

**IMPACT OF PRICING STRATEGIES ON SUCCESS OF SMALL AND MEDIUM  
ENTERPRISES: A CASE STUDY OF JUMIA UGANDA LIMITED**

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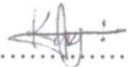


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## DECLARATION

I NIWANSINGUZA MIRIAM (S21B05/029), hereby declare that all the contents of this dissertation are entirely my creation and have not been presented for any academic recognition or publication elsewhere. As the sole author of this work, I affirm that there has been no plagiarism or unauthorized use of other individuals' work in this dissertation.

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**APPROVAL**

This approval is to certify that the study by NIWANSINGUZA MIRIAM (S21B05/029), confirms that this document has been created under my supervision and I am pleased to submit it for examination, with my endorsement as the University-appointed supervisor. I am confident that the document has been prepared by the guidelines and criteria established by the University and meets the academic standards required for assessment



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## **DEDICATION**

I would like to express my heartfelt gratitude to my parents, Mr. Kanyesigye Didas, and my entire family for being a constant source of love, support, and guidance during my academic journey. Their unwavering belief in me has been the driving force behind my success, and without them, I would not have been able to complete this dissertation. This study is a testament to their dedication and sacrifice, and I am forever grateful for everything they have done for me. Their unwavering support has been invaluable and has contributed significantly to my achievements. Therefore, I dedicate this research work to them, hoping that it will make them proud and serve as a reflection of their support and love towards me.

## **ACKNOWLEDGEMENT**

I thank God for my life and the intelligence and critical judgment that were able to enable me, in no little way, to achieve these feats. My family is quite poor, but I appreciate them because, through them, I get love and support which kept me going to pursue my goals in life. Coupled with these peculiar opportunities, I am committed to maximizing them in service to making the world a better place and effecting change in my community. First and foremost, I would like to take this opportunity to express my profound gratitude to Dr. Katono Wasswa, an exemplary mentor during my research journey. His forthright guidance and encouragement throughout this process have been very instrumental in my growth both as a person and as a professional. The willingness of Dr. Wasswa in the sharing of knowledge and insights added much to widening my scope of knowledge and thus more easily navigating the challenges of research and improving my capabilities in critical thinking and doing research.

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## **ABSTRACT**

The paper addresses the essence of pricing strategies to the success of SMEs, given that over the years, SMEs have been playing a significant role in employment creation, income generation, and poverty alleviation. SMEs have to make such pricing decisions that ensure the prices are attractive enough to appeal to customers so that they can retain purchases and elevate sales volumes. While pricing strategies remain important in the operations of the SMEs, the literature remains scanty as to how various approaches affect sales volume. The study, therefore, intends to establish the effect of pricing strategies on the success of Jumia Uganda Limited, a construction equipment SME in Uganda, through analysis of the influence of cost-based, demand-based, and competition-based pricing on the success of the firm. Subsequently, policy makers can draw on findings related to their demands when designing effective policies and supporting strategies for the purpose of regulating pricing strategies and successes in SMEs.

This study outlined the description of the research design, study population, sample design, sources of data, procedures for data collection, sample size, sampling techniques, the instrument of data collection, data analysis, and the ethical considerations in undertaking a study on the effect of pricing strategies on the successes of SMEs in the marketing department of Jumia Uganda Limited. This study will adopt a cross-sectional research design. Stratified probability sampling will be used to draw a sample size of 34 from the total population of 30 respondents. The data collection shall involve the use of questionnaires and for analysis, SPSS software will be utilized. Validity and reliability issues in data collection will be put into consideration alongside considerations of ethics while undertaking the research. Both primary and secondary data will be gathered in the research in order to give a wider perspective to the researchers regarding the problem.

The study identified that cost-based pricing is found to significantly contribute towards the success of the company, demand-based pricing guides revenue maximization, while competition-based pricing helps with maintaining competitive pricing in defense of market position. This study enumerates that the company has to monitor pricing strategies on a continuous basis and make the required adjustments, invest in sophisticated analytics tools, institute a feedback loop with the customers, improve knowledge of employees about pricing strategies by training and development programs, embed pricing strategies into other areas of the business, and from time to time review and measure the overall performance of the business to establish the benefits of pricing strategies.

## **LIST OF ABBREVIATIONS**

SMEs - Small and Medium Enterprises

COVID-19 - Coronavirus Disease 2019

USP - Unique Selling Point

SPSS – Statistical Package for the Social Sciences

## CHAPTER ONE

### 1.0 Introduction

This chapter presents the study's background, problem statement, primary purpose, and objectives. It also encompasses the study questions, importance, coverage, justification, and conceptual framework.

### 1.1 Background of the study

According to Arokiasamy, SMEs contribute to stimulating economies for most countries toward increasing their rates of growth and development. In addition, they provide a very great contribution toward employment, income generation, and poverty alleviation, especially in developing countries. Despite such importance, SMEs equally face many challenges that limit their survival; these include restricted accessibility to finance, technology, and managerial skills. This limitation puts the firms susceptible to economic shock and business failure. Some of the major challenges the SME faced included pricing strategies that would affect their sales volumes and sales. Hittalmani and Mahesh, 2017, state that "pricing strategy refers to the methodology used by firms in arriving at prices for their respective commodities or services.". Pricing becomes a very important decision that SMEs must make in view of the fact that SMEs own fewer resources they can tap into compared to larger SMEs, and they also operate in highly competitive environments. To this end, pricing tactics that might be administered by firms could greatly impact their sales turnover, sales, customer retention, and market share, among other core determinants of business performance. In regard to this, SMEs must thus work on the basis of making effective pricing strategies sufficiently enable them to meet sales targets of being more competitive in the marketplace. For instance, a study conducted by Hittalmani & Mahesh, 2017 showed how most SMEs use cost-plus pricing strategy whereby they estimate the markup in using the cost of production to set the selling price.

However, this technique has some Achilles heel about pricing in that important elements of pricing will not be considered; market demand, perceived value of the product by customers, and competition. About this, Alrubaiee gave a proposal in the year 2017 that alternative strategies may have to be suggested, which scholars recommended to include market-oriented pricing, value-based pricing, and even to the extent of penetration pricing. These would consider such diverse factors as demand and competition in the marketplace, nature of products/ services, and target consumer groups. According to the opinion of Grill 2018, there is an urgent need for the introduction of such pricing methods in business on the part of SMEs by which they not only would be able to maintain their competitive edge but also guarantee a

higher profit margin. In this regard, it would have been easier using such strategies on the part of SMEs to incorporate changes as per the demands of customers into their pricing models to retain other clients as well as increasing customer loyalty and profit margins. These set prices are the bases of the sales generated by the SMEs. For example, high prices might keep customers off the product, while low prices would affect the profit and brand equity.

