ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

THE INFLUENCE OF PRICING STRATEGIES ON CONSUMER PURCHASE DECISIONPARTICULARLY A CASE STUDY OF DUKEM NIGER SEED OIL IN ADDIS ABABA

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DECLARATION

I declare that this research paper is my original work and prepared under the guidance of AsfawYilma (Ph.D). All the source of material used for this thesis proposal has been duly acknowledged. I further confirm that this thesis proposal has not been submitted either in part or in full to any other higher learning institutions for the purpose of awarding any degree.

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ENDORSEMENT

This is to certify that Emebet Asmamaw carried out his thesis on "The influence of pricing strategies on consumer purchase decision: The Case of Dukem Niger seed oil in Addis Ababa" And Submitted in Partial Fulfillment of the Requirements for The Award of the Degree of Masters of Art in Marketing Management at St. Marry University with My Approval as University Advisor.

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ACRONYMS / ABBREVIATIONS

VIF   Variance Inflation Factor

ABSTRACT

The objective of the research is to address the influence of pricing strategies on consumer purchase decision particularly case study Dukem Niger seed oil. to reach this objective, data were collected from the Dukem niger seed. To stay in market by providing affordable price, has get different problem in its pricing strategy. The data was analyzed by using qualitative and quantitative techniques, using tables and percentages; it uses descriptive, correlation and multiple regression analyses. Based on this, the study intended to suggest possible solution to the problem identified. The findings of the study showed that most of respondents were influenced by their discount price strategies on consumer purchasing decision,

Key words: - *consumer purchase decision, Influence* discount*, skimming, competitive,* Premium, Multiple unit price *and consumer purchase decision.*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

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

As Dolan and Simon (1996) assert, price therefore becomes a competitive element in the goal for market share and an influencing factor on consumer purchase decision. Consumer behavior is the study of individuals, groups, or organizations and the decision-making processes they use to select, secure, and dispose of products, services, experiences. It was suggested that product quality from the marketer's perspective is associated with communication, price, feature, function, or performance of a product (Manzur et al., 2 2011). Consumer purchase decision looks at what factors the customer considers when they are buying or using a product, the decision making process involved (Peter & Donnelly, 2003). It refers to the actions of the consumers in the marketplace and the factors influencing these actions. Organizations expect that by understanding what causes the consumers to buy goods and services, they will be able to understand the market and what pricing strategy to use in order to gain ground in the market. There are various factors that influence the consumer purchase decision. They include marketing factors such as product design, price, promotion, packaging, position and distribution and personal factors such as age, gender, education and income level (Tang et al., 2001).

According to Kotler (2001), several other factors influence consumer purchase decision, namely product choice, brand choice, dealer choice, purchase timing and purchase mount. Many studies have attempted to understand the relationship between price and consumer purchase decision,

concluding that product pricing was a complex matterand that there are many strategies that influence consumer perceptions and purchase intentions (Alba et al., 1994; Chandrashekara et al., 2003; Hardesty et al., 2003; Hildalgo et al., 2008; Manzur et al., 2011).

A good pricing strategy also includes the perspectives of the consumer, the organization, and the competition thus ensuring that an organization has a sustainable competitive advantage (Dutta et al., 2002). 3 Tang et al. (2001) observes that there was nothing more important in business than the right pricing strategy. There are various pricing strategies that companies can adopt and they very across industries (Hinterhuber, 2008). These strategies can be categorized into three groups namely cost-based pricing, competition-based pricing and customer value -based pricing. Cost-based pricing primarily uses data from cost of production to determine prices. It does not take competition into consideration and also does not examine consumer purchase decision (Hinterhuber, 2008). Competitor oriented pricing uses competitors" price as a starting point for price setting (Blythe, 2005). It uses anticipated or observed price levels of competitors as primary source for setting prices (Hinterhuber, 2008).

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

Consumer purchase decision is a complex, dynamic issue which cannot be defined easily and commonly (Engel et al., (2006). It has therefore been defined in different way by different researchers depending on the focus of the research. According to Peter & Donnelly (2003) consumer purchase decision was an individual's decision influenced by culture, social class and reference group, and price. Schiff manand Kanuk (1997) define consumer purchase decision as the study of individuals, groups, or organizations and the process they use to select, secure, and dispose of products, services, experiences, or ides 4 to satisfy needs and the impacts that these processes have on the consumer and society. In totality, consumer purchase decision reflects on consumers" decisions with respect to their acquisition, consumption and disposition of goods, services, time and ideas (Schiffman&Kanuk, 2004).

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

Bees General Trading is the first of two companies under ABIG specializing in the production and Aqua addis water sister company one of the popular bottled water in Ethiopian. The company established in 2010 EC by Ethiopian shareholders, as per the commercial law of Ethiopia with a paid-up capital of Birr 16,000,000, located Oromia reign around Dukem and the company have store around Kality in addis ababa, Bees General Trading producing Dukem Pure niger seed oil the company have 100 employees. The product distributing around Dukem, Addis Ababa, Debrezeyet, Baher dar, Awasa and Gonder and the company 80% of the product distributed in addis ababa.

1.2 Statement of the Problem

Business is a high staked game. Brander burger (1995) notes that essence of the business success lies on playing the right game. The challenge facing most organizations today is stiff competition in the market. There are many suppliers in the market who all aim at attracting the same customer base and therefore for an organization to have a competitive advantage, it has to come up with good strategies that will ensure that it has a competitive advantage. One of the strategies that many organizations have to focus on is the pricing strategies. In his quest to explain the nature of relationship between price and consumer purchase decision, Smith et al., (2000) argues that creating a price perceived by the consumer to be too high may lead the consumer to a competitor. On the other hand, pricing too low may bring the wrong type of consumer (Smith et al., 2000). An organization should consider other factors when coming up with a pricing strategy because the pricing strategy an organization chooses must blend with the goals, culture, and market of the organization (Shoemaker, 2003). Pricing must also provide a perception of value to a consumer in order to influence their purchase decision (Hellier, 2002; Nagle & Cressman, 2002; Shoemaker, 2003).

Dukem niger seed oil stay in market by providing affordable price, has get different problem in its pricing strategy. The first problem is that, the company is unable to provide imported it with reasonable price according to customer need compared with competitor's. The second problem is to return the large investment cost as compared to the competitors, the company sets high price for the imported items. Lack of continuous research in relation the influence of price strategy with consumer purchase decision the company has in another problem identified by the internal researcher. Since the company is manufacturing organization the pricing strategy are generally based on cost based and more profit oriented than customer. However,

The researcher study influence of consumer purchasing diction and pricing strategy of the company. konw what price strategy influence of consumer purchasing diction.

1.3 Research Question

➢ How *multiple unit pricing* strategies influence consumer purchasing decision of Dukem Niger seed oil?

- To what extent do competitive price strategy influence consumers purchase decision in dukem Niger seed oil?
- How *discount pricing* strategy influence consumers purchase decision in Dukem Niger seed oil?
- To what extent *skimming pricing* strategy influence consumer purchase decision of Dukem Niger seed oil PLC?
- To what extent do Premium pricing strategies influence consumer purchasing decision of Dukem Niger seed oil?

1.4 Objectives of the Study

1.4.1 General objective

The general objective of the study is to gather the influence of pricing strategies on consumer purchase decision particularly case study Dukem Niger seed oil

1.4.2 Specific Objective

- To determine how multiple unit Pricing strategy influences on Consumer purchasing decision of Dukem Niger seed oil.
- To examine influence of competitive price strategy influences on Consumer purchasing decision of Dukem Niger seed oil.
- To determine the influence of discount pricing strategy on Consumer purchasing Dukem niger seed oil.
- To assess to what extent Skimming Pricing strategy influences on Consumer purchasing decision of Dukem Niger seed oil.
- To determine the extent to which Premium Pricing strategy influences on Consumer purchasing decision of Dukem niger seed oil.

1.5 Scope and Limitation

The researcher was limited its scope to study the influence of pricing strategies on consumer purchase decision." on Dukem niger seed oil. The researcher was collected data from individual customers of Dukem niger seed oil in Addis Ababa city administration. The study was limited in geographical scope only in Addis Ababa. Thus this study could not include and address customers outside of study area.

1.6 Significance of the Study

This study would have been help managers and employees of Dukem Pure Niger seed oil to focus on find in gout which pricing strategies influence consumers purchasing decisions of their products so that they can satisfy customers and also to dominant the market effectively. This thesis was also help other researchers to conduct further studies on influence of pricing strategy on consumers purchasing decisions In addition to this thesis would have been help readers to gain knowledge and better understanding in the area of influence of pricing strategy on consumers purchasing decisions. Customers and the public in general are also likely to benefit from the research by understanding the various pricing strategies that are available. This would come in handy when they are making decision in regard to what products they want to purchase, where to purchase and the amount they will purchase. By use of the product choice, store choice, purchase amount and purchase timing as the elements measuring consumer purchase decision, this study intends to help in filling the existing knowledge gap on elements of consumer purchase decision. The study also benefits academicians searching for information in this area of marketing by providing yet another method of analyzing the pricing strategies and consumer purchase decision variables. Future scholars might also benefit from this study as they continue in the pursuit of further studies in this topic.

