PRICING STRATEGY AND CUSTOMER LOYALTY OF FOOD AND BEVERAGES MANUFACTURING FIRMS IN PORT HARCOURT, NIGERIA

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ABSTRACT

The study examined the relationship between pricing strategy and customer loyalty of food and beverages manufacturing firms in Port Harcourt, Nigeria. This research made use of the survey research design. The population of this study comprises of Twenty Three registered Food and Beverages firms in Port Harcourt, Nigeria. These are functional, operational, and registered with the confectionary association of Nigeria, Rivers State branch and the Port Harcourt chamber of commerce, industry and tourism (PHACCIMA), (2018). However six senior managers of General Manager, Advertising Manager and Marketing Manager and three Supervisors were drawn from each of these firms giving sample size of 138. 138 managers from Twenty Three registered food and Beverages firms in Rivers State were served copies of the questionnaire, out of which 132 of the questionnaire were retrieved and used for the data analysis. The hypotheses for this study were analyzed using Spearman Rank Order Correlation Coefficient statistical tool and aided using Statistics Package for Social Sciences (SPSS) version 21. The finding revealed a strong positive relationship between pricing strategy and customer loyalty of Food and Beverages firms in Port Harcourt, Nigeria. The study concluded that a strong relationship exist between pricing strategy and customer loyalty and recommended that Food and Beverages Manufacturing firms should put in place measures that evaluate the most effective pricing strategy to reduce product costs and thus increase customer commitment ability whenever such a strategy is used. Also, Food and Beverages Manufacturing firms must focus on those attributes of perceived value based pricing which consumers' use to judge the perceived value based worthiness of the services offered and adopt ways to implement their perceived value based better compared to competitor firms.

KEYWORDS: *Pricing Strategy, Customer Loyalty, Cost-Based, Competition-Based, Customer Perceived Value-Based, Customer Trust, Customer Commitment*

INTRODUCTION

In any organization whether profit or nonprofit oriented the main purpose of the organization is to achieve its objective. The objectives cannot be achieved in a vacuum there must be a clearly set strategy that management should use in order to meet these objectives. The food and beverages environment is a globally competitive marketplace which pushes food and drink outlets to offer quality products or services, maintain productivity and consistency, and ensure customer satisfaction in order to remain in existence and to continue to progress. Moreover, the need to create and retain customer loyalty has also been recognised as the most salient requirement for organisational success in this competitive market.

Manufacturing can be described as the process of converting raw materials into finished products **[1]**, taking place through the use of manpower, machines and tools to achieve the desired output; that is, finished goods. Manufacturing entities are distinguished from other forms of business through innovation and the supply of commodities on a large scale. Manufacturers are clustered under the various categories of production, such as basic and fabricated metal products, clothing and footwear, pulp and paper products, food, beverages and tobacco, apparel, chemicals, rubber and plastics, and furniture. **[2]**

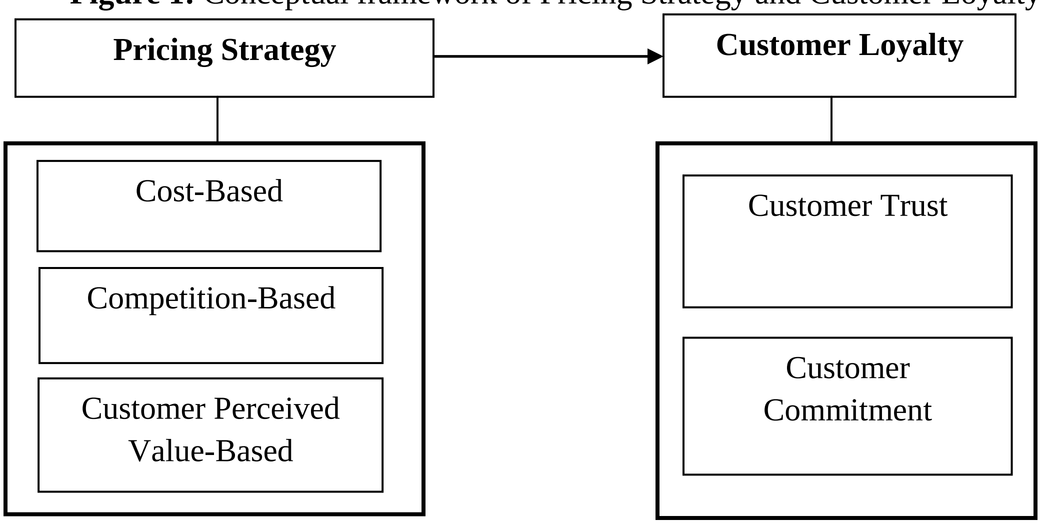
Amesi (2011) however argued that strategy is all about competitive position, about differentiating yourself in the eyes of the customer as the case may be, about adding value through a mix of activities different from those used by competitors. Amesi also viewed strategy as a combination of the ends (goals) for which the firm or institution is striving and the policies by which it is seeking to get. Strategies are high level plans set out to achieve one or more goals under conditions of uncertainty. Strategies are important because the resources available to achieve these goals are usually limited. Strategy generally involves setting goals, determining actions to achieve the goals, and mobilizing resources to execute the actions. A strategy describes how the ends (goals) will be achieved by the means (resources). **[3]**