Thus, pricing strategies are very crucial with regard to establishing an optimal point between growth in sales volume and sales. The price of the products needs to be strategized by SMEs in a way that may help them achieve maximum profit by attracting customers as well as retaining the existing customers. Although pricing strategy is one of the keys to the success of SMEs, few studies have focused on what exactly the impact of pricing strategies is on the volume of sales. For instance, Alrubaiee & Al-Nazer, 2010; and Hittalmani & Mahesh, 2017 identify that amongst the many causes that influence SMEs in adopting a pricing strategy there is market conditions, competition, and firm goals but there is scant understanding of how pricing strategies influence the volume of sales, one critical variable that SMEs should be aware of in order to improve their performances. It is within this view that Smith and Johnson, 2020 had the main objective of establishing the effects adopting alternative pricing strategies have on the volumes of sales of the small and medium-sized enterprises. They are exploring four alternative pricing strategies for this category of SMEs, which they can actually apply: cost-plus pricing, market-oriented pricing, value-based pricing, and finally, penetration pricing.

The quantitative estimation of the impact of the sales volume variables will also be done, such as units sold, market share, and revenue. Smith and Johnson 2020 study had stated that the sample size calculator is used to gauge the sample size, while the simple random sampling technique will be applied in selecting SMEs that are representatives of various industries. The data collection will be formally done through a survey tool, and the questions are all closed-ended. Later in the data analysis, descriptive and inferential statistical methods shall be used, followed by the presentation of findings and discussion. The pricing strategy has been studied in this study as it impacts the success of SMEs; thus, it will guide the businesses on how to strategize to ensure success.

## **1.2 Statement of the problem**

Sharma (2018) highlighted that the nature of today's business has shifted towards a market market that moves by the consumers, wherein it is the decision of the customers as to what products or services they want to see in the marketplace. It is under this very highly competitive

environment and with continuous bombardment to the consumers option that the SMEs have to go in search of an effective pricing strategy in order for them to maintain profitability. Among the different issues that SMEs have to face, their limited resources, stiff competition, and fluctuating market conditions also come, to which SME performance is very vulnerable. In terms of their success achievement, the pricing strategy is an important component which determines the price of the product or service that realizes the maximum sales volume and profit.

These are among many SMEs in the current Ugandan construction equipment market owned by Ugandan and foreign investors, including Jumia Uganda Limited. However, Hassan et al. (2021) explains that such struggle may be attributed to realizing good profit margins, disposing of excess stock, recovering operational costs on time, and gaining significant market shares due to their pricing strategies. Although literature has concentrated on the impact that several factors have on SMEs pricing strategies, including market conditions, very few empirical studies have been carried out relating to the impact that pricing strategies may have on the successful running of the same SMEs. Therefore, through the impact of pricing strategies on the success of SMEs, a solution was sought to meet the increasing competition in industry for Jumia Uganda Limited.

### **1.3 Purpose of the study**

The purpose of this study was to establish the impact of pricing strategy on the success of Jumia Uganda Limited

### **1.4 Objectives of the study**

- a) To analyze the influence of cost-based pricing on the success of Jumia Uganda Limited.
- b) To investigate how demand-based pricing influences the success of Jumia Uganda Limited.
- c) To examine the influence of competition-based pricing on the success of Jumia Uganda Limited.

### **1.5 Research questions**

- a) What is the influence of cost-based pricing on the success of Jumia Uganda Limited?
- b) How does demand-based pricing influence the success of Jumia Uganda Limited?
- c) What is the influence of competition-based pricing on the success of Jumia Uganda Limited?

## **1.6 Scope of the Study**

### **1.6.1 Content Scope**

The study focused on establishing the impact of pricing strategy on the success of Jumia Uganda Limited.

### **1.6.2 Time Scope**

The study took 3 months from May 2024 to July 2024 as this will be enough valid time to carry out my research. Also, the researcher focused on studies done between 2018 to 2024 as this period was filled with uncertainty about the COVID-19 pandemic effects and environmental changes.

### **1.6.3 Geographical scope**

This study was carried out in Jumia Uganda Limited, Plot 73, Kampala district.

## **1.7 Significance of the study**

The results, therefore, recommended that such policy-makers as the government and other stakeholders should develop effective policies and supporting strategies to control pricing strategies and success in SMEs.

It added value from the literature, since it investigates how pricing strategy affects the success of SMEs, hence developing the theory empirically. This was based on the previous studies that were in existence.

The result of this study acted as a necessary skeleton that was required upon which future researchers could base a study on the longevity-success theme of businesses. In fact, the finding acted like a stepping stone whereby researchers can examine various variables that determine the ability of the company to sustain itself over time and choose best practices so that it can enjoy longevity of success for a long period of time.

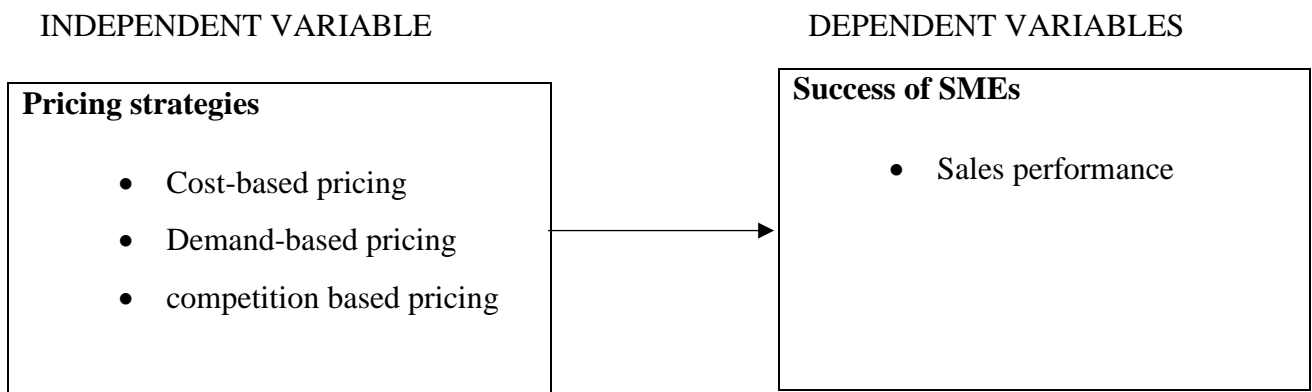
## **1.8 Justification**

The bottom line was that it would be through pricing strategy that would dictate the success of a company in the current market environment. If an SME truly understood the pricing strategies that could impact profit margins, brand reputation, and customer behaviours, then informed decisions could be made about their success. This therefore, means that this study was conducted to determine how the success of SMEs in various industries would be affected once the pricing strategies are adopted. The study added to the literature on pricing strategy by examining variant pricing strategies which SMEs use and their respective contribution towards

success of the business. The holistic pricing strategies considered in this research take into consideration market demand, consumer preference, and competition. The result of this study shed light on how SMEs would refine their pricing strategy with regard to their business objectives and target audiences. The present study also helped SMEs get comparative information on the pricing strategies employed by competitors and the trend in the market. The SME would, from here, feel the gap in the market and come up with an innovative price strategy to impress the target audience.