1.7 Hypothesis Formulation

The following hypothesis was formulated

H1: Discount Price strategy influences Consumer Purchasing Decision of Dukem Niger seed oil.

H2: Skimming Price strategy is influences Consumer Purchasing Decision Dukem Niger seed oil.

H3: Competitive pricing strategy influences Consumer Purchasing Decision of Dukem Niger seed oil.

H4: Multiple unit pricing strategy is not influences Consumer Purchasing Decision of Dukem Niger seed oil.

H5: Premium pricing is positively affecting Consumer Purchasing Decision of Dukem Niger seed oil.

1.8 Organization of the Study

This research report consists of five chapters and other sections, namely, the list of reference and appendixes. The first chapter which has already been discussed provides the introduction of the research topic. The research is carried out with the assessment of the theoretical function and relevant literature in chapter two and the suitable methodology utilized to answer the research question was discussed in chapter three. Data analysis and interpretation of the research result found by using the appropriate instrument for the methodology selected was dealt in chapter four. The final chapter five was cover the summary of findings, conclusion and recommendations.

CHAPTER TWO:

REVIEW OF LITERATURE

2.1 Theoretical Reviews

2.1.1 Term Definition

The first reason to understand price theory is to understand how the society around you works. The second reason is that an understanding of how prices are determined is essential to an understanding of most controversial economic issues while a misunderstanding of how prices are determined is at the root of many, if not most, economic errors. According to Nagle and Holden (1995), a market economy is coordinated through the price system. Costs of production ultimately, the cost to a worker of working instead of taking a vacation or of working at one job instead of at another, or the cost of using land or some other resource for one purpose and so being unable to use it for another are reflected in the prices for which goods are sold.

The value of goods to those who ultimately consume them is reflected in the prices purchasers are willing to pay. If a good is worth more to a consumer than it costs to produce, it gets produced; if not, it does not. Having examined the relevance of price theories, other price theories are explained below.

2.1.1.1 The Naive pricing theory

Naive price theory is grounded on the assumption that price will stay the same. The theory states that the only thing determining tomorrow's price is today's price. Naive price theory is a perfectly natural way of dealing with prices if you do not understand what determines them (Friedman 1990). The use of this theory is least plausible because prices change. Just as it makes very little sense to assume that as a baby grows older he/she remains the same size, it makes no more sense to assume that the market price of a good remains the same when you change its cost of production, its value to potential purchasers, or both. One must understand the causal relations involved. According to Friedman (1990), although the theory may have errors, the alternative to correct economic theory is not doing without theory (sometimes referred to as just using common sense) but the alternative to correct theory is incorrect theory.

2.1.1.2 The Game pricing theory

According to Ezeudu (2005), it is a collection of tools for predicting outcomes of a group of interacting agents where an action of a single agent directly affects the payoff of other participating agents. It is the study of multi-person decision problems (Gibbons 1992). It could also be referred to as a bag of analytical tools designed to help us understand the phenomena that we observe when decision-makers interact (Osborne and Rubinstein 1994). Myerson (1997) defines it as the study of mathematical models of conflict and cooperation between intelligent rational decision- makers.

According to Diamantopoulos (1991), game theory studies interactive decision-making. There are two key assumptions underlying this theory:

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

2) In choosing a plan of action (strategy), a player considers the potential responses/reactions of other players. She takes into account her knowledge or expectations of other decision makers'behavior, the reasons strategically. A game describes a strategic interaction between the players, where the outcome for each player depends upon the collective actions of all players involved (Bolton and Lemon 1999).

2.1.1.3 The Arbitrage pricing theory

Contemporary, there are two theories of portfolio choices with reference to which risk diversification is more dominant i.e. Capital Assets Price Model (CAPM) and Arbitrage Price Theory (APT).

The APT model states that the forecasted rate of return on assets depends on the unpredictable nature of macroeconomic variables which points out that factor risk takes more significance in assets pricing (Holbrook 1994). APT is comparatively a moderate diverse technique for analyzing the assets prices model.

APT model assumes that the stock prices were influenced partially and uncorrelated with most of the macroeconomics variables and these variables are not multi-collinear with each other. APT

defines that expected return on stock prices is composed on the capital gain plus the realization of risk premium (macroeconomics variables risk) during the course time, (Walter et al., 2011).

2.1.1.4 The Consumer theory

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

There are certain assumptions for this theory. The assumptions as stated by Lichtenstein et al., (1993) can be seen below:

The assumption of perfect information is built deeply into the formulation of this choice problem, just as it is in the underlying choice theory (Blythe 2005).

Some alternative models treat the consumer as rational but uncertain about the products, for example how a particular food will taste or how well a cleaning product will perform. Some goods may be experience goods which the consumer can best learn about by trying the good. In that case, the consumer might want to buy some now and decide later whether to buy more. That situation would need a different formulation. Similarly, if the agent thinks that high price goods are more likely to perform in a satisfactory way that, too, would suggest quite a different formulation.

The study was anchored on three theories, namely the adaptation-level theory, the reasoned action theory and the signaling theory. These theories explain the two variables, pricing strategies and consumer purchase decision.

2.1.1.5 The Adaptation-level theory

Adaptation-level theory has been used to explain how consumers perceive different pricing strategies. To clarify the current knowledge about how subjects process numbers and how consumers interpret the different pricing strategies, Monroe (1990) and Lee (1999) established a concise list of principles of price perception. The first principle they established states that price perceptions are relative to other prices.

The second principle states that consumers have differing reference prices within product categories based on discerning quality levels.

The third principle states that there is a region of indifference surrounding a reference price, one in which changes in price within the region will not change a subject's perception. A reference price may be an average of a range of prices for similar products and not one actual price.

These principles explain how consumers interpret different pricing strategies that retailers use. This comes in handy with the objectives of this study since they will shed some light on how pricing strategies influence the brand choice, the purchase timing and the store choice of consumers of Dukem cooking oil factory.

For any individual, the adaptation level for a specific category is a function of the frequency of different values for that category (Kalyanara& Winer, 1995). For instance, the adaptation level of consumer purchase is a function of price, brand, place and promotion. However, price plays a bigger role in consumer purchase decision since it gives value to the product and consumers make their decision based on the perceived value. In fact, recent research finding suggest prices paid for previously purchased products indirectly influence consumer evaluations by bringing about shifts in consumer's reference price (Chandrashekaran, 2011).

One major strength of this theory is that it explains how consumers perceive different prices and how that influences their purchase decision. The theory goes further to suggest that consumers compare previous knowledge of the price to the current price in order to make a decision on whether to buy or not. Marketers should therefore ensure that information concerning the prices of their products is communicated clearly in order to erase doubts in the minds of consumers.

This theory is applicable to this research as it helps in understanding how consumers translate pricing strategies and the impact the pricing strategies have on consumer purchase decision.

This theory however fails to explain how consumers arrive at the purchase amount at any particular time. It clearly explains how they perceive prices but does not explain how much they are willing to sacrifice when they are consuming. This therefore led the researcher to use other theories to explain this phenomenon in this study.

2.1.1.6 The Theory of Reasoned Action
The theory of reasoned action (TRA) is a well-established theory developed in the late 1950s by Martin Fishbein. Expansion of TRA by Fishbein and Ajzen occurred throughout the 1960s and

1970s and has foundation in social psychology regarding consumer behavior (Njite & Parsa, 2005).

Many research studies have used this theory of reasoned action to explain different behaviors (Armitage & Christian, 2003; Bartee, Grandjean, & Beiber, 2004; Miniard & Page, 1984; Njite & Parsa, 2005; Strader & Katz, 1990; Trafimow & Finlay, 2002; Tuncalp & Sheth, 1975). The main reason why the researcher settled on this theory to base the study is because first, the TRA is a parsimonious model because it uses only three constructs to explain behavior. Shugan (2002) maintained that less parsimonious models not only present weak answers but they are also less responsive to testing. Second, the TRA is the best-known social-psychological attitude-behavior model which incorporates external factors on intention to adopt an overt behavior (Prager, 2012).

The major strength of this theory, as explained by Ajzen and Fishbein (1980), is the fact that it can be used to forecast, clarify, and sway people's actions since it focuses on predicting and understanding an individual's action. This theory was useful in this study in that it helped understand what drives consumer purchase decision. It was also useful in determining the extent to which pricing strategies could sway consumer purchase decision.

The theory has different elements which explain the attitudes and behavior of an individual. The first element in the theory is the identification and measurement of interest in the behavior (Ajzen & Fishbein, 1980). It is important to identify the triggers of consumer purchase decision and to what extent those triggers influence the purchase decision. According to this theory, an individual's purpose to make a decision is a direct determinant of the decision (Ajzen & Fishbein, 1980). The second element of the theory is the understanding of an individual's actions and requires an understanding of two determinants, the personal and social influences (Ajzen & Fishbein, 1980).

The perceived value of any pricing strategy is a personal thing because every individual places a certain value on the price. Understanding the evaluative criterion an individual use in purchasing a product is one aspect the theory of reasoned action can address (Ajzen & Fishbein, 1980; Njite & Parsa, 2005).

Consumers have greater sensitivity to price changes than changes in other product or service elements and therefore price is said to be a major determinant of consumer purchase decision. Pricing information adds to a consumer's understanding of the product or service presented and the consumer is able to make an informed decision based on that understanding. The study used this theory to explain how pricing strategy influences consumer purchasing decision.