Pricing strategy is considered to be one of the more critical components of the marketing mix (Product, Place, Price and Promotion) and is focused on generating revenue and ultimately profit for the company. Pricing strategy is paramount to every organization involved in the production of consumer goods and services because it gives a cue about the company and its products, a company does not set a single price but rather a pricing structure that covers different items in its line **[4].** Customers are the driving force for profitable growth and customer loyalty can lead to profitability **[5].** For a customer, loyalty is a positive attitude and behavior related to the level of re-purchasing commitment to a brand in the future **[6]**. Loyal customers are less likely to switch to a competitor solely because of price and they even make more purchases than non-loyal customers **[7].** Loyal customers are also considered to be the most important assets of a company and it is thus essential for vendors to keep loyal customers who will contribute long-term profit to the business organizations **[8].** Attempt to make existing customers increase their purchases is one way to strengthen the financial growth of a company **[9].** Furthermore, organization’s financial growth is dependent on a company’s ability to retain existing customers at a faster rate than it acquires new ones. Managers should understand that the road to growth runs through customers-not only attracting new customers, but also holding on existing customers, motivating them to spend more and getting them to recommend products and services to the other people.

In current business activities, the success or failure of any business organization hinge on how best such organization can fulfill its customers and this act places huge task and responsibility by way of marketing on any organization intending to excel at satisfying their customers and clients. The duty involves identifying the precise needs of their customers/clients and deciding on how best to handle their products and services so as to satisfy the wants of both prospective buyers and sellers Nigeria food and beverages industry are increasing in Nigeria, yet the level of failure in their services indicate that ineffective relationship with customer seems to be pronounced. Some of the manufacturing firms, especially the food and beverage companies that are still in business and are listed in Nigeria stock exchange find it difficult to pay dividend to their shareholders.

It is as a result of the above problem that the research deemed it necessary to examine the relationship between pricing strategy and customer loyalty of food and beverages manufacturing firms in Port Harcourt, Nigeria.

Figure 1: Conceptual framework of Pricing Strategy and Customer Loyalty



Source: Desk Research, 2022

The purpose of the study is to examine the relationship between Pricing Strategy and Customer Loyalty of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria. In view of this the following research questions were posed.

1. To what extent does Cost-based pricing relate with Customer loyalty of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria?
2. To what extent does Competition-based pricing relate with Customer loyalty of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria?
3. To what extent Customer perceived value-based pricing relate with Customer loyalty of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria?

LITERATURE

Concept of Pricing Strategy

Price means different things to different people; it is interest to lenders, service charged by the (lenders), premium to the insurer, fare to the transporter, honorarium to the guest lecturer etc, (Kotler*et al* 2007) **[10].** Price is the amount a customer pays for a product or the sum of the values that consumers exchange for the benefits of having or using a product or service [11]. The importance of price as a purchase stimulus has a key role in price management since not only does it determine the way prices are perceived and valued, but it also influences consumer purchase decisions **[12,13,14]**. Studies have shown price as an important factor in purchase decision, especially for frequently purchased products, affecting choices for store, product and brand **[15]**. Pricing therefore refers to the process of setting a price for a product or service and more than any other element of your marketing mix, will have the biggest impact on the amount of profit you make. Kotler (2007) [**15]** defines price as a cost of producing, delivering and promoting the product charged by the organization. Zeithaml (1988) **[16]** is of the view that monetary cost is one of the factors that influence consumers' perception of a products value. Price can be stated as the actual or rated value of a valuable product which is up for exchange.Some define it as amount of money paid for product. In the studies of Owomoyela *et al*, (2013**) [17]** they establish significant relationship between price and business performance. The price you set for your product or service plays a large role in its marketability. Pricing for products or services that are more commonly available in the market is more elastic, meaning that unit sales will go up or down more responsively in response to price changes **[18].**

Strategy is the set of actions through which an organization by accident or design develops resources and uses them to deliver services or products in a way which its users find valuable, while meeting the financial and other objectives and constraints imposed by key stakeholders. Most successful strategies give an organization some property that is unique or at least distinctive and the means for renewing its competitive advantage as the environment changes **[19].** Strategy is a pattern in a stream of decisions to contrast with a view of strategy as planning, while some experts argues that strategy is about shaping the future and is the human attempt to get to the desirable ends with available means. Others view strategy as a system of finding, formulating, and developing a doctrine that will ensure long-term success if followed faithfully. However, complexity theorists define strategy as the unfolding of the internal and external aspects of the organization that result in actions in a socioeconomic context **[20]**. Pricing is a strategy for selling the product or services of a new business. A good pricing strategy plan is backed by carefully collecting market, consumer and competitor information, sometime citing professional device. Pricing strategy is the policy a firm adopts to determine what it will charge for its products and services. Pricing strategy is a key variable in financial modeling, which determines the revenues achieved, the profits earned, and the amounts reinvested in the firm's growth for its long-term survival.