### 1.9 Conceptual framework

The study findings were evaluated using the conceptual framework shown below and the main focus is on how pricing strategies influence the success of SMEs.



**Source:** Adopted from Garrison (2016) and modified by researcher

### Figure 1: Conceptual Framework

The conceptual framework of the study, therefore, was put forward to define the influence of pricing strategies on the success of SMEs. The dependent variable in this study would thus be sales performance. Three independent variables, namely cost-based pricing, demand-based pricing, and competition-based pricing, would be observed for their influence on the success of SMEs in the context of this study. Dependent variables are those intended outputs of this study and thus symbolize desired outcomes for SMEs.

According to Metzger, 2016, competition-based pricing is a kind of approach to pricing whereby the pricing strategy adopted by competitors in the market is put into consideration. SMEs that adopt this strategy take the prices set by their competitors to be their guide toward setting prices. This study will analyze how competition-based pricing influences sales performance among SMEs. It is through the conceptual framework below that differing pricing strategies will be gained in relation to how they have had an effect on the success of SMEs.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

The chapter provided a broad review of related studies done in the past on similar subjects. A theoretical overview, literature survey, conceptual model, and an extensive review of the literature on pricing strategies, pricing objectives, and factors affecting pricing strategy have been done. Finally, highlighting the research gap in this study has been done.

#### 2.1 Key definitions

**Pricing strategy.** Kim and Mauborgne present that a pricing strategy is different activities or decisions that an organization takes in regard to setting prices of commodities or services. It encompasses several factors that include identifying cost of production, competitors' prices, market demand, and consumer behavior towards coming up with a price that will ensure maximum profit without making the product unattractive to the consumers.

**Small and Medium enterprises (SMEs).** According to the Uganda Investment Authority, 2023, small and medium enterprises are defined as firms that employ less than a hundred people and whose annual turnover is less than 360 million Uganda shillings. In this context, these are firms that bear significance in the growth and development of Uganda's economy; they make up about 90% of the businesses in the country and account for over 80% of the total employment.

**Success of SMEs.** According to Dávila and Mora-Valentin (2018), it is believed that SMEs are potential sources of economy growth and employment in several countries. Innovation capabilities, together with the well-recognized ability for SMEs to adopt changing market circumstances, remain fundamental to enterprise success. Still, to help SMEs, policymakers have implemented a variety of programs offering funds, training, and networking opportunities that were noted by Cucculelli et al. (2020). The paper of Diaz Diaz et al. (2021) shows, on the other hand, that access to finance remains one of the major difficulties faced by SMEs, especially for younger and smaller-sized ones.

#### 2.2 Theoretical review

The theoretical review will discuss the theories related to the study including price elasticity theory, game theory, prospect theory and contingency theory.

### **2.2.1. Price Elasticity theory**

Nguyen explained that the concept of price elasticity theory emanates from economics and marketing. It speaks to how customers respond towards a change in prices for products or services. He added that it postulates that the demand for anything exists at a certain price; increasing this upward or down would be proportional to the increase or decrease in demand. As Harris and Muller illustrate, "Perhaps the most important of the messages that emanate from the theory of price elasticity is that changes in price level will affect the demand for a product or service because consumers will adjust purchases according to price point." It will enable SMEs to decide on the setting of prices and adapt accordingly to market forces. The fact that SMEs comprehend the theory implies it serves as an immediate guide on how they would make their product or service offer according to response towards market conditions.

In conclusion, as Gruber, 2018, in price elasticity theory guides informed decisions in the business world: SMEs can use this price elasticity concept to employ mainly efficient pricing tools such as discounts or price changes. With high price elasticity, for instance, the small business will reduce its price and attract numerous customers to increase its sales in response. On the contrary, commodities with low elasticity are likely not to improve demand significantly as the price cut, according to comments by Gruber 2018. Mastery of the theory of price elasticity is hence helpful in working out pricing strategies in tune with business objectives. Salmanzadeh (2016) corroborates that pricing strategies have the tendencies of influencing SMEs' successes to some extents. Following the price elasticity theory, SMEs are supposed to be very tactful while determining charges for their products or services in ways to ensure the maximization of sales and revenues that emanate thereof. Price changes have indeed been reported by studies to notably affect the sales volumes, customer loyalty, and revenues of SMEs. Therefore, SMEs need to know how their customers are likely to react to any changes in the prices of their goods and services in order to apply relevant pricing techniques. According to the work of Baker & Howden (2019), being a simple concept, the theory of price elasticity is based on the theory of price elasticity, which identifies responsiveness in demand for a particular product or service in relation to changes in the price of the same product or service. However, elasticity may be classified into two types, namely elastic and inelastic demand, as Kapoor et al. 2016 classified them on the sensitivity of the changes to the price fluctuations being studied.

According to Sulaiman, 2018 elastic and inelastic demands are best described by how demand varies with the change of price. This would mean that elastic demand would then be where there is a great change in demand upon any change in price, while inelastic demand refers to the situation when demand hardly changes with increases or decreases in price. Gomez and Zapata, 2018 noted elasticity or rigidity of demand was an important consideration in pricing strategy by SMEs. Where demand is elastic, then SMEs have to respond to the level of prices lest they will be threatened to lose market shares to their nearest competitors.