2.1.1.7 The Signaling Theory

Signaling theory emerged from the study of information economics under conditions in which buyers and sellers possess asymmetric information when facing a market interaction (Boulding and Kirmani, 1993; Spence, 1974). The theory involves three primary elements i.e. the signaler, the receiver and the signal itself (Connellt et al., 2011), where signalers own the information about a product which is transmitted to receivers. In the case of this study, the signaler is the retailer, the receiver is the consumer and the signal is the price. The main reason why the researcher settled on the signaling theory as a basis of this research is because this theory has been used extensively in domains such as finance (Zhang & Wiersema, 2009) and marketing (Rao et al., 1999) as a framework of understanding how two parties (e.g. a buyer and seller) address limited or hidden information in a pre-purchase context (Wells et al., 2011

Consumers may use signals from the sellers when making their search and purchase decisions Inspired by this argument, several authors have suggested that consumers perceive Hi-Lo and Everyday Low Pricing strategies to be signals of low price. Using this perception, consumers then make decisions as to which of the pricing strategies appeal more to them.

Retailers may anticipate consumer reactions and define their price strategies accordingly, trying to affect consumer perceptions and behavior even going to the extent of sending false signals (Nakamura & Steinsson, 2011). However, consumers can punish firms for sending these false signals using different ways (Srivastava & Lurie, 2001). In particular, consumers can withhold repeat purchases, engage in negative word-of-mouth, and call for regulatory action (Ford et al., 1990; Rao et al., 1999; Srivastava & Lurie, 2001; Wernerfelt, 1988). These disciplinary mechanisms are likely to be stronger for some attributes like price because they can be evaluated and verified before purchase (Manzur et al., 2013). This therefore is able to tame retailers and

they thus avoid giving wrong signals. Retailers may choose to avoid this punishment by avoiding the signals all together. When that happens, consumers look for information through other cues.

According to Manzur et al (2013) when consumers lack important information, they gather additional evidence or interpret signs and cues that have some apparent information value. One of the main strengths of this theory is the fact that it has been used in many fields of study over the years the predict behaviors of people. This theory also explains how consumers interpret

signals like price when they are set by retailers. It was useful in this study in explaining how consumers interpret the various pricing strategies. It is however not without weakness. Its main weakness is that it can only be used where there is asymmetric information.

EDLP and Hi-Lo pricing strategies can be used by consumers as a market signal since they help them differentiate between retailers competing using policies such as EDLP and Hi-Lo from those that cannot provide such policies. Sellers who fail to fulfill the promise of offering EDLP and Hi- Lo will lose part of their reputation (Boulding & Kirmani, 1993).

2.1.1.7 Methods of Pricing

Intelligent pricing is one of the most important elements of any successful business venture. Yet many entrepreneurs fail to educate themselves adequately about various pricing components and strategies before launching a new business. Smart small business owners will weigh many marketplace factors before setting prices for their goods and service. As the Small Business Administration (SBA) indicated in the fact about pricing your product and services, "you must understand your market, distribution costs, and competition. Remember, the marketplace responds rapidly to technological advance and international compilation. You must keep abreast of the factors that affect pricing and be ready to adjust quickly."

2.1.1.7.1 Penetration Pricing

A small company that used penetration typically sets a low price for its product or service in hopes of building market share, which is the percentage of sales a company has in the market versus total sales. The primary objective of penetration pricing is to lots of customers with low price and then uses various marketing strategies to retain them for example, a small internet software distributor may set a low price for its products and subsequently email customers with additional software product offers every month. A

small Company will work hard to serve these customers to build brand loyalty among them. (Sexena, 2002:289)

2.1.1.7.2 Price Skimming

Another type of pricing strategy is price skimming, in which a company sets its price sigh to quickly recover expenditures for production and advertising. The key objective of a price skimming strategy is to achieve a profit quickly. Companies often use price skimming when they lack financial resources to produce products in volume, according to the article "Pricing Strategy" at Net MBA.com Instead, the company will use the quick spurts of cash to finance additional production and advertising. *(Ibid)*

2.1.1.7.3 Competitive Based Pricing

There are times when a small company may have to lower its price to meet the prices of competitors. A competitive based pricing strategy may be employed when there is little difference between products in an industry. For example, when people purchase paper

2.1.1.8 Setting the Price

2.1.1.8.1 Based Pricing

The simplest pricing method is cost plus pricing adding a standard markup to cot of the product construction companies for example submit job bids by estimating to total product cost and adding a standard mark up for profit lowers, accountant and other provisional typically price by adding a standard mark up to their costs, small sellers tell their customers that they will charge cost plus a specify mark up. *(Kotler and Armstrong,2006: 321)*

Value Based pricing reversed this process. The company sets its target prices based on customer insight of the product value. The targeted value and price the drive decision about product design and what costs can be incurred as a result. Pricing begins with mailing consumer, meets and value insight and price is set to match consumer perceived value it is important to remember that "good value" is not the same as "low price" *(Kotlerand Armstrong, 2006: 323)*

2.1.1.8.2 Competitive Based Pricing

There are times when a small company may have to lower its price to meet the prices of competitors. A competitive based pricing strategy may be employed when there is little difference between products in an industry. For example, when people purchase paper plates or foam cups or a picnic, they often shop for the lowest price when there is minimal product differentiation. Consequently, a small paper company may need to price its products lower or lose potential sales. (Mathieu 2001)

2.1.1.8.3. Pricing a Based the Market Level

One can fix the price of the product above the market price only when one is confident that the product is highly esteemed in the market because it has a high class brand and instinctive features it is good for those customers who expect a high priced product to be

2.1.1.8.4. Pricing Below the Market

Unlike the above the seller may keep the price of their product below the market rice perhaps because it is defective or is inferior in quality. Those that companies that do not go for much propaganda also keep their price law because there are no promotional costs to be recovered *Going rate pricing* is quite popular, when demand elasticity is hard to measure, firms feel that the giving price represent the collective wisdom of the industry conveying the price that will yield a fair return. They also feel that holding to the gaining price will prevent harmful price wars. *(Kotler and Armstorng, 2006: 325) Competition based pricing* is associated when firms bid for jobs using sealed bid pricing a firms bases its prices on how it thinks competitors will price rather than on its costs or on the demand the firm want to win a contract and wining the contact requires pricing less than other firms get the firms cannot set its price below a certain level it cannot see price below cost without harming its position in contrast, the higher the company sets it

price above its costs the lower its chance of getting contact. *Differential pricing* strategy this strategy involves a firm differentiating its price accords different market segment do not communicate or have different search costs and value insight of product. In other word heterogeneity in the market motives as firm to adopt this strategy. *(Sexena, 2002: 284)*

2.1.1.8.5. Cost plus Pricing

Firms set prices on the base of cost plus "fair" profit percentage. Cost refers to average or per unit cost and may be based on actual expected or standard costs. The level of output (expected demand) used in computing cost is usually based on the quantity that is or could be sold at the current price.

The major advantage of this form of pricing is that it is simple. It appeals especially to firms that to vary little market research *(Ibid).* The major objection to cost plus pricing is that it is based primarily on supply conditions and pays little attention for the demand side of the market.

This theory is applicable to this research as it helps in understanding how consumers translate pricing strategies and the impact the pricing strategies have on consumer purchase decision. This theory however fails to explain how consumers arrive at the purchase amount at any particular time. It clearly explains how they perceive prices but does not explain how much they are willing to sacrifice when they are consuming. This therefore led the researcher to use other theories to explain this phenomenon in this study.

2.1.2 Concept Briefing

The interest of this study is many organizations do not understand how price influences consumer purchase decision. In his Question to explain the nature of relationship between price and consumer purchase decision. To understand the extent to which customers perceive pricing strategies of Dukem niger seed oil. It is insecure to assume that customers perceive a particular pricing strategy as fair; furthermore, it is also out of place to state that customers believe that whatever different price is set is a reflection of the cost of produce a product. the problem is rooted in consumers is not understanding the value-based pricing strategy of the firm.

2.2 Empirical Reviews

Many scholars and researchers had conducted studies on consumer buying behavior. However, the purpose of this study is to evaluate and measure the impact of pricing strategies on consumers' psychology and their buying behavior at Dukem niger seed oil. It highlights some strategies that are used by retailers to make the prices attractive to the consumers, including odd even pricing, bundle pricing and discount pricing. It also guides marketing managers with

research and development mangers to get better understanding of the pricing strategies that positively affect consumer buying behavior.

There are studies which have used different methodologies when looking at the influence of pricing strategies on consumer purchase decision in the past. For instance, Jung, (2014) used time series methods to exam the effects of pricing strategies. In her study, Kane, (2007) used online survey instrument managed through the Web-survey service boomerang to obtain data. Ellickson & Misra (2008) used the Bayesian structure in their study. It is therefore important for this a study to use a different method to find out whether the results will be similar.