Pricing strategy in marketing is the pursuit of identifying the optimum price for a product. This strategy is combined with the other marketing principles known as the four P's (product, place, price, and promotion), market demand, product characteristics, competition, and economic patterns. The pricing strategy tends to be one of the more critical components of the marketing mix and is focused on generating revenue and ultimately profit for the company.

Dimensions of Pricing Strategy

Pricing strategy is the policy a firm adopts to determine what it will charge for its products and services. According to Hinterhuber (2008) pricing strategies vary considerably across industries, countries and customers and can be categorized into three groups: cost-based pricing, competition-based pricing, and customer perceived value-based pricing. Cost-based, Competition-based and Customer perceived valued-based pricing served as the dimensions of Pricing strategy. **[21]**

Cost-Based Pricing

Cost-based pricing is the most simple and popular method for setting prices. Historically, it is the most common pricing strategy because it carries a sense of financial prudence **[22].** This involves adding a profit margin on costs, such as adding a standard percentage contribution margin to the products and services. First, the sales level (revenue) is determined, and then the unit and total costs are calculated, followed by checking the company's profit objectives and finally establishing the prices. Thus, for the professionals involved in this process, it is necessary to show to customers enough value on products and commercialized services in order to justify the prices charged by the company **[23].**

Competition-Based Pricing

Competition-based pricing strategies are very dangerous because the company does not effectively have clear cost or profit information from its competitor who, in some instances, may be working with very low margins **[24]**. In some situations, the competitor developed a more efficient production process, thus the costs would not be equivalent, even because of the scale gains. Therefore, by following this strategy, the company is at risk of operating with minimal margins or even having negative profits. Pricing reduction strategies based on competition, in which companies may seek to increase the volume of sales, can also encourage the competitors to lower their prices while contributing to a predatory competition and a price war, resulting in reduced profit margins and smaller companies' profitability **[25]**. Competition-based pricing uses as key information the competitors' price levels, as well as behavior expectations, observed in real competitors and/or potential primary sources to determine adequate pricing levels to be practiced by the company**.** The main advantage of this approach is considering the actual pricing situation of the competitors, and its main disadvantage is that the demand related aspects are not considered. Furthermore, a strong competitive focus among the competitors can increase the risk of starting a price war among competitors in the market. Liozu, Boland, Hinterhuber and Perelli (2011) **[26]** conducted a research mapping the pricing processes of companies which based their prices on competitors and they found that managers use their knowledge and experiences to define prices, as well as models of costs, contribution margin goals, and well-structured profit goals. In addition, these companies were strongly considering the prices of their main competitors while adding a price reward by always sharing the decision based on the manager's intuition, which is not a scientific method to define prices.

Customer Perceived Value-Based Pricing

According to Hamilton-Ibama and Ogonu (2022) **[27,28]** customer perceived value (CPV) is identified by terms of value or customer value. CPV is defined as the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given.

CPV is a result from the consumers' pre-purchase perception (expectation), evaluation during the transaction (expectation vs. received), and post-purchase (after-use), assessment (expectation vs. received). Also, they defined customer perceived value as the difference between customers' perception of the benefits they believe they will derive from a purchase compared to the costs they will have to pay.

Perceived value-based pricing is a pricing practice in which the managers take decisions based on the perception of benefits from the item being offered to the customer and how these benefits are perceived and weighted by the customers in relationship to the price they pay (Ingenbleek, Frambach, &Verhallen,2010) **[29].** Therefore, as a cultural orientation of businesses, value-based pricing is derived from a set of routine philosophies and organizational strategies that a specific company could use in order to focus on training/supervision and, as a result, increases their profitability **[30]**. Because of this, Liozu (2013) highlights that using prices based on customer's perception of value is a more modern pricing approach, although sometimes it incites a profound organizational change on the established organizational structure, the current corporate structure or the pre-existing processes and systems. **[31]**