On the contrary, inelastic demand would indicate that firms can raise prices without seriously being affected by losses in sales. According to Hill, 2019, an entrepreneur is supposed to go out to the market and conduct extensive research on the level of elasticity of demand of the product or service that is offered. In this way, the entrepreneurs will be able to determine the right price policy to adopt in the market. The other thing that was noted by Hill was the realization of customer price sensitivity, and that forms an important ingredient when it comes to implementing effective pricing strategies for SMEs. The first thing that might be noticed is that research, for instance, Azmat et al. (2020), has determined that SMEs, especially running in developing countries, can, in fact, benefit quite substantially by simply readjusting their pricing strategy based on the level of price elasticity. In this case, for instance, their findings showed that SME pricing strategy could lead to gigantic differences in sales volumes and sales in Pakistan, where demand for goods with elastic demand was more responsive to changes in price compared to commodities with inelastic demand. This has also been observed, where most SMEs in Pakistan tend to price their products/offering based on the cost of production and not according to the demand level of the customer. The study calls for them to consider price elasticity while developing pricing strategies in order to meet their objectives by keeping the volumes of sales and sales at a low level. According to Kim and Lim (2019), it is enough to recognize that price elasticity varies among commodities and services, since this is an essential thing to be taken into consideration in business operations, as such is based on the fact that consumers have various reactions to the changes in price due to different willingness to pay.

As such, goods that are inelastic-that is, highly necessary, like food and medicine-exhibit less responsiveness in price, whereas goods that are inelastic, considered a luxury, and have more substitutes, tend to show higher price elasticity.

Hence, SMEs must put into consideration the price elasticity of their products or services in formulating pricing strategies. To this end, Kim and Lim described it as a witty modification in relation to the nature of the product, lest one faces overpricing and lost sales, or under-pricing and lesser profits.

### **2.2.2 Game Theory**

Among the helpful analytical frameworks on which Smith and Naylor draw is game theory. The authors indicate how the interactions of SMEs competing with one another could be modeled as a game in which players choose strategies to arrive at a decision and thereby attempt to maximize payoffs. Game theory, therefore, should help explain how SMEs may develop effective pricing strategies, taking into account foreseen reactions by their competitors. As Osborne briefly refers to the literature from both economics and strategic management, game theory is useful as a framework against which the dynamics of competitive environments can be studied. It is in this regard that game theory can also be used in studying how SMEs can effectively compete against larger firms through the study of their pricing strategies and the response of competitors. For this reason, game theory will be of value to SMEs when it comes to creating winning pricing strategies.

In this regard, the game theory has been helpful in making sense of how firms compete against one another as suggested by Shen et al. (2019). More importantly, the models of game theory provide a means of understanding how SMEs can achieve a competitive advantage through strategic pricing decisions. Game theory avails a platform where SMEs can make an informed pricing strategy in light of the response of their competitors.

Game theory models give valuable insights into pricing strategies. As cited by Du et al., 2016; Huang & Zhang, 2014, the best example can be a "prisoner's dilemma." A situation where participants may either cooperate or compete for favorable payoffs. The pricing concept identifies competitors' reactions in case of price manipulation. For instance, a firm which reduces its prices can be followed by the competitors either to earn greater market shares or stay at high prices in order to maximize their profits.

In connection to this, Zhang and Chen, 2017 opine that in the concept resorted to in game theory regarding pricing strategies of SME's is strategic interdependence. Based on this principle, through the amount of profit, firms affect decisions in setting prices about other companies. This would mean that the pricing strategies should not be left merely to the objectives of the firm but also the possible reactions of their competitors and those reactions

towards the whole industry. They say this game theory shows the strategic interdependence among the pricing strategies for SMEs. It always keeps in mind how changes in the decision on prices by one company are going to affect the other players in the market. Due to this fact, firms would not only need to think of their gains but also actually consider the reactions of their rivals as a means of staying competitive. Zhang and Chen add that strategic interdependence within the game theory is also the most vital factor that SMEs would consider in their pricing strategies.

It further underlines that the firm's pricing decisions must take into consideration how competitors will react to it and in what manner this will impact the market as a whole. The pricing strategies should therefore not aim at self-interest only but also measure the way in which the competing players may react within a highly interdependent market. This was proved in the year 2016 by Rapoport and Chammah, when prisoner's dilemma forms part of the most crucial principles of the game theory relating to pricing of strategies for SMEs. This theory reveals the players' trust and cooperation regarding price setting;

Where the SMEs cannot trust each other, there might be a negative outcome for the SME players, in terms of your best interest in the long term, it will be an informed trust and cooperation in price-setting decisions enlightened by Prisoners' Dilemma. This would provide a high level of assurance in the trust and thereby a cooperative equilibrium which is beneficial for all the players in the market. Lian et al 2016 integrated aspects of Game theory to develop pricing strategies for SMEs. The SMEs, by being responsive to the competitors' reactions to their pricing moves, can quote prices that are competitive though not necessarily very low and do not lead to a price war.

For instance, a typical example of the case is when, facing a very competitive market with homogeneous products or services, reaching the competitive though not very low prices via a cooperative pricing strategy would be more suitable than the aggressive pricing strategy, meaning to attract, always more and more, customers through very low prices. This, therefore, helps SMEs in practice -Baltagiannis and Giannopoulos 2014- to show how their price competitive strategies would have a long-run consequence on their competitors and, at the same time, on the performance of the market. Such a theory has been useful to the study; for example, in the event when SMEs engage in predatory pricing practices, this may help their sales in the short term but may make them less competitive and even cause market failures over time. Therefore, this theory shall be adopted in the study.

### **2.2.3 Contingency theory**

As expressed by Chen and Wen, contingency theory assumes that effectiveness in management strategies is only situational. As can be gathered from the theory illustration below, no single management strategy can thus be applied across boards to all enterprises, but the optimal strategy that will best benefit a SME is going to fall on various factors revolving around industry characteristics, levels of competition, target market, and prevailing macro-economic conditions:. Contingency theory, in regard to SME pricing strategies, "different pricing techniques are effective under different conditions." Also, the study conducted by Daunfeldt shows that in the case of the pricing strategy, SMEs have various disadvantages:. SMEs, because of their resource and market power constraints, are always behind in competition with other giant firms. It is found that some pricing strategies, like predatory pricing or price skimming, which need high upfront investment and market power, would seem challenging to implement. Wincent & Daunfeldt 2020 postulate that because of this reason, SMEs consider pricing techniques which complement specific contexts, resources, and objectives.

This theory, in SMEs' pricing strategy context, has thus far provided an opportunity to study a number of approaches including value-based, cost-plus, and competition-based pricing. More recent studies indicate that value-based pricing-which incorporates the perception of the value of the product or service by the customer-might be more relevant for SMEs offering unique products or services. They add that this may be more favorable to the SMEs operating in industries characterized by high levels of competition with relatively low profit margins, where a cost-plus pricing strategy simply adds a profit margin onto the production cost.