This study adopted the Pearson Correlation and regression along with mean and standard deviations to analyze data. Fassnacht & Husseini (2013) in their study, found out that there are several studies which have been published on pricing strategies in retailing but no studies showing related to pricing strategies on consumer purchase decision of cooking oil(food sectors) There are other researchers who have also looked at the influence of different pricing strategies on consumer purchase decision in different contexts but few have focused on the influence of pricing strategies on consumer purchase decision in the retail industry particularly in the supermarkets in the Kenyan context (Hellier, 2002; Shoemaker, 2003; Thomas, Blattberg, & Fox, 2004). Kane (2007) studied the effect of different pricing strategies on consumer purchase decision in the insurance industry and concluded that the behavior of consumers is influenced by the pricing strategy the insurance company adopts.

 In regards to find out in what way consumers are influenced towards their decisions in purchasing of Niger seed produced by Dukem niger seed oil factory this study the influence of pricing strategy on consumers purchasing decisions of Dukem pure Niger seed oil.

2.3 Conceptual Framework
The conceptual framework below explains that pricing strategies which is the independent variable will be analyzed using five constructs: multiple unit pricing, penetration pricing, Geographical pricing, discount pricing, and special events pricing and consumer purchase decision which is the dependent variable was analyzed. Then the study intends to explain the relationship between the two. The reason behind selecting these pricing strategies was that

currently Dukem niger seed oil factory are using to attract new and existing customers by using these different pricing strategies.

Pricing strategies   Consumers purchasing decisions

Discount price

Multiple-unit price   Consumers
                                                                                            purchasing
Premium price   decisions

Skimming price

Competitive price
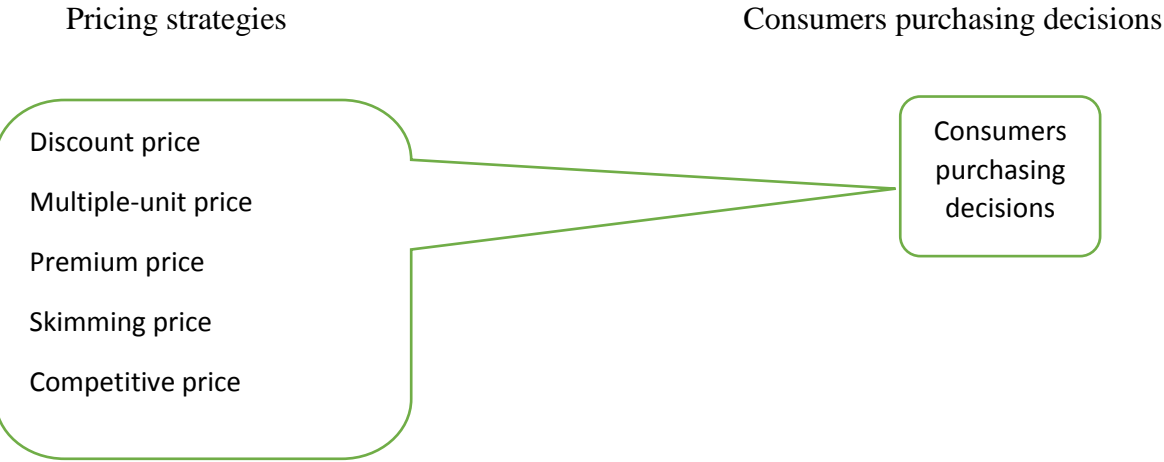
Figure 2. 1 *Conceptual frame*

Source (Year 2020)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

A research design is a design for choose subjects, research area and data collection in order to answer specific research questions. A research design was the framework used in research and makes up the blueprint for data collection and the analysis of the data, according to Cooper and Schindler (2013), the main objective of this research was to investigate the influence of pricing strategy on consumer purchase decision. Thus, explanatory type research designs were employed. Explanatory designs try to establish cause-and-effect relationships. The primary purpose of explanatory research design is to determine how events occur and which ones may influence particular outcomes, which looks for the relationship among the different factors influencing consumer purchasing decision as per the conceptual model.

3.2 Data Type and Source

3.2.1 Data Type

The researcher used qualitative and quantitative approach. According to Christensen, (1985) stated that "quantitative survey is the most appropriate one to use if the purpose of an investigation is to describe the degree of relationship which exists between the variables." Accordingly, this research will be conducted use quantitative research approach in which it examines and measure the relationship between prices strategy and customer purchasing diction in relation to Dukem niger seed oil. Therefore, the quantitative method will be used by consider sample customers of the Dukem niger seed oil and questionnaires was distributed.

3.2.2 Data Source

In order to gather the data from relevant sources, both primary and secondary data collection instruments used. To get the primary data, questioner was distributed to the customers of Dukem niger seed oil. On the part of secondary data, I referred company internal document, different reference books, journal articles, web sites, annual reports and NBE.

3.3. Sample Size Determination

The population of the study were consisting of all customers the of Dukem niger seed oil. There are about 15,000 (the Company Customer serve research 2019) customers which permanently use the product. Therefore 15,000 customers are the total population for the study.

 "Sampling is the process or technique of selected a suitable sample for the purpose of determining parameters or characteristics of the whole population" (Adams, et al., 2007). This research conducted used non-probability sampling techniques which are purposive & convenience that are used to select the sample willing customers from the select time of data collection respectively. Purposive sampling involves selection of particular units of the universe for constitute a sample which represents the universe (Anol 2012).

Because of the large number of the sample unit, time and cost constraint, the sample was drawn from the target population by used convenience-sampling technique. Although, non-probability sampling has problems related to selection bias, in small inquiries and researches by individuals, the sampling technique can be adopted (Kothari, 2004). Accordingly, in this study to make the sample more representatives, the sample size of the study determined use the formula adopted from Kreijcie and Morgan's (1970). Thus, the formula used to calculate the sample size is

$$n= (N/1+N (e))^2 \qquad \text{Where: n= sample size}$$
$$N= \text{total population that is } 15,000$$
$$e= \text{is the error term, which is 5\% (i.e. at 95\% confidence interval)}$$

Using the above formula, the simple size of the study will be determined as
$$n= (15,000/ 1+15,000(0.05))^2$$
$$n= (15,000/ 1+750)^2$$
$$n= (19.99)^2$$
$$n= 399$$

Therefore, the sample size is 399 customers.

3.4. Sampling Methods

The population of interest for this research is customers of Dukem niger seed oil found in Addis Ababa. These places were purposely selected from Addis Ababa more concentrated in the area and more trading activates performed in the area. Thus, Purposive sampling is used to select those customers based on the flow of the customers. Thus, Customers found in Addis Abebe supermarket is selected. The reason behind such sampling design is to get higher number of customers in a single place within short period of time, since the type of customers across the city are assumed to be homogenous (no segmentation geographically). Then, Convenience sampling technique was used to select customers in the selected areas. This is for the purpose of suitability of contact collected sufficient data from customers who are using Dukem oil products and need to buy the product. This technique is important in order to overcome the practical difficulties for obtaining sufficient data more quickly and effectively.

3.5 Data Collection Methods and Instruments

The First Step is used council and take advice from the advisor. The Second step after build the questionnaire was to run the pre-test for checking the efficiency and appropriateness of questionnaire in order to explore the relevant and irrelevant items in the questionnaire. The last step was to conduct the survey and collecting data.

3.6 Data Analysis and Presentation

Both the descriptive and inferential analysis is conducted used statistical software called Statistical Package for Social Science V20. Descriptive analysis were used to analyze data gathered through questionnaires. The data gathered through questionnaires was fed into SPSS to make the data ready for processing. At last presentation and report was done through graphs, figures, and tables. The arithmetic mean is a measure of central tendency which may be used to represent data in an entire population. Standard Deviation is a widely used to measure the variability in statistics and probability theory. It shows how much variation there is from the mean. Multiple regression analysis was also applied for the research to address research objective two which includes all variables together. And the inferential statistics is used to examine the relationship and the direction of the relationship between explanatory variables and consumer purchasing decision. The study tests four assumptions, linearity, Normality, and

autocorrelation and Multicolinarity tests. In order to study the relationships between the independent and dependent variables a Spearman's correlation analysis is used.

The multiple regression models for the study were as follows:

Purchasing Decision = $\beta_0 + \beta_1 Disc + \beta_2 Sk + \beta_3 Comp + \beta_4 Mult + \beta_5 Prem + \varepsilon$

Where, β_0=Consumer Purchasing Decision in absence of Premium price, Skimming, discount, Competitive, Multiple-unit pricing, and Premium pricing

β_1 =The partial change in the Purchasing Decision due to one unit change in Discount pricing while other things remain constant

β_2= The partial change in the Purchasing Decision due to one unit change in Price skimming while other things remain constant

β_3= The partial change in the purchasing decision due to one unit change in Price Competitive while other things remain constant

β_4= The partial change in the Purchasing Decision due to one unit change in Multiple-unit pricing while other things remain constant

β_5=The partial change in the Purchasing Decision due to one unit change in Premium pricing while other things remain constant

ε= other factors undefined

3.7 Reliability

To ensure the reliability of the measurement scales, Cronbach 's alpha was used in the calculation. Where by a higher value of above 0.6 indicated that the variables were reliable while the values above 0.9 are regarded as most reliable but anything below 0.6 was regarded inconsistent with the reliability scales as according to George & Mallery, (2003) who suggested that in order for a scale to be reliable, the Cronbach 's alpha value should be above 0.6.