Concept of Customer Loyalty

Loyalty is an old word that is usually used to describe the loyalty and obedience to the state, movement or individual. Characteristically, loyal customer make purchase on a regular basis (makes regular repeat purchases), buy off line of products / services (purchases across and services line), recommends other products (refers other), and indicates immunity of appeal of similar products from competitors (demonstrates an immunity to the full of the competition).On the other hand, loyalty is defined as the customer's intention to continue to do business with an organisation such as repurchase intention **[32]**. Loyalty building requires the company to focus the value of its product and services and to show that it is interested to fulfill the desire or build the relationship with customers **[33]**. Loyalty entails that there must be a level of consistency in the way a customer relate to a firm's product. Loyalty has been viewed as a proven source of competitive advantage; also, loyal customers are bound to be less price-sensitive. Soderlund (2016) has opined that re-patronage intentions and word-of-mouth intentions are a subset of loyalty intentions. Improving and maintaining customer loyalty entails that a firm tailors its services to the ever dynamic needs and lifestyles of already acquired customers, by so doing customers are retained for life **[34].**

Customer loyalty is a multifaceted concept that has evolved over the years **[35]**. Customer loyalty is critical to conducting business in today's competitive marketplace. Customer loyalty is vulnerable because even if customers are satisfied with the service, they continue to defect if they believe they can get better value elsewhere. Customer loyalty has been studied both in the academic field and real business world for years. To keep a long-term relation with their customers is one of the most important goals of many companies in the modern business world. The cost to keep existing customers is much cheaper than obtaining new customers. Rosenberg and Czepiel (2014) indicated that expense of keeping an existing customer is less than one sixth of winning a new customer. Customer loyalty now is one of the key factors that can help a company win long-term success **[36]**. Customer loyalty leads to cost minimization in business and enhances business performance. Customer loyalty is viewed as the strength of the relationship between an individual's relative attitude and re-patronage. Although customer satisfaction is a crucial part of a business, satisfaction alone cannot take a business to a top level. Customer satisfaction produces a positive financial result, especially in regular purchases. Today's unforgiving market where creating and maintaining customer loyalty is more complex than it used to be in the past years. This is because of technological breakthrough and widespread of the internet uses.

Oliver (1997) and Oliver *et al*. (1997) defined customer loyalty as a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing despite situational influences and marketing efforts have the potential to cause switching behaviour. **[37]** In the words of Soderlund (2016), customer loyalty refers to the consistent mutual relations between a customer and a vendor or service provider overtime regarding a given brand. Customer loyalty can be defined based on attitudinal and behavioural measures **[38]**. Attitudinal loyalty is the customer's intention to maintain a relationship with a service provider. That is, attitudinal loyalty focuses on brand recommendations, resistance to superior products, repurchase intention, and so on **[39].** Behavioural loyalty on the other hand is the number of time a customer repeats his purchasewith the same company relative to competing brands. That is, behavior based customer loyalty focuses on the long-term choice probability for a brand, for example, repeat purchase probability .Also, Customer loyalty can be classified into proactive loyalty and situational loyalty. Customer loyalty is an intangible but extremely valuable company asset. The ability to effectively measure and model customer loyalty is an essential element to achieving the goal of retaining and expanding customer relationships **[40]**. Oliver (1999) suggested that proactive loyalty occurs when a consumer frequently buys a brand and settles for no other substitute while situational loyalty exists when the buyer purchases a brand for a special occasion. **[41]**

Measures of Customer Loyalty

Customer Trust

Many authors see trust as a central construct in developing and sustaining mutual service relationships among customers and for the attainment of customer loyalty. This entails that the customers' safety must be guaranteed at all times, and that customers need to be assured and re-assured of confidentiality in their dealings with a particular organization. Most scholars have argued that organizations that wish to gain customer loyalty must first of all gain customer trust. Trust is one of the most widely subjects across multi disciplines, including management, economics, philosophy and psychology. Various definitions of trusts have been given in previous literatures. One general concept of trust was provided by Mayer, Davis and Schoorman (2015), who studied organizational trust and defined trust as the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trust or, irrespective of the ability to monitor or control the other party **[42].** Geyskens and Steenkamp (2015) also summarized trust as the extent to which a firm believes that its exchange partner is benevolent and honest. Doney and Cannon (2017) emphasized that trust is the perceived credibility and benevolence. Based on above definitions, it is clear that trust is a human characteristic dependent on assessment of one another's personality traits, motives and behaviors. In building up a relationship, trust or distrust usually takes place. When service provider makes relationship efforts, it ensures customers that the service provider can be trusted, concerns about the customers' interests and is willing to make anything for satisfying customers' wants in the relationship **[43].**

Customer trust is often developed based on experience with a particular brand. Trust is an experience attribute that is based on customers direct (trial, consumption, etc.) or indirect (advertising, third - party conviction, etc.) contact with the brand **[44]**. Prominent among all those means of trust is the consumption experience because itgives the consumer a first-hand feeling and self-assurance making his judgment and assessment of trust to be more certain.