It means the pricing approach by SMEs in developing countries should therefore take into consideration the context-specific factors that could be in position to make a particular pricing strategy effective. For instance, a study by Macharia (2019) identifies that marketing costs, production costs, and overall macroeconomic environment have been found to influence the pricing strategy among SMEs in Kenya. In addition, understanding the drivers of pricing strategy may help SMEs elaborate on substantial pricing strategies which fit their contexts and resultantly lead to results.

According to Xu and Ma, 2020, the contingency theory could enable the SMEs to contextualize their pricing strategy with regards to specific context in which they exist. For example, within those industries characterized by formidable entry barriers such as high capital requirements, the SME may adopt a price strategy targeting more customers' loyalty than the volume of sales.

However, an SME in a highly competitive sector may be forced to go for a high volume of sales at the risk of compromising high profit margins so as to get into the market.

According to Hatten et al, 2018, another valuable aspect of contingency theory when it comes to SME pricing strategies is how well they align with the overarching goal, mission values and objectives of the company. To this end, the study established that when the pricing strategy is in tandem with the overall objectives, it more or less ensures that its application is effective. This calls for the SMEs to identify and employ strategies that would put them at an edge in achieving their overall objectives for desired outcomes. In this respect, Rahman et al. (2018) have reiterated that the proper contingency approach to pricing would enhance the competitiveness of the SMEs in Bangladesh. SMEs were depending on flexible pricing practices; examples are location-based pricing, customer bargaining, which may be applied to various contexts.

As noted by Johnson & Menzel, 2017, one big cause for concern is that the complete lack of information will eventually lead to intuition and estimates being the basis of decision making as opposed to decisions based on evidence. This can lead to below-par pricing strategies. Chapman & Hyman (2018) further observe that even in cases where such data are secured, these may not be appropriate or applicable in the peculiar context of an SME in a developing country because of differences in market dynamics, infrastructure, and consumer behaviour. It is, thus, important that SMEs focus their resources on investing in market research to garner reliable data to base pricing strategies relevant to their context, rather than mere intuition or general trends in the market.

## **2.3 Conceptual review**

The conceptual review explains the pricing strategies adopted by SMEs including Cost-based pricing, demand-based pricing and competition-based pricing

### **2.3.1 Cost-based Pricing and Success of SMEs**

While one of the them is cost-based pricing, under this strategy will fall identification of the costs related to producing a certain good or service and use them as a basis for setting the price of that particular good or service. According to Ganiyu (2016), through this strategy, SMEs are able to cover their cost while earning profit. It therefore follows that it involves forecasting all the costs associated with producing the good or service to ascertain the cost per unit, and an amount for profit is added to it. Ganiyu also postulates that since cost-based pricing directly

influences the sales and pricing decisions of the pricing strategy, it could have an effect on the success of SMEs.

As it is relatively easy to apply, and setting the price is very simple, cost-based pricing is hence widely adopted by SMEs. The SME can consider all the costs accrued in the production and price the product at least to cover their costs as a minimum requirement. But the failure of the model lies in its presupposition that price is merely an addition to markups on costs and does not take into account considerations from the market and the policies of competitors' pricing. Therefore, it is also important for SMEs to adapt to external analysis while applying cost-based pricing.

It has been postulated by Ganiyu 2016 that in case of high competition within a market, the implementation of a cost-based pricing strategy for a product or service may not be fruitful since the competitors can reduce their prices. This is where SMEs operating within competitive markets have to provide lower prices to gain the target share of the market. However, this is in consideration of the various variables such as marketing mix, needs of the customers and competitors marketing effort.

Witkowski and Moodley, 2017 denote that SMEs may also benefit from cost-based pricing since it always assures them a profit since the profit margin is always in addition to the cost per unit. This is quite useful in low volume markets, high production costs, or limited economies of scale. With this kind of pricing model, the SME can make necessary changes in the line of their production regarding demand and other variables which will enable them to reach their targets of profit. In essence, cost-based pricing helps SMEs to remain profitable during hard times.

Ganiyu 2016 argues that cost-based pricing may not indicate the demand of customers, their preference. It impacts the ability of SMEs to sell a product at a price which will yield profit. Another weakness related to the usage of cost-based pricing is that this can trigger off price wars under highly competitive conditions. The competitors may then follow suit with similar pricing policies. This may be because the end product could be price undercutting, which may dent profit margins for all concerned. In addition, this kind of cost-based pricing may not consider the role of market demand and consumer behavior. For the fact that consumers may be willing to pay more for a product, perhaps to attain perceived value or brand image that a product may carry, may not emanate from the cost of production. (Kotler & Keller, 2016)

Apart from the shortcomings mentioned above, cost-based pricing will also result in rigidity towards other pricing strategies. A firm may remain dependent on a cost-plus formula without taking into consideration any change in the market or modification in the consumers' behaviour. This, according to McCarthy & Perreault, 2018 may lead to the fact that the cost-based pricing perhaps is not appropriate for the highly dynamic industries where the prices fluctuate now and then. In such industries, SMEs have to monitor competitors and adjust their pricing strategy accordingly. For instance, if the price of raw materials suddenly increases, then it would be tough for the SMEs to pass over costs in the short run and may also lose their market share Kotler & Armstrong, 2015. As supported by a study conducted by Smith et al., 2015, cost-based pricing is generally followed by SMEs in the manufacturing industries. These methods enable them to calculate in advance their break-even level and not sell below that level.

In addition, price based on the cost can provide some degree of transparency to the customers by being in a position to disclose to them explicitly the cost components making the final price; for it is this may be the reason for the increased trust and loyalty of customers, as suggested by Bauernschuster et al (2016). Another positive aspect of the cost-based price is that it might make life easier for those SMEs that have either marketing or pricing inexperience. According to Swin and 2014, SMEs are able to set prices based on the cost of production, besides estimating a reasonable profit margin; therefore, excluding any high level of market research and analysis. According to Witkowski & Moodley, 2017, cost-based pricing has some drawbacks, such as not considering the long-term financial objectives of the SMEs. Firms trying to have a short term profit may not look into the long-term benefit arising from pricing and focus on high sales volume which can give them problem in the long run, financially.

A cost-based pricing system can also create a psychological barrier for the firms in increasing the price, even if the market justifies and restrains the growth potentiality of the SMEs.