Table 3. 1: Cronbach 's Alpha Coefficients for the Pilot Test

Variables	Cronbach's Alpha	No. of items
Discount price	.87	6
Skimming price	.78	4

Competitive price	.74	5
Multiple-unit pricing	.82	2
Premium Pricing	.86	5
purchase decision	.83	2
Overall	.89	24

Source: Own Research Result, 2020

Table 3.1 above shows the reliability test for the independent variables premium price, Price skimming, Price discount, Multiple-unit pricing, Discount price. The Reliability Test for premium pricing consisted of sex questions and the result is 0.86 representing 86% scale reliable. The questions regarding premium pricing is reliable. The reliability test result for Discount pricing is 0.82 consisted of three questions representing 87% scale reliable. This result is considered high according to the Alpha Coefficient Range and thus the researcher concludes that the questions regarding Competitive price are acceptable. As shown in table 3.1 above for the reliability test Cronbach 's Alpha coefficients for Consumer purchasing Decision factors range from 0.83 to 83%

Based on the examination of the research scales and constructs, it can be concluded that each variable represents a reliable and valid construct.

3.9. Ethical Consideration

Any research, there is an ethical responsibility to do the work honestly and with integrity Leady and Ormrod, (2013). The basic principle of ethical research is to preserve and protect the human dignity and rights of all subjects involved in a research project in this regard, the researcher assures that the respondents 'information was confidential and use only for the study purpose. Before the data collection, the ethical issues were taken in to consideration when the study is conducted. Appropriate communication was undertaken with the staff of the Dukem niger seed oil. During data collection respondents is informed the objective of the research. Anyone who may not interest to involve and bring any information was not include in the study. For the purpose of respondents 'security their names are not written on the questionnaire. As a general rule, therefore the study will not be raising any ethical anxiety.

CHAPTER FOUR

RESULT AND ANALYSIS

4.1 General information of the respondent

This chapter contains the findings and analysis of the research study based on interpretation of the data collected. Statistical Package for the Social Sciences (SPSS) software is used to analyze the research findings

The study issued 399 questionnaires, 300 were duly filled and returned giving a response rate of 75 %, and this was deemed sufficient for the study as indicated in Table 4.1.

Variable	Frequency	Percentage
Filled and returned	300	75
Non- response	99	25
Total	399	100

Table 4. 1: Response Rate (year 2020)

4.2 Demographic profile of the respondents
4.2.1 Respondents Age

Analysis of the respondents" age revealed that respondents age 18-21 years represented 5% with respondents age 22-29 years representing the majority at 51%, it was also established that respondents with 30-40 years represented 31% and those of above 41 years had 13% representation. As indicated in Table 4.1, all age groups represented in the study.

age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-21	14	4.7	4.7	4.7
	22-29	152	50.7	50.7	55.3
	30-40	92	30.7	30.7	86.0
	above 41	40	13.3	13.3	99.3

			.7	.7	100.0
	33	2	.7	.7	100.0
	Total	300	100.0	100.0	

Table 4. 2: Respondents Age (year 2020)

4.2.3 Respondents Gender

Analysis of the respondents‟ gender ratio revealed that male represented 32% with female being the majority representing 68% of the total respondents. As indicated in Table 4.3, this implies that there was a balance between genders in the response rate, thus impartiality concerning gender.

Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
male	96	32.0	32.0	32.0
Valid female	204	68.0	68.0	100.0
Total	300	100.0	100.0	

Table 4. 3: Respondents gender (year 2020)

4.2.4 Respondents Education

The below table shows that from the total respondents of 300 3.3% are 1-8 education and 3 % from the total respondents 9-12 education completes‟ and also 16.7 respondents are diploma 3graduates and 56.7 are degree graduates and 20.3% the remaining respondents are above. From this table we can conclude that most of the respondents are degree graduates.

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
	1-8	10	3.3	3.3	3.3
Valid	9-12	9	3.0	3.0	6.3
	diploma	50	16.7	16.7	23.0
	degree	170	56.7	56.7	79.7

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above	61	20.3	20.3	100.0
Total	300	100.0	100.0	

Table 4. 4: Respondents Education (year 2020)

4.2.5 Respondents occupation

The above table discusses the status of the respondents; from the total respondents 300 6.3% `s are categorized under government employee and 51.3% are under private employee also 21% from the total student categorized and 8.3% are lawyers and the remaining respondents are categorized in other which under other 13%. from the below table we conclude that most of the respondents are categorized under government employee.

occupation

		Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid	government employee	19	6.3	6.3	6.3
	private employee	154	51.3	51.3	57.7
	student	63	21.0	21.0	78.7
	merchant	25	8.3	8.3	87.0
	other	39	13.0	13.0	100.0
	Total	300	100.0	100.0	

Table 4. 5: Respondents Occupation (year 2020)

4.2.6 Respondents are level of income per month

The below table shows us the income distribution of the respondents that is categorized us the income of the respondents per monthly. From the total respondents 7% are under the categories of income below ETB 3,000 and 14.3% of the respondents are categorized under of income ETB (3000-5000] also 45.7% of the respondents are categorized under monthly income ETB (5,000-10,000] and the remaining respondents are under income of ETB 500,000 and above. This shows

that from the total respondents are 32% are categorized under monthly income of greater than ETB 10,000.

level of income per month

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 3,000birr	21	7.0	7.0	7.0
	(3,000-5000]	43	14.3	14.3	21.3
	(5000-10,000]	137	45.7	45.7	67.0
	>10,000	96	32.0	32.0	99.0
	5	3	1.0	1.0	100.0
	Total	300	100.0	100.0	

Table 4. 6: **Respondents income (year 2020)**

4.2.7 Respondents families size

The below table discusses the family members of the respondents; from 300 respondents 9.7% are categorized single member, 12% of respondents are two members also 14% are three members, 12.7% are four members and the remaining 51.7% are above four members.

which of the following size of families do you belong to

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	single member	29	9.7	9.7	9.7
	two members	36	12.0	12.0	21.7
	three members	42	14.0	14.0	35.7
	four members	38	12.7	12.7	48.3
	above four	155	51.7	51.7	100.0
	Total	300	100.0	100.0	

Table 4. 7: **Respondents family size (year 2020)**

4.2.8 Respondents families size

About 4.7% of the respondents shopping Dukem niger seed oil 1litter in a month, about 50.7% consume shopping 3litter, about 9.3% of respondents shopping 5litter and about 106% of respondents are shopping more than 5litters.

on average, how many litter do you do your shopping

	Frequency	Percent	Valid Percent	Cumulative Percent
1	14	4.7	4.7	4.7
3	152	50.7	50.7	55.3
Valid 5	28	9.3	9.3	64.7
>5	106	35.3	35.3	100.0
Total	300	100.0	100.0	

Table 4. 8: **Respondents how many litter do they shopping (year 2020)**

4.3 Diagnosis Test about Assumptions of Regression Analysis

Before applying regression analysis, some tests were conducted in order to ensure the appropriateness of data to assumptions regression analysis as follows.

4.3.1 Descriptive Statistics

Descriptive statistics were used to describe the basic features of the data in a study. It provides simple summaries about the sample and the measures. The researcher used descriptive statistics to present quantitative description sin a manageable form; each descriptive statistic reduces lots of the in to a simpler summary (Gelman 2007)

Descriptive Statistics

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
discount	300	16.18	3.858	.290	.141	-.233	.281
skimming	300	9.57	3.581	.762	.141	.225	.281
competitive	300	11.24	2.393	-.074	.141	1.079	.281
Premium	300	15.69	3.603	.397	.141	-.096	.281
Multiple unit price	300	3.5733	2.49775	1.271	.141	.111	.281
Valid N (listwise)	300						

Table 4. 9: Descriptive Statistics (year 2020)

Based on the above table discount price have the highest mean among factors that affect consumer purchasing decision by score mean 16.18. This shows that the level of agreement on discount more towards to agree, Premium, Competitive, Skimming and Multiple unit price factors have 15.69, 11.24, 9.57 and 3.5733 mean scores respectively. This indicates that the level of agreement on Premium, Competitive, Skimming and Multiple unit price more towards to neutral. The finding Cleary indicated discount price affects consumer purchasing decision.

4.3.2 Normality Test

Among the others, one of the assumptions was normality of the data should be tested before running the analysis of the data using skwness and Kurtosis. According to Fieled (2005), normally distributed data assumed that the data are from one or more normally distributed populations. The rationale behind hypotheses testing relies on having normally distributed populations and so if these assumptions are not met then the logic behind hypothesis testing is flawed. Therefore, value of S (Skewness) and K (Kurtosis) and their respective standard errors were computed. An absolute value greater than 1.96 Z-score for Skewness and less than 3.29 for Kurtosis is expected to be significant at $p < 0.05$. Large sample will give rise to small standard

errors and so when sample sizes are big, significant values arise from even small deviations from normality for both skewness and Kurtosis (Fieled, 2005).