Customer Commitment

This is referred to as a customer's intention to remain dedicated to the cause of maintaining a relationship with service provider. Commitment can be regarded as a relationship benefit and is a function of the satisfaction derived from previous encounter with a business partner **[45].** A committed customer is one who does not switch between competing brands and is seen as a firm's most valuable asset. Customer commitment has remained one of most common yardsticks for measuring customer lifetime value (CLV) in marketing. Customer commitment plays a crucial role in the evolving focus of marketing to include customer involvement and customer participation whereby firms donot just manufacture products that suit the needs of customers but allow the customers to be involved in the manufacturing process of products that fulfill their needs **[46].**

Pricing Strategy and Customer Loyalty

One of the most crucial decision management must make in business is establishing a selling price for its product, but this is quiet unfortunately that many firms are still not paying attention to price of their products causing a lots of firms to lose customers to competitors **[47]**. Their study sought to find out the pricing strategies adopted by companies and its impact on customer's loyalty. This study used the descriptive survey design, the use of this design facilitated an in depth analysis of the role of pricing strategies on customer loyalty. The population of this study was the hi-malt, 7up and Coca Cola bottling company with a population of over 1000 and sample size of 100 in Kaduna metropolis. The collected data was sorted edited and coded before the analysis, using non parametric, percentage pie chart and chi square to test the Hypotheses, the finding confirmed that, price has impact on the customer loyalty.

Cost-Based Pricing and Customer Loyalty

Some authors state that loyal and satisfied customers tend to pay more for the services and are not so sensible to price increase **[48]**. Though these statements are justified empirically only partly. It is not clear how much price increase acceptability may be explained by satisfaction and loyalty. In addition, Consuegra, Molina and Esteban (2007), earlier performed research did not show price factor impact to customers' satisfaction and loyalty. Based on Consuegra, Molina and Esteban (2007), Darian *et.al.*(2001), Henning-Thurnau *et.al.* (2002), Wong and Zhou (2006) and works of other scientists, a conclusion could be made that service price has impact on customers' satisfaction and loyalty. **[49]**

Liozu *et al.* (2011) **[26]** conducted a study on fifteen small and medium-size American companies by interviewing forty-four of their managers. In such study, they addressed the three main pricing strategies: customer value-based pricing (in four companies), cost-based pricing (in six companies) and competition-based pricing (in five companies). They identified that the majority of the companies basing their prices on costs developed advanced cost models, all of which used contribution and profit margin goals in order to set their prices. Their study revealed a significant relationship between cost-based pricing and customer loyalty.

Competition-Based Pricing and Customer Loyalty

Virvilaite, Saladiene, and Skindara, (2009) **[51]** article investigated the relationship between competitive pricing and customer patronage in the services industry in Malaysia. They collected primary data from 302 respondents using structured questionnaire and analysing the data using simple regression and ANOVA (SPSS 20.0). The findings revealed that competitor pricing had a significant positive relationship with customer patronage. According to Aaker (1996) **[52]**, price that is too high in relation to the benefits, will undercut the product or the service value-proposition, as brands are not evaluated independent of price. Price shows worthiness of the product **[53].** Hence, business institutions should give priority to pricing strategy due to its influence on value proposition and customer satisfaction. The study shows that more people have changed their mobile phone service providers due to factors like tariff charges within and to other networks, network coverage, loyalty programs, regular discounts and bonuses and influence from friends. Hence, the significance of pricing strategy to brand loyalty among cell phone users cannot be underestimated. This concurs with the findings of Gitari, (2006) **[22],** which showed that there is a direct relationship between prices charged by a particular cell phone service provider and the choice of customer subscription.

Liozu, Boland, Hinterhuber, and Perelli (2011) conducted a research mapping the pricing processes of companies which based their prices on competitors and they found that managers use their knowledge and experiences to define prices, as well as models of costs, contribution margin goals, and well-structured profit goals. In addition, these companies were strongly considering the prices of their main competitors while adding a price reward by always sharing the decision based on the manager’s intuition, which is not a scientific method to define prices.

Customer Perceived Value-Based Pricing and Customer Loyalty

According to Deonir, Gabriel, Evandro, and Fabiano (2017) price policy definition is one of the most important decisions in management as it affects corporate profitability and market competitiveness. The aim of the study was to propose and test a theoretical model showing the impacts of pricing policy on corporate profitability. 150 companies in the metal-mechanic sector situated in the Northeast of Rio Grande do Sul State, Brazil were studied, integrating customer value-based pricing strategies, competition-based pricing strategies and cost-based pricing strategies with price levels (high and low) and performance with respect to profitability. The results indicate that the profitability of the surveyed companies is positively affected by value-based pricing strategy and high price levels while it is negatively affected by low price levels. Such findings indicate that pricing policies influence the profitability of organizations and therefore, a more strategic look at the pricing process may constitute one aspect that cannot be overlooked by managers.

