AND RECOMMENDATION

5.1 Conclusion

The study examined the impact of pricing strategies on purchase behavior: (A study of selected hotels in Calabar). The study concluded that competitive pricing positively affected purchase behavior. Discount policy and geographical pricing had a positive impact on purchase behavior. It is shown that pricing strategies are of the most effective marketing available to a business organization. This strategy involves setting a low entry price for a new product or brand in order to gain a breakthrough in a highly competitive market. In addition, marketing activities lead to enhance communicative and decision-making skills. It is concluded that for an organization to achieve goals and objectives, strategies are conceptualized, designed and implemented. Pricing refers to the process setting a price for a product or service.

5.3 Recommendations

The following recommendations are proffered:

1. Management should implement effective pricing strategy that will aid the price to a level of equilibrium.
2. Policies should be implemented to meet sales objectives.
3. The organizations should give more attention to geographical pricing.

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