4.3.3 Linearity Test
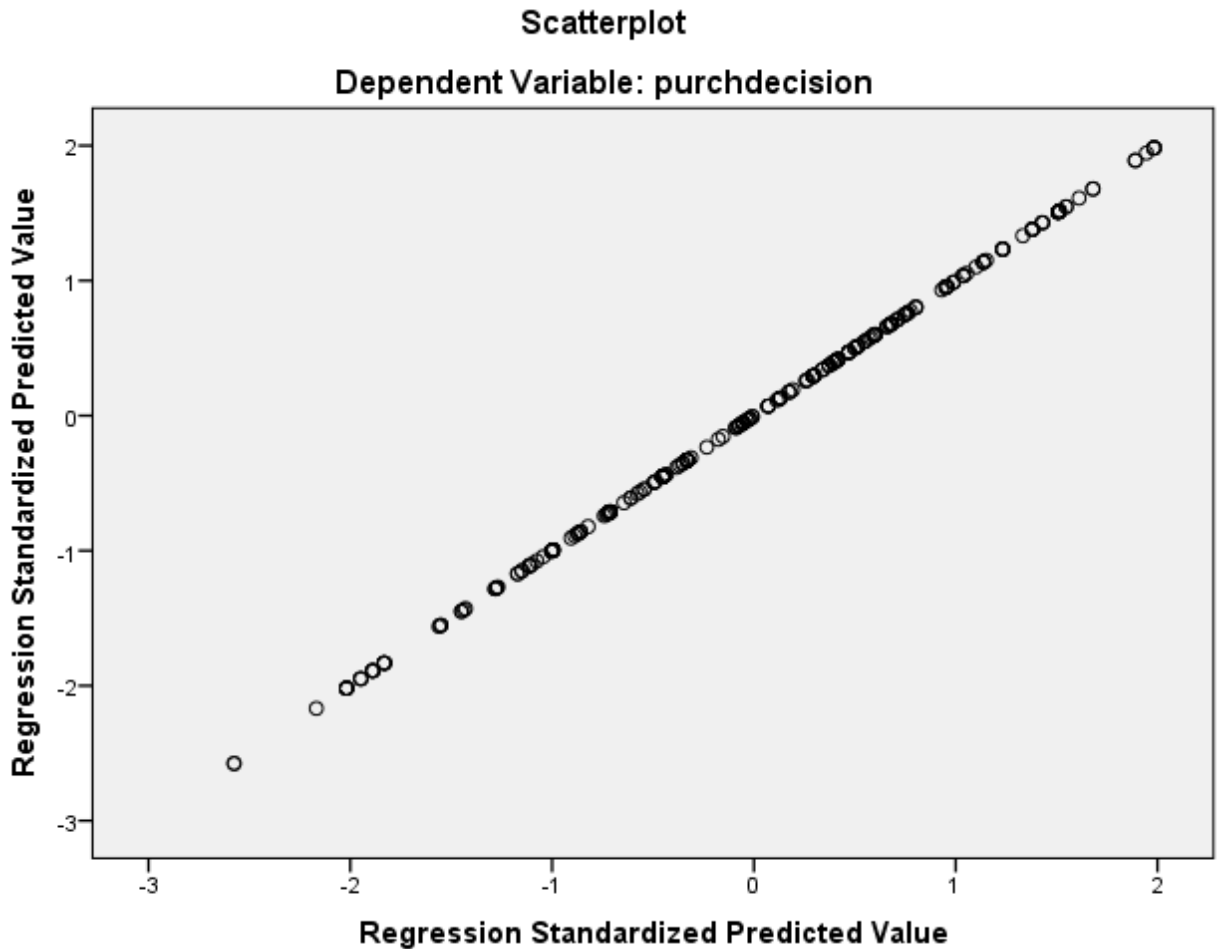
Figure 4. 1 Linearity test (year 2020)

Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables. To determine whether the relationship between the dependent variable Purchasing decision and the independent variables (premium pricing. Skimming, multiple unit price, competitive price) is linear, plots of the regression residuals through SPSS V20 software had been used.

4.3.4 Autocorrelation Test

Fourthly, linear regression analysis requires that there is little or no autocorrelation in the data. Autocorrelation occurs when the residuals are not independent from each other Autocorrelation occurs when the residuals are not independent from each other. While a scatter plot allows you to check for autocorrelations, you can test the linear regression model for autocorrelation with the Durbin-Watson test. The value of Durbin Watson assumes to be between 0 and 4, values around 2 indicate no autocorrelation. From our test, the value of Durbin Watson is about 1.721. Thus it lies between 0<1.721<4(see table4.8). The value of Durbin Watson is close to 2 indicates there is no violation of Autocorrelation.

Thus, from an explanation of the information presented in the entire five tests one can conclude that there is no significant data problems that would lead to say the assumptions of multiple regressions have been seriously violated. 39 The objective of this study was to investigate the influence of pricing strategy on consumer purchase decision of Ambassador Garment industry, in Addis Ababa. In order to study the relationship between the dependent and independent variables and specify the best predictors of the dependent variable (Purchasing decision) a multiple Regression model was applied. Multiple regressions were used for testing the model and hypotheses. It provides information regarding the significance of the variables that were included in the model while the R^2 explains how much variance in the dependent variable is explained by the model or how much the consumer purchasing decision is explained by the constructed variables. Statements of hypothesis were formulated based on the nine variables used in this study in order to come up with the results.

4.4.1 Discount price versus purchasing decision

As indicated in the table below Discount price was positively and significantly correlated with purchasing decision (r=0.31**, p=0.000). In other words, the value of (r=0.31) indicates that Discount price and purchasing decision have weak and positive relationship in the context of Dukem oil purchasing decision in the market of Addis Ababa.

4.4.2 Premium versus purchasing decision

As indicated in the table below premium price was positively and significantly correlated with purchasing decision (r=0.34**, p=0.000). In other words, the value of (r=0.34) indicates that premium price and purchasing decision have moderate and positive relationship in the context of Dukem oil purchasing decision in the market of Addis Ababa.

4.4.3 Multiple unit price versus purchasing decision

As indicated in the table below multiple unit price was positively and significantly correlated with purchasing decision (r=0.34**, p=0.000). In other words, the value of (r=0.31) indicates that Multiple unit price and purchasing decision have moderate and positive relationship in the context of Dukem oil purchasing decision in the market of Addis Ababa.

4.4.4 skimming price versus purchasing decision

skimming price versus buying decision as indicated in the table above skimming price was negative and significantly correlated with purchasing decision (r=-0.21**, p, is 0.04). In other words, the value of (r=0.021**) indicates that skimming and purchasing decision have negative relationship in the context of purchasing decision in the case Dukem niger seed oil in the market of Addis Ababa.

4.4.5 Competitive price versus purchasing decision

Competitive price versus buying decision as indicated in the table above competitive price was price was positive and significantly correlated with purchasing decision (r=0.47, p have less than 0.05 p, 0.04. In other words, the value of (r=0.47) indicates that competitive price and buying purchasing decision weak and positive relationship in the context of purchasing decision in the case Dukem niger seed oil in the market of Addis Ababa.

Correlations

		discount	Skimming	competitiv e	Premium	Multiple unit price	Purchasing decision
discount	Pearson Correlation	1					

	Sig. (2-tailed)						
	N	300					
skimming	Pearson Correlation	-.021	1				
	Sig. (2-tailed)	.715					
	N	300	300				
competitive	Pearson Correlation	.348**	.029	1			
	Sig. (2-tailed)	.000	.622				
	N	300	300	300			
Premium	Pearson Correlation	-.051	.201**	-.167**	1		
	Sig. (2-tailed)	.377	.000	.004			
	N	300	300	300	300		
Multiple unit price	Pearson Correlation	-.095	-.005	-.125*	-.008	1	
	Sig. (2-tailed)	.102	.935	.030	.887		
	N	300	300	300	300	300	
Purchasing decision	Pearson Correlation	.021**	-.021**	.023	.047**	.034**	1
	Sig. (2-tailed)	.000	.004	.004	.000	.000	
	N	300	300	300	300	300	300

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

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

Table 4. 10: **Corralation (year 2020)**

4.5 Regression Analysis Result and Discussions

Model Summary

Mod	R	R	Adjusted R	Std. Error	Change Statistics

el		Square	Square	of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.752	.721	-.715	.300	.711	50.007	5	121	1.604

Table 4. 11 multiple regression analysis result (year 2020)

Table 4.11above shows three important elements, thus R, R² and the adjusted R². From this table, R shows a significant positive relationship of 0.752 which is 75.2%. The R² value =0.715 meaning 71.5% of the variance in the model can be predicted using the independent variables or in simple words 72.1% of consumer purchasing decision is explained by the constructed independent variables. However, the remaining 27.9% changes in purchasing decision in Dukem niger seed oil in Addis Ababa city are caused by other factors that are not included in the model. Therefore, the constructed Purchasing Decision factors (such as competitive price, Multiple unit pricing, Discount, Skimming, Premium pricing) are good explanatory variables of the factors influencing customers to buy Dukem niger seed oil.

4.5.1 ANOVA Analysis.

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	940.026	5	.208.152	.50.07	.000[b]
1	Residual	759.654	294	2.584		
	Total	763.680	299			

a. Dependent Variable: purchasing decision

b. Predictors: (Constant), Multiple unit price, skimming, discount, Premium, competitive

Source: Own Research Result, 2020

Table 4. 12: ANOVA Analysis (year 2020)

From the ANOVA Analysis shows the statistically significant relationships between the five independent variables (Competitive, Multiple unit price pricing, Discount, Skimming, Premium

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pricing) and Consumer purchasing decision at 5% significance level. This means, the five explanatory variables have great to influence of customer purchasing decision on Dukem niger seed oil in Addis Ababa. But it does not mean that all these factors influencing Different pricing strategies have equally significant correlation with purchasing decision. Beside the F statistics (.50.07) which is used to measure the overall test of significance of the model was presented, and the model is well fitted at 5 percent level of significance.