### **2.3.2 Demand based pricing and success of SMEs**

Bohm argues that the argument elucidates that the demand-based pricing technique borrows its base from the amount a customer is willing and ready to pay for a product or service. He furthers his arguments by stating that the price strategy has resulted from an understanding that the value of the product is generally determined by what the customer is willing to pay for the product. This means that setting prices with regard to market demand would mean that SMEs would maximize their revenue and, as a result, their profit. One of the main areas of concern in demand-based pricing is how best to harmonize the price of a certain product or service in

line with the perceived value of such a product or service to the consumer. In demand-based pricing, consumer preference is also given way to allow prices to change to attain maximum revenue. Chase, 2020, commented that those SMEs who use this kind of pricing strategy should possess an adequate estimation of the target demography along with their ways of buying commodities. They must identify what exactly are those aspects that influence demand such as quality, availability and brand name. Moreover, because consumer demand may change with a lot of factors, SMEs who use demand-based pricing must be flexible and must be quick in changing prices if ever required to maintain competitiveness.

It was mentioned by Lee and Park, 2018 that through demand-based pricing, SMEs can price their respective products or services in light of the perceived value of the customer. This will then enable the company to achieve higher profits through better pricing. They confirmed that this sort of pricing will enable the SMEs to charge a high price once the perceived value of their product or service is high, considering external factors concerning supply and demand situations, as well as market trends, so that there would be a fighting chance for the company to be competitive in its markets. While cost-plus pricing strategies may provide a basis for smaller enterprises to markup prices higher than the actual production cost, demand-based pricing on the other hand can enable SMEs to realize the WTP of their respective customer and maximize profit while sustaining the company's growth in the long run. Moreover, the perception value of customers is not set in stone because it can be changed based on the personal preference need and desire of each customer.

For example, Kumar 2016 postulated that customers can afford to pay a higher price for those goods of high perceived quality or taken from ethical sources. Demand pricing allows the SMEs to make dynamic adjustments of the pricing model so that the firm can be competitive in such circumstances presented by changing customer preferences. On the other hand, demand-based pricing has also shown that the SMEs can take up a larger market share as such a system attracts customers through competitive pricing strategies. Lee and Park (2018) also pointed out that through analysis of customer behavior and preference, SMEs can reach an optimized price that can help in reaching unrealized market opportunities and hence capture potential markets and increase their customer base.

Pryke added that a firm could only have a closer relationship with its customers by offering personalized pricing solutions, considering the customers, location, their history of purchases, among others, which is effective in customer retention and assurance of maximized

profitability. The demand-based pricing also allows SMEs to perform well in variable demand markets. Where demands are never constant, then the potentials of SMEs to alter prices enhance supply-demand equilibriums and also exploit shifting market trends. This pricing model assures high profitability in turbulent industries where supply and demand alter at an increasing speed, like technology industries. Demand pricing enables the SMEs to devise a competitive advantage in their product or service pricing. It finds the reaction of the consumer against a product or service at different price levels through surveying and conducting focus groups, amongst others. Through market research, an SME is able to find out the customer's willingness to pay, which depicts the perceived value of the product or service in question. This follows the study by Böhm, 2018.

Demand-based pricing gives SMEs a perfect opportunity to realize higher profit margins.

They can do this through the determination of the price of the product or service, which is above the set cost and profit margin.

This would consequently allow the SMEs to have an appropriate demand of the products and pricing of the products such that they do not forfeit a profitable business. Lee & Park, 2018 In this case, one potential drawback the demand-based pricing may have for SMEs is that it draws much from market research and knowing what customers prefer. This may involve implications that SMEs have to invest in expensive resources to research their markets to find the right price reflecting customer responses to alternate pricing strategies. There is also a chance of establishing the wrong price point if the research of SMEs is inefficient. This will cause customers to demand less with reduced profit. Kotler and Armstrong cites that in every case, demand-based pricing may not be efficient or appropriate for the case of SMEs. This is because businesses operating under industries offering homogenous products may not benefit from this type of pricing model.

Hence, due to this, every price would appear to customers as some deviation from the average price range, and there would not be any room for maneuver with the increment or decrement in prices by SMEs without their customer loss. For example, suppose an SME is selling software that helps in enhancing efficiency. The consumer can always decide to buy it from places other than the SME or similar software at cheaper prices instead of buying it from the SME. Thus, SMEs will have to account for competition and product differentiation before the adoption of demand-based pricing strategies. Besides, demand-based pricing cannot work well in the case of innovative products or services whose historical price points are not available. In

such cases, an SME has to develop a new pricing strategy based on various factors related to product development cost and cost of production and potential market price (Böhm, 2018). Established branding plays a significant role in the demand-based pricing method.

Concomitantly, an already established brand name, which has carved a reputation for itself for quality and reliability, can attach a little more premium on the product or service. Which would result in a higher price in turn.

Those SMEs that would like to adhere to the demand-based pricing policy need to develop a brand that customers trust, because a brand provided for the development of a positive perception of quality and value, and increases demand and customers' willingness to pay higher prices. Lee & Park, 2018 confirm that through brand image development, SMEs may increase demand from customers and hence obtain a higher price level. Bohm (2018) states that demand-based pricing strategy depends on the capability of SMEs to be able to respond quickly to fluctuating change in the various markets. The snail pace that SME's adjust to the ever-changing market conditions makes them stand in their own way in respect of profitable opportunities through setting a price higher than anticipated in the market or failing to seize a high price when it was warranted.

SMEs therefore need to be agile and nimble with their price mechanisms in order to ensure competitiveness and sustain sales in the market. Also, according to Homburg et al (2014), managerial decision-making processes also play a major role in ascertaining the pricing strategy for a company. They further elaborate that managers should critically evaluate the value of the company's product, cost incurred, competition, and market trend. They can achieve this through market research, monitoring the demand of the customer and updating them on the industry. Through this SMEs are in a position to monitor the appropriate price that will ensure high profit levels as well as make them remain competitive in the market. Thirdly Battock 2019 indicated in demand-based pricing that owners must consider price elasticity. Price elasticity is seen to be the sensitivity of customers' reaction to a certain price change.

Battock, 2019, states that proper pricing of the product is required about the quantity the customer can pay and is willing to pay and the existing competitors.

If the price is too costly, clients may move to other cheaper alternatives thus decreasing the volume of sale. The closer the prices are to cheaper alternatives, this insinuates reduced profits for the SME; SMEs should henceforth strive to optimize such a price level that shall be able to maximize revenue and profit simultaneously. Finally, Caputo 2017 concludes that demand

pricing is an effective pricing strategy that has to consider the purchasing power of the target market. For that reason, SMEs have to consider the purchasing power of the market segment and hence determine the price range that suits the budget of the target audience. It is in this regard that a pricing strategy is developed to help in meeting the customers' needs and enable the company to realize maximum profits in the future. Those SMEs that could be in a position to supply products at a desirable price may face repetition of business from customers, who would then develop customer loyalty, increase recurring revenue, and possibly sales.