In this sense, Ingenbleek, Debruyne, Frambach, and Verhallen (2003) **[29]** affirm that perceived value-based pricing, along with pricing practices that refer to the use of information about costs and competitors’ prices, are intimately related to the product’s performance, the service and the business as a whole. These authors demonstrated that the usage of value-based pricing is a key pricing practice for obtaining larger returns and for creating some kind of comparative advantage for the companies' offers. This was demonstrated in a study conducted by Füreder, Maier, and Yaramova (2014), on medium-sized companies in Austria which used with higher frequency the perceived value-based pricing strategy. These authors identified that these companies had larger contribution margins, between 11–30%, against 0–10% of those companies that did not use this same strategy. Thus, the approach of a value-based pricing strategy is considered superior to other approaches in relationship to the results obtained by other companies **[54]**.

Methodology

This research made use of the survey research design.The population of this study comprises of Twenty Three (23) registered Food and Beverages firms in Port Harcourt, Nigeria. These are functional, operational, and registered with the confectionary association of Nigeria, Rivers State branch and the Port Harcourt chamber of commerce, industry and tourism (PHACCIMA), (2018).However six senior managers of General Manager, Advertising Manager and Marketing Manager and three Supervisors were drawn from each of these firms givingsample size of 138.138 managers from Twenty Three (23) registered food and Beverages firms in Rivers State were served copies of the questionnaire, out of which 132 of the questionnaire were duly completed and retrieved and used for the data analysis. The hypotheses for this study were analyzed using Spearman Rank Order Correlation Coefficient statistical tool and aided using Statistics Package for Social Sciences (SPSS) version 21.

Analysis and Results

Test of Hypothesis One

There is no significant relationship between Cost-Based Pricing and Customer Trustof Food and Beverages Manufacturing firms in Port Harcourt.

TABLE 1: CORRELATION FOR COST-BASED PRICING AND CUSTOMER TRUST

			Cost-Based Pricing	Customer Trust
Spearman's rho	Cost-Based Pricing	Correlation Coefficient	1.000	.925**
		Sig. (2-tailed)	.	.000
		N	132	132
	Customer Trust	Correlation Coefficient	.925**	1.000
		Sig. (2-tailed)	.000	.
		N	132	132

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data 2022, (SPSS output version 21.0)

From the result in Table 1, it is shown that a very strong positive relationship exist between Cost-Based pricing and Customer Trust. The *rho* value 0.925 indicates this relationship and it is significant at p 0.000<0.05. Therefore, based on empirical findings the null hypothesis earlier stated is hereby rejected. The study thus establishes that, there isa significant positive relationship between Cost-Based Pricing and Customer Trust of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria.

Hypothesis Two

There is no significant relationship between Cost-Based Pricing and Customer Commitment of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria.

TABLE2: CORRELATION FOR COST-BASED PRICING AND CUSTOMER COMMITMENT

			Cost-Based Pricing	Customer Commitment
Spearman's rho	Cost-Based Pricing	Correlation Coefficient	1.000	.840**
		Sig. (2-tailed)	.	.000
		N	132	132
	Customer Commitment	Correlation Coefficient	.840**	1.000
		Sig. (2-tailed)	.000	.
		N	132	132

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data 2022, (SPSS output version 21.0)

From the result in Table 2, it is shown that a strong positive relationship exist between Cost-Based Pricing and Customer Commitment. The *rho* value 0.840 indicates this relationship and it is significant at p $0.000<0.05$. Therefore, based on empirical findings the null hypothesis earlier stated is hereby rejected. Thus, there isa significant relationship between Cost-Based Pricing and Customer Commitment of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria.

Test of Hypothesis Three

There is no significant relationship between Competition-Based Pricing and Customer Trust of Food and Beverages Manufacturing firms in Port Harcourt.

TABLE 3: CORRELATION FOR COMPETITION-BASED PRICING AND CUSTOMER TRUST

			Competition-Based Pricing	Customer Trust
Spearman's rho	Competition-Based Pricing	Correlation Coefficient	1.000	.966**
		Sig. (2-tailed)	.	.000
		N	132	132
	Customer Trust	Correlation Coefficient	.966**	1.000
		Sig. (2-tailed)	.000	.
		N	132	132

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data 2022, (SPSS output version 21.0)

From the result in Table 3, it is shown that a very strong positive relationship exist between Competition-Based Pricing and Customer Trust. The *rho* value 0.966 indicates the strength and magnitude of this relationship and it is significant at p 0.000<0.05. Therefore, based on empirical findings the null hypothesis earlier stated is hereby rejected. Thus, there isa significant relationship between Competition-Based Pricing and Customer Trust of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria.

Test of Hypothesis Four

There is no significant relationship between Competition-Based Pricing and Customer Commitment of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria.