Regression Coefficient Analysis of the model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	4.686	.752		6.231	.000	3.206	6.165		
discount	.015	.026	.37	.597	.000	-.035	.066	.875	1.143
skimming	-.004	.027	-.08	-.139	.000	-.056	.049	.954	1.048
competitive	-.032	.042	.48	-.754	.000	-.115	.051	.843	1.186
Premium	-.023	.027	.52	-.863	.000	-.076	.030	.928	1.077
Multiple unit price	-.016	.038	-.25	-.430	.000	-.090	.058	.981	1.020

a. Dependent Variable: purchasing decision

Table 4. 13: Regression Coefficient Analysis of the model (year 2020)

In the table-above, coefficients indicated how much the dependent variable varies with an independent variable, when all other independent variables are held constant. The Beta coefficients indicated that how and to what extent the independent variables influence the dependent variable. Accordingly, the result of coefficient value of regression analysis indicated the highest determinant factor which influence customers purchasing decision for choose Dukem niger seed oil was Discount (at Beta .37 value=0.424), followed by Skimming pricing (Beta=-0.08), multiple unit Pricing (Beta=-0.25), competitive (Beta=0.48 and Premium Pricing (Beta=0.052).

Thus from this finding one can infer that Price discount and Premium has the most significant factors influences customers to prefer Dukem niger seed oil.

Based on the above table 4.13 finding we can develop the following regression model: Purchasing Decision=4.686+0.37D+(-0.08S) + (0.48C) + (-0.25M) + (0.52P)

Where, D=Price Discount

C= Competitive

M= Multiple unit Pricing

S=Skimming

P=Premium Pricing

The regression model from the above table result shows that keeping other variables constant 0.37 unit increases in purchasing decision will bring a unit increase in the buying decision.0.08-unit increase in skimming price will have a unit decrease impact on purchasing decision of oil market in Addis Ababa. 0.48 unit increase Competitive price will have a unit decrease impact on purchasing decision of oil market in Addis Ababa. 0.25-unit increase in multiple unit price of will have a unit decrease of purchasing decision of oil market in Addis Ababa. 0.52 unit increases in premium price will bring a unit increases in the buying decision. 0.087 unit increases

4.6 Hypothesis Testing
4.6.1 Discount Pricing

H1: Price Discount strategy influences Consumer Purchasing Decision of Dukem niger seed oil. The table 4.13 shows that Price discount has standardized Beta coefficient of 0.37 and p-value of .000. Holding other explanatory variables constant price discount was found to have a statistically significant Positive Association Consumer purchasing decision. Therefore, the researcher was accepted the H1 hypothesis. Thus, this factor was significant.

4.6.2 Price Skimming

H2: Price skimming strategy influences Consumer Purchasing Decision Dukem niger seed oil.

The table 4.13 shows that Price skimming has a Beta coefficient of -0.08 and p-value of .000. Holding other explanatory variables constant price skimming was found to have a statistically insignificant negative association Consumer purchasing decision. Therefore, the researcher was reject the H2 hypothesis. Thus, this factor was significant.

4.6.3 Competitive Pricing

H3: Competitive pricing strategy influences Consumer Purchasing Decision of Dukem niger seed oil.

The table 4.13 shows that bundle Pricing has standardized Beta coefficient of 0.48 and p-value of .000. Holding other explanatory variables constant bundle pricing was found to have a statistically significant positive association Consumer purchasing decision. Therefore, the researcher was accepted the H3 hypothesis. Thus, this factor was insignificant.

4.6.4 Premium Pricing

H4: premium pricing is positively affecting Consumer Purchasing Decision of Dukem niger seed oil.

From the above regression table, the results in table 4.13 show that premium pricing has a Beta coefficient of 0.52 and p-value of .000. Holding other explanatory variables constant Premium pricing was found to have a statistically significant positive association with consumer purchasing decision of Dukem niger seed oil. Therefore, the researcher was accepting the H1hypothesis. Therefore, Premium pricing was statistically significant.

4.6.5 Multiple unit Pricing

H5: Multiple unit pricing strategy not influences Consumer Purchasing Decision of Dukem niger seed oil.

The table 4.14 shows that Multiple unit pricing has standardized Beta coefficient of -0.25 and p-value of .000. Holding other explanatory variables constant Multiple unit pricing was found to have a statistically insignificant negative association Consumer purchasing decision. Therefore, the researcher was accepted the H5 hypothesis. Thus, this factor was insignificant.

Generally, from the hypothesis testing result all hypothesis such as H1,H4,and H5 are accepted, and H2,H3 are reject therefore one can conclude that all factors(pricing strategies) has statistically positive significant correlation and influence on Consumer purchasing decision of Dukem niger seed oil.

Hypotheses	result	Analysis Technique
H1: Discount Price strategy influences Consumer Purchasing Decision of Dukem Niger seed oil.	Accepted	β =0.32, P<0.05
H2: Skimming Price strategy is influences Consumer Purchasing Decision Dukem Niger seed oil.	Rejected	β =-.08, P<0.05
H3: Competitive pricing strategy influences Consumer Purchasing Decision of Dukem Niger seed oil.	Accepted	β =.48, P<0.05
H4: H4: Multiple unit pricing strategy is not influences Consumer Purchasing Decision of Dukem Niger seed oil.	Accepted	β =-.25, P<0.05
H5: Premium pricing is positively influences Consumer Purchasing Decision of Dukem Niger seed oil.	Accepted	β =.52, P<0.05

Table 4. 14: Hypotheses (year 2020)

CHAPTER FIVE

MAJOR FINDINGS, CONCLUSION, AND RECOMMENDATION

This chapter winds up the study undertaken so far by giving insights about summary, conclusions, recommendations and highlighting future research areas.

5.1 Summary Of Major Findings

Based on the results of data analysis and interpretation in the previous chapter the following summary of major findings was given: The main objective of this research was to investigate the influence of pricing strategy on consumer purchase decision. Accordingly, this part of the research summarizes the major findings of the study from the challenge and prospect perspectives.

- ❖ The study revealed that most of the respondents were Female. This shows that women have better experience behind men in buying Dukem Niger seed oil which may also influence consumer purchasing decision.

- ❖ Majority of the respondents were within 22-29 years old.
- ❖ Most of the customers were educated so that important to deliver different pricing strategy.
- ❖ The other thing we read from responded questioner the occupation of the respondents have dominated by private service business and degree holder among listed on the question with the result of 51.3% from the total respondents.
- ❖ Most of the customers purchasing Dukem niger seed oil three litter in a month.
- ❖ As we read from the result of questioner the largest portion of annual income distribution of the respondents are categorized under monthly income of ETB more than 10,000. This show us most of them have medium income level monthly.

In the inferential statistics part, the following results were achieved.

❖ The findings indicate that premium price was the first most significant variable than other by resulting beta value of 0.52 and significantly related with dependent with value of $p<0.05$, Competitive price was significant variable next to premium price by resulting beta value of 0.48 and significantly related with dependent with value of $p<0.05$ and discount price was also significant variable next to premium price by resulting beta value of 0.37 and significantly related with dependent with value of $p<0.05$.

❖ The results indicate that although Discount had a positive and significant influence on the purchasing decision in Dukwm niger seed oil, the remaining variables like Competitive, Multiple unit price and Skimming consumption resulted negative beta value -0.08, and -0.25 with significant relationship with dependent variable purchasing decision but its significance is inverse relation.

❖ The first hypothesis which states that discount Price strategy influences Consumer Purchasing Decision of Dukem Niger seed oil., as a result we can accept the null hypothesis and reject alternative one.

❖ The next hypothesis which states that Skimming Price strategy is influences Consumer Purchasing Decision Dukem Niger seed oil, as a result we can reject the null hypothesis and accept alternative one.

❖ The next hypothesis which states that Competitive pricing strategy influences Consumer Purchasing Decision of Dukem Niger seed oil, as a result we can accept the null hypothesis and reject alternative one.

❖ The final hypothesis which states that Premium pricing is positively affecting Consumer Purchasing Decision of Dukem Niger seed oil., as a result we can accept the null hypothesis and reject alternative one

❖ Therefore, Premium price strategy, competitive and discount price strategy found to be positively explained by the sum of the five independent variables in this study and the reaming of the dependent variable (i.e. Purchasing decision) has explained by other exogenous variables.

5.2 Conclusion

The study has contributed to knowledge in series of issues associated with pricing strategies and purchase decision process. The finding infer that 75.2% of the variance in the model can be predicted using the five independent variables or in simple words 75.2% of consumer purchasing decision is explained by the constructed independent variables (Premium pricing, price discount, competitive pricing, price skimming, and Multiple unit pricing).

From the finding respondents' level of agreement lies on agreement state on Discount pricing consumer prefer Dukem niger seed oil by unique properties and better to buy with their Discount price and regardless of their Discount prices. Therefore, from the finding we can conclude that consumers prefer Dukem niger seed oil regardless of their Discount prices.