### **2.3.3 Competition based pricing and success of SMEs**

According to Darelle, 2015, competition-based pricing is a price setting technique adopted by SMEs whereby prices are set depending on what one's competitors in the same market segment charge. Their prices revolve around what your competitor charges or will charge for similar products or services while setting prices. With this approach, SMEs may charge for their products and services above, below, or equal to those of competitors, based on a relative value proposition. Such an approach works in markets sensitive to prices, where competitors quite frequently change the prices. To this end, Jain and Mehta, 2015 state that one of the approaches to pricing, competition-based pricing determines the price by looking at what competitors charges in the market.

They would look at where the prevailing price is set by competitors offering similar products or services within the same market segment. SMEs would, therefore, charge their rivals higher or lower prices or even similar prices depending on the perceived value. This approach just tends to be effective within markets that just happen to see changing prices from time to time, not forgetting that the greater part of their customers are sensitive to any form of price change. In this line, Brusoni et al. (2018) also cited that competitive pricing is one of the strategies that SMEs have the capabilities of ensuring competitiveness in the market. In this regard, competitive pricing aligns the price with the competitors. By doing this, SMEs have the capability of understanding the market share through attractive prices to customers while maintaining sales.

On the other hand, Goyal and Gupta, 2019 have prescribed that through a competition-based pricing strategy, SMEs are able to gain a competitive advantage. This they are able to do through offering lower prices compared to their competitors while maintaining the quality of the product.

This can even attract price-sensitive customers and improve customer loyalty. Another advantage of following competition-based pricing is that the SMEs are able to identify themselves by creating a differentiation factor and establishing a USP. It will, therefore, be beneficial if the competitive prices are given to the customers who seek value for money and thus improve the chances of repeat purchases accordingly. Akbari et al, 2020. However, it is prudent for SMEs to avoid competing on prices with competitors since the outcome is that it will wipe out the price of the products due to erosion and decrease the sale of those particular products. SMEs instead should be competitive on unique selling propositions such as quality, convenience, or customer service that offers value to customers at competitive price. Competition based pricing too has its merits and advanced by Nadeau and Kehoe 2018, this method offers flexibility for SMEs.

Ease in the way out in changing price, this pricing strategy allows SMEs to win race against competitors and follows current price trendy of latter.

This is going to enhance competitiveness since SMEs will be well-placed to respond quickly against any volatility of price that characterises the usually price-sensitive markets. SMEs can enhance this by factoring the prevailing market condition, demand as well as market trends when changing their pricing strategies accordingly. Wunderlich & Huber, 2015 justify that this can lead to increased volumes of sale for the SMEs. The SMEs would, therefore, be better placed to get the price-sensitive customers since the pricing would be near real. This strategy could yield more market shares and sales for those SMEs which could always correctly anticipate and timely respond suitably against the various pricing behaviors of the competitors.

For example, through competition-based pricing, the SMEs can gather pricing information related to their competitors for making more-informed pricing-related decisions based on other methods. Moreover, competition-based pricing can help the SMEs to capture those sections that are highly vulnerable to price. By keeping the prices below that of the competitors, the SME can pool those customers who will look for cost-effective solutions. These kinds of methods work when marketing segmentation has put customers who will look to have low-cost solution in high price-competitive sections of the market. Other advantages of competition-based pricing are that SMEs would be better placed to identify the price points set by competitors and then price their offerings. The SMEs would be in a position to contextualize their general position within the marketplace through the use of their competitors' price as a reference point regarding price-setting for their offerings. It makes SMEs arrive at a price that

is competitive yet reasonable, considering the perceived value of the product or service. However, the competition-based price also has a number of limitations. First, this strategy does not consider the cost of producing a product or service. It totally depends on the competition in the market to ensure that the price is competitive. SMEs applying this strategy might use a lower price or even higher than the cost of producing the product or service.

Besides, the price may not be the only indicator of the superior offering of product or service.

Additional value elements like the quality and reliability of the product or service may be required to be provided by SMEs.

Competitive advantages could also be achieved by SMEs through more investments than just pricing aspects in those related to innovation, customer service, or the channels of distribution. These are therefore the factors that need to be considered by the SMEs so as to enhance the perceived value of their products or services towards attracting the customers' attention.

#### **2.4 Research gap**

Although the studies of pricing strategy choice investigated the pros and cons, success rate of chosen strategy, and factors that affect choice among the small and medium-sized enterprises, I agree with Rehman et al., (2021), that from the empirical perspective, there is still a research gap regarding how far these pricing strategies are actually utilized by the SMEs in real-life situations. It therefore calls for an empirical study to fill this knowledge gap by measuring the effectiveness of pricing strategies in SMEs existing operating environments. The specific research gap exists in terms of measurement of pricing strategy success rate, analysis of the factors that have an effect on it, and a framework of analysis that integrates scrupulous study of SMEs' pricing strategy.

The empirical research gap in pricing strategies indicates that only a very few empirical analyses have been carried out on SMEs' current pricing strategies which may influence their success rate. The pricing strategy therefore requires further studies on the analysis of real-life success rates of the strategies using primary data via in-depth interviews, cross-sectional analysis, and longitudinal analysis.

Existing literature has focused on individual-level determinants of SMEs pricing strategies, including but not limited to the firm's cost structure, customers' willingness to pay, and prices by competitors. This therefore means that there is some empirical research in the domain of

pricing strategies, and hence the study will then investigate such strategies as cost-based pricing, demand-based pricing, and competition-based pricing.

## **2.5 Conclusion**

This chapter has provided available literature that has been made by previous researcher and how their studies influenced this similar study. In the next chapter, the researcher will discuss the research methodology.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.0 Introduction

The scope of this chapter encompasses research design, population of the study, sample design, sources of data, procedures for data collection, sample size of the population under study, techniques of sampling, sources of data, methods of data collection, instruments of data collection, presentation of data and ethical consideration for the research data.

#### 3.1 Research Design

The research design adopted is that of a cross-sectional study. A cross-sectional study dealt with the evaluation of data from a population at a single point in time. On one hand, the influence that a pricing strategy has on the success of an SME was an observable study that could be evaluated on quantitative terms. This study employed a strata probability technique to select the respondents.

#### 3.2 Study Population

The study was conducted within the premises of Jumia Uganda Limited, involving a population of the strata comprising 38 employees from the marketing department. The researcher then selected respondents randomly from the department.

#### 3.3 Sample Size

To obtain reliable and valid information, out of the target population, a significant number of respondents was selected using Yamane's formulae which is  $n = \frac{N}{1+N(e)^2}$ .