TABLE 4:CORRELATION FOR COMPETITION-BASED PRICING AND CUSTOMER COMMITMENT

			Competition-Based Pricing	Customer Commitment
Spearman's rho	Competition-Based Pricing	Correlation Coefficient	1.000	.932**
		Sig. (2-tailed)	.	.000
		N	132	132
	Customer Commitment	Correlation Coefficient	.932**	1.000
		Sig. (2-tailed)	.000	.
		N	132	132

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data 2022, (SPSS output version 21.0)

From the result in Table 4, it is shown that a very strong positive relationship exist between Competition-Based Pricing and Customer Commitment. The *rho* value 0.932 indicates the strength and magnitude of this relationship and it is significant at p 0.000<0.05. Therefore, based on empirical findings the null hypothesis earlier stated is hereby rejected. Thus, there is significant relationship between Competition-Based Pricing and Customer Commitment of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria.

Test of Hypothesis Five

There is no significant relationship between Perceived Value-BasedPricing and Customer Trust of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria.

TABLE 5: CORRELATION FOR CUSTOMER PERCEIVED VALUE-BASED PRICING AND CUSTOMER TRUST

			Customer Perceived Value-Based pricing	Customer Trust
Spearman's rho	Customer Perceived Value-Based Pricing Brand awareness	Correlation Coefficient	1.000	.771**
		Sig. (2-tailed)	.	.000
		N	132	132
	Customer Trust	Correlation Coefficient	.771**	1.000
		Sig. (2-tailed)	.000	.
		N	132	132

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data, 2022, (SPSS output version 21.0)

The results shown in Table 5, with *rho* value = 0.771, means that a strong positive relationship exist between Customer Perceived Value-Based Pricing and Customer Trust. This relationship is significant at p = 0.000< 0.01 significance level. Based on this result, the stated null hypothesis is hereby rejected and the alternate is accepted which means that a significant relationship exist between Customer Perceived Value-Based Pricing and Customer Trust of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria.

Test of Hypothesis Six

There is no significant relationship between Customer Perceived Value-Based Pricing and Customer Commitment of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria.

TABLE 6: CORRELATION FOR CUSTOMER PERCEIVED VALUE BASED PRICING AND CUSTOMER COMMITMENT

Customer	Customer			
			Perceived Value-Based Pricing	Commitment
Spearman's rho	Customer Perceived Value-Based Pricing	Correlation Coefficient	1.000	.890**
		Sig. (2-tailed)	.	.000
		N	132	132
	Customer Commitment	Correlation Coefficient	.890**	1.000
		Sig. (2-tailed)	.000	.
		N	132	132

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data, 2022, (SPSS output version 21.0)

The results shown in Table 6 with *rho* value = 0.890, means that a strong relationship exist between Customer Perceived Value-Based Pricing and Customer Commitment. This relationship is significant at p = 0.000< 0.01 significance level. Based on this result, the stated null hypothesis is hereby rejected and the alternate is accepted which means that a significant relationship exist between Customer Perceived Value-Based Pricing and Customer Commitment of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria.

Discussion of Findings

The study examined the relationship between Pricing Strategy and Customer Loyalty of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria. Using the Spearman Rank Order Correlation tool and at a 95% confidence level, the findings of this study revealed that Pricing Strategy has a positive relationship with Customer Loyalty of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria.

Cost-Based Pricing and Customer Loyalty

Data analysis for the test of hypotheses one and two using the Spearman Rank Order Correlation technique revealed that there is a positive significant relationship between Cost-Based Pricing and Customer Loyalty of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria. Our finding agrees with Dean (2006) study that stated that skimming pricing strategy influences customer loyalty.

Based on Consuegra, Molina and Esteban (2007), Darian *et.al*.(2001), Henning-Thurnau*et.al.* (2002), Wong and Zhou (2006) **[49]** and works of other scientists, a conclusion could be made that service price has impact on customers' satisfaction and loyalty. Their finding corroborates this present study finding. Furthermore, this present study finding is in line with the study of Liozu *et al* (2011). Liozu *et al.* (2011) **[26]** conducted a study on fifteen small and medium-size American companies by interviewing forty-four of their managers. In such study, they addressed the three main pricing strategies: customer value-based pricing (in four companies), cost-based pricing (in six companies) and competition-based pricing (in five companies). Their study revealed a significant relationship between cost-based pricing and customer loyalty. Deonir, Gabriel, Evandro, and Fabiano (2017) **[19]** studied the Northeast of Rio Grande do Sul State, and Brazil integrating customer value-based pricing strategies, competition-based pricing strategies and cost-based pricing strategies with price levels (high and low) and performance with respect to profitability. The results indicate that the profitability of the surveyed companies is positively affected by cost-based pricing strategy. **[55]**

Competition-Based Pricing and Customer Loyalty

The third and fourth hypotheses were tested using the Spearman Rank Order Correlation technique and the data analysis revealed that there is a positive significant relationship between Competition-Based Pricing and Customer Loyaltyof Food and Beverages Manufacturing firms in Port Harcourt, Nigeria. This finding agrees with the views of Dean (2006) who opined that competition-based pricing strategy has a very strong relationship with customer loyalty. Liozu *et al.* (2011) **[26]** conducted a study on fifteen small and medium-size American companies by interviewing forty-four of their managers. In such study, they addressed the three main pricing strategies: customer value-based pricing (in four companies), cost-based pricing (in six companies) and competition-based pricing (in five companies). Their study revealed a significant relationship between competition-based pricing and customer loyalty. Liozu, Boland, Hinterhuber, and Perelli (2011) conducted a research mapping the pricing processes of companies which based their prices on competitors and found out that competitor-based pricing can influence customer loyalty positively.