Unfortunately, the result for price skimming of Dukem niger seed oil products indicates that Consumers are not willing to pay higher price for products that are not solid shops, they didn't prefer that to buy with high introductory price, and customers are not preferred high price for new products rather than product attributes. Generally, consumer are not preferred the firm that charges high introductory price for new Dukem niger seed oil. Here, one can infer that Consumers are willing to consume for Dukem niger seed oil but not willing to pay high price for new and introductory price regardless of its attributes. Concerning consumers preferred cheap prices because lower price increase their willingness to buy Dukem niger seed oil items, and they choose items which have steady low price. premium indicates that the respondents' level of agreement lies on agreement state that they are willing to buy products buy 2 and take one free or by package, and Products have premium (Buy one and get gift) attracts me to buy products. Thus, consumers not prefer Dukem niger seed oil with multiple unit pricing. Additionally, consumers are preferred Premium pricing strategies attract them to buy dukem niger seed oil items. The consumers also assume that they will to buy when they buy dukem niger seed oil that have Competitor prices.

5.3 Recommendation

Based on the findings of the study and conclusions made, the following possible recommendations are drawn:

❖ Discount price strategy has a positive and significant effect on consumer purchasing decision, so that the company should more focus on discount price strategy they are using because this is the only strategy which can leading consumer to make purchasing decision.

❖ Premium price strategy has a positive and significant effect on consumer purchasing decision, so that the company is better to use premium price strategy because Products with Buy one and other free attract customers to buy more Dukem niger seed oil customers are willing to buy products buy 2 and take one free or by package.

❖ Competitive price strategy has a positive and significant effect on consumer purchasing decision, so that the company should concede the competitor price when sat the price.

❖ Skimming price strategy has a negative and significant effect on consumer purchasing decision, so that the company shouldn't advisable to use high price during new product introduction, it is better to Dukem niger seed oil to take a caution when introducing a new price promotion.

❖ Multiple unit price has a negative and significant effect on consumer purchasing decision, so that the company use this strategy in additional strategy with other strategy.

5.4 Recommendations for Future Research

The present study was conducted to investigate the underlying influence on Consumer purchasing decision of Dukem niger seed oil. Therefore, there is scope for other researchers to study consumers purchasing decision in other product categories and in the context of other cities in the country where consumers may have different characteristics. Similarly, future researcher may use more time, resource and sample size in order to make all-round assessment in this area. Besides that, this study used the eight variables that are Competitive, Multiple unit price pricing, Discount, Skimming, Premium pricing of a particular Dukem niger seed oil, which explain or influence only 75.2% percent of the variance in discount price. Therefore, future researcher may investigate other variables which have a potential to influence the consumer purchasing decision.

5.5 limitation of the study

The researcher not conducted large respondents from different areas of the city period of time because of the situation of Covid 19. There are insignificant empirical reviews in the country that support the problem of the thesis. So, to show detail gap and detail analysis is problem of researcher also there is some constraint for a researcher that's related to finance and time because the problem area is almost new for the scope of a city.

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Appendices

APPENDIX

APPENDIX I:

COVER LETTER

May 2020

Emebet Asmamsw

Tel no 090118658

Dear Respondent,

I am a student at St Mary University a Masters of Marketing Management program. In partial fulfillment of my course work, I would like to conduct a research project to the influence of pricing strategies on consumer purchase decision particularly case study Dukem nigr seed oil in Addis Ababa. The findings of this study will be use to improve the growth and sustainability of the sector.

Kindly therefore, complete the attaché questionnaire with accurate information that will be use entirely for this research while observing utmost confidentiality. Your assistance is highly valued.

Thank you in advance.

Yours faithfully,

Emebet Asmamaw

APPENDIX II: Quaternary

The purpose of this questionnaire was to gather information on the pricing strategies and consumer purchasing diction in the focus on Dukem niger seed oil.

SECTION A: General Information

This section gives details about the respondent's general information with respect to their age, gender, level of education. Please indicate with a tick inside the box the appropriate response from the alternatives provided.

1) These questions are to be answered by Customers of Dukem niger seed oil.

2) No need to write your name on the questions paper.

3) Please indicate with a tick and Select one (1).

4) If there is any question please contact the researcher through the following address

Emebet Asmamaw Tel. +251909186758

1. Age ☐ 15- 21(1) ☐ 22- 29(2) ☐ 30-40(3) ☐ Above 41(4

2. Sex ☐ Male (1) ☐ female (2)

3. Educational level ☐ 1-8(☐ 9-12 ☐ Di ☐ (3) ☐ egree4 above

4. Occupation ☐ Government employee ☐ Private Employee ☐ Student ☐ Merchant ☐ other

5. Which of the following size of families do you belong to?
   ☐ Single member ☐ Two members' ☐ Three members
   ☐ Four members ☐ Above four

6. Level of income per month:
   ☐ Below 3.000Birr ☐ (3,000 – 5,000] ☐ (5000 – 10,000] ☐ More 10,000

7. On average, how many litter do you do your shopping?
   ☐ 1 litter ☐ 3 litter ☐ 5 litter ☐ >5 litter ☐ Neutral

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Section B: Pricing strategies and their influence on consumer purchase decision

Please indicate your degree of agreement\disagreement with the following statements by putting the tick 1 strongly disagree, 2 disagree, 3 neutrals, 4 agree, 5 strongly agree

No	Questions	Responses				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Discount pricing strategy						
1	I may buy cheap products just because their prices are lower than the originals or expensive ones.	1	2	3	4	5
2	Low prices of products increase my willingness to buy them.	1	2	3	4	5
3	I prefer brands which have a steady low price.	1	2	3	4	5
4	I choose my oil band based on their low prices	1	2	3	4	5
5	My choice of oil brand is not influenced by promotional campaigns-	1	2	3	4	5
6	Discount price strategy influences me to purchase Dukem niger seed oil.	1	2	3	4	5
	Skimming pricing strategy					
7	I am willing to pay for a higher price for product(s) that is/are not available in solid shops.	1	2	3	4	5
8	I prefer the firm that charges a high introductory price.	1	2	3	4	5
9	I prefer high prices for new products rather than product attributes	1	2	3	4	5
10	I choose Dukem niger seed oil based on their high price.	1	2	3	4	5
Competitive pricing strategy						
11	I am willing to pay higher price product from competitors' product.	1	2	3	4	5
12	I like to buy cheap products from competitors' product.	1	2	3	4	5
13	Dukem oil are sold at high prices in the market as compared to its competitors.	1	2	3	4	5

No.	Statement					
14	Dukem oil is affordable /economical and of good value.	1	2	3	4	5
15	I think Dukem niger seed oil has a competitive price (less price) compared with other.	1	2	3	4	5
Multiple-unit pricing strategy						
16	I buy in large quantities when there are discounts for large quantity buyer.	1	2	3	4	5
17	Products have multiple unit price (Buy one and get gift) attracts me to buy products	1	2	3	4	5
Premium pricing						
18	Compared to other brands I think it is good to buy its premium prices.	1	2	3	4	5
19	I prefer Dukem oil products by unique properties and better to buy with their premium price.	1	2	3	4	5
20	I prefer to buy products with premium price.	1	2	3	4	5
21	Premium price influences my purchasing decision.	1	2	3	4	5
Purchasing Decision						
22	Do you think Pricing strategies influencing purchase decision.	1	2	3	4	5
23	My purchasing decision depend on price.	1	2	3	4	5

Appendix: Demographic statistics

Statistics

	age	gender	edu	occupation	which of the following size of families do you belong to	level of income per month	On average, how many litter do you do your shopping
N Valid	300	300	300	300	300	300	300
Missing	0	0	0	0	0	0	0
Mean	2.73	1.68	3.88	2.70	3.85	3.06	2.75
Std. Deviation	2.603	.467	.882	1.134	1.411	.885	.995
Skewness	10.571	-.776	-1.201	.880	-.820	-.636	.224
Std. Error of Skewness	.141	.141	.141	.141	.141	.141	.141
Kurtosis	121.645	-1.408	2.182	-.238	-.773	.023	-1.505
Std. Error of Kurtosis	.281	.281	.281	.281	.281	.281	.281

Appendix Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Competitive	300	6	21	13.91	3.128	-.122	.141	.662	.281
Premium	300	9	25	15.69	3.603	.397	.141	-.096	.281
Skimming	300	4	19	9.57	3.581	.762	.141	.225	.281
Discount	300	7	26	16.18	3.858	.290	.141	-.233	.281
MUP	300	2	10	6.77	2.192	-.552	.141	-.615	.281
Valid N (listwise)	300								

Appendix **Residuals Statistics**

Residuals Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	7.31	8.57	7.93	.298	300
Std. Predicted Value	-2.061	2.176	.000	1.000	300
Standard Error of Predicted Value	.208	.599	.361	.103	300
Adjusted Predicted Value	7.21	8.71	7.93	.301	300
Residual	-6.460	2.687	.000	2.632	300
Std. Residual	-2.433	1.012	.000	.992	300
Stud. Residual	-2.465	1.031	.000	1.001	300
Deleted Residual	-6.628	2.790	.000	2.684	300
Stud. Deleted Residual	-2.486	1.031	-.002	1.005	300
Mahal. Distance	.832	14.235	4.983	3.406	300
Cook's Distance	.000	.029	.003	.005	300
Centered Leverage Value	.003	.048	.017	.011	300

a. Dependent Variable: Purchasing decision