Also this present study finding corroborates the finding of Virvilaite, Saladiene, and Skindara, (2009). Their article investigated the relationship between competitive pricing and customer patronage in the services industry in Malaysia. Their findings revealed that competitor pricing had a significant positive relationship with customer patronage. Lovelock and Wirtz (2001) looked at pricing strategy influence on value proposition and customer satisfaction. Their study stated the significance of pricing strategy to brand loyalty among cell phone users cannot be underestimated. This concurs with the findings of Gitari, (2006), which showed that there is a direct relationship between prices charged by a particular service provider and the choice of customer subscription. Deonir, Gabriel, Evandro, and Fabiano (2017) **[19]** studied the Northeast of Rio Grande do Sul State, and Brazil integrating customer value-based pricing strategies, competition-based pricing strategies and cost-based pricing strategies with price levels (high and low) and performance with respect to profitability. The results indicate that the profitability of the surveyed companies is positively affected by competition-based pricing strategy. **[56]**

Customer Perceived Value-Based Pricing and Customer Loyalty

Data analysis for the test of hypotheses five and six revealed a strong positive relationship between Customer Perceived Value-Based Pricing and Customer Loyalty of Food and Beverages Manufacturing firms in Port Harcourt, Nigeria. Customer perceived value-based pricing is one of the most widely subjects across multi disciplines, including management, economics, philosophy and psychology. Various definitions of customer perceived value-based pricing have been given in previous literatures. One general concept of perceived value-based pricing was provided by Borden, (2004), who studied promotion strategy and defined it as the part of marketing where you advertise and market your product, also known as a Perceived Value based. Through it, potential customers know what the organization is selling. Promotion is the function of information, persuading and influencing the consumers' purchase decision. Liozu *et al.* (2011) **[26]** conducted a study on fifteen small and medium-size American companies by interviewing forty-four of their managers. In such study, they addressed the three main pricing strategies: customer value-based pricing (in four companies), cost-based pricing (in six companies) and competition-based pricing (in five companies). Their study revealed a significant relationship between customer perceived value-based pricing and customer loyalty. Their study corroborates this present study finding. **[57]**

The present study revealed a strong relationship between customer perceived value-based pricing and customer loyalty. This also was demonstrated in the study conducted by Füreder, Maier, and Yaramova (2014). Furthermore, Deonir, Gabriel, Evandro, and Fabiano (2017) studied the Northeast of Rio Grande do Sul State, and Brazil integrating customer value-based pricing strategies, competition-based pricing strategies and cost-based pricing strategies with price levels (high and low) and performance with respect to profitability. The results indicate that the profitability of the surveyed companies is positively affected by value-based pricing strategy. Such findings indicate that pricing policies influence the profitability of organizations. In this sense, Ingenbleek, Debruyne, Frambach, and Verhallen (2003) **[29]** study agrees with the presnt study finding and affirm that perceived value-based pricing, along with pricing practices that refer to the use of information about costs and competitors' prices, are intimately related to the product's performance, the service and the business as a whole.

CONCLUSION AND RECOMMENDATIONS

This study looked at Pricing Strategy and Customer Loyaltyof Food and Beverages Manufacturing firms in Port Harcourt, Nigeria. All the relationships were strongly, moderately significant positive related. This research concluded that there is a significant relationship between pricing strategy and customer loyalty. Businesses operating in an intensely price based competitive environment, dependent on high economies of scale and with low levels of staff-customer interaction are bound to suffer shocks in their market positions and customer commitment ability unless huge investments are made in more relational strategies like Cost-Based, Competition-Based and Customer Perceived Value-Based Pricing.The study recommends that:

1. Food and Beverages Manufacturing firms should put in place measures that evaluate the most effective Pricing Strategy to reduce product costs and thus increase Customer Commitment ability whenever such a strategy is used.

2. Food and Beverages Manufacturing firms must focus on those attributes of perceived value based pricing which consumers' use to judge the perceived value based worthiness of the services offered and adopt ways to implement their perceived value based better compared to competitor firms.

3. Food and Beverages Manufacturing firms should conduct customer survey to obtain knowledge about customers' perception of the market offers. This will allow establishing pricing based on customer value, price sensitivity and varieties of willingness to pay.

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