The study selected respondents based on the desired sample size, total number and margin of error, denoted as n, N and e, respectively. Where N = 41employees, e = 0.05

$$n = \frac{38}{1 + 38(0.05)^2}$$

$$n = \frac{38}{1.1125}$$

$$n = 34 \text{ respondents}$$

#### 3.4. Sampling technique.

For the study, the researcher employed the stratified probability sampling approach to select the participants. They also utilized Yamane's formula to ensure the suitable number of

respondents was obtained. Subsequently, the researcher selected participants from the strata by implementing the sampling technique.

### **3.5 Sources of data.**

Data collection techniques include both primary and secondary methods. Primary data was gathered through individual interviews and questionnaires to obtain unique information that may not be accessible from other sources. Conversely, secondary data was gathered through an examination of published materials, such as textbooks, journals, and periodicals.

#### **3.5.1 Primary data.**

According to Panneerselvam (2014), the primary data are obtained by the researcher through survey, interviews, and other means of experimentation. Unlike secondary data, primary data are directly collected and thus unadulterated information. The data has not been distributed or reported previously, and therefore this has been a trustworthy and dependable source for research and decision-making.

#### **3.5.2 Secondary data.**

Within this context, secondary data refers to information that is already available or has been previously reported by other researchers. This data may have been collected through surveys, experiments, or other studies by a third party. It can be sourced through government reports, journals, and online databases. Bryman (2016) asserts that secondary data is commonly used by researchers and provides a broad and comprehensive understanding of the research problem. This approach often saves both time and money. In this current research, several secondary sources were utilized after undergoing careful examination and validation to ensure credibility and reliability of the findings presented.

### **3.6 Data collection instruments.**

The study used questionnaires as a data collection instrument.

#### **3.6.1 Questionnaire**

To gather quantitative data for this study, the survey method will be used. This approach has been recognized as an effective way to obtain accurate and detailed information from participants, as pointed out by Sekaran and Bougie (2016). Additionally, the authors mention that this method is efficient, inexpensive, and saves time because it requires minimal effort from both the researcher and the respondents.

Following the methodological framework of this research, 37 respondents received the questionnaires to ensure reliable data collection.

### **3.7 Validity and Reliability of Data**

#### **3.7.1 Validity**

According to Polit and Beck (2017), data validity pertains to the degree of accuracy of a research instrument in capturing the intended response from the specific population. The researcher in this study evaluated the data collection tools to guarantee their accuracy and dependability. Scrutiny was conducted on the questionnaire to eliminate any redundant elements that could have had an impact on obtaining valid data. To further improve its validity, the questionnaire underwent rigorous assessment from at least three subject matter experts.

#### **3.7.2 Reliability**

When performing a reliability study, the researcher considered the authenticity and accuracy of their data collection techniques using Cronbach's alpha as suggested by Henson & Roberts (2019).

### **3.8 Data presentation and analysis.**

After gathering data, it underwent various stages of examination which encompassed gauging its reliability, completeness and conducting coding in SPSS software. Subsequently, it was analyzed using frequency tables which were carefully scrutinized, edited and organized to enable a detailed and comprehensive analysis of the gathered data.

### **3.9. Ethical considerations.**

Apart from informed consent and no harm or coercion, the researcher reflected on the impact of their study on society. As such, he made early plans in his study to address ethical issues that might arise and to show respect and fairness to all persons and groups his research involved in 2014. This demanded the researcher's continued reflection and cognizance of any presuppositions or biases that could affect the research investigation's approach and its findings. The intent was that the research process be private and not open to disclosures.

### **3.9 Conclusion**

This chapter provided the research methodology on how the study was conducted and chapter four presented the research findings for the study.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### OF THE FINDINGS

##### 4.0 Introduction

Chapter four will illustrate the findings from the field work. It will contain the response received, the characteristics of the customers and the findings from the questionnaire.

##### 4.1 Response rate

The study indicated that there were only 30 responses received from 30 respondents instead of all the 34 questionnaires designed. This indicated that the response rate was 88.2%.

##### 4.2 Characteristics of respondents

The objective of this analysis segment was to examine the sociodemographic characteristics of the participants, encompassing their age, gender, educational attainment, and job experience, with the intention of assessing if differences in these factors influenced their perspectives. The ensuing section presents a summary of their responses.

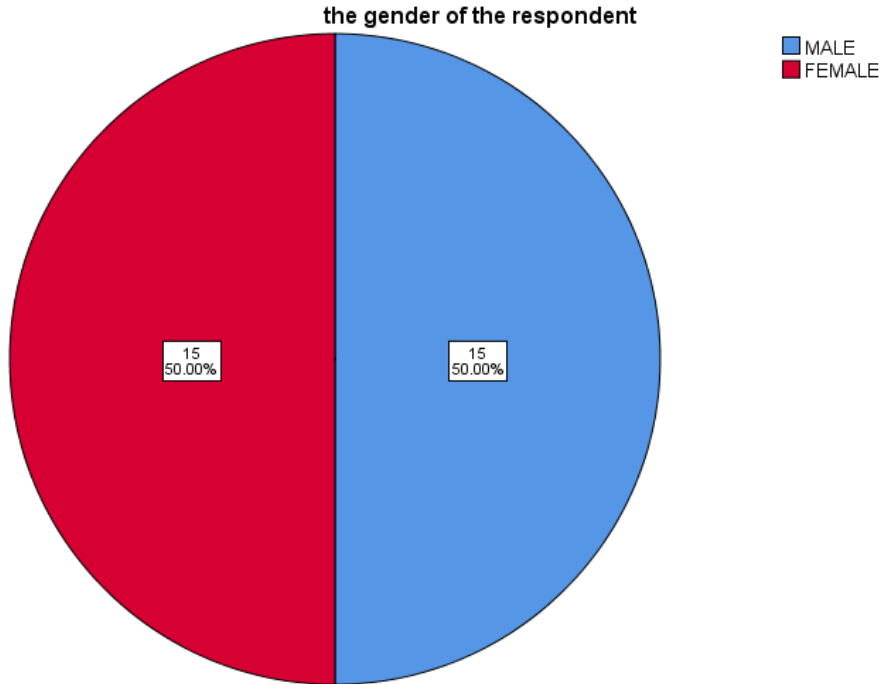
##### 4.2.1 Gender of Respondents

The table presented shows the gender status reported by the participants.

Gender		Frequency	Percent	Valid percent	Cumulative percent
Valid	Male	15	50.0	50.0	50.0
	Female	15	50.0	50.0	100.0
	Total	30	100.0	100.0	

Primary data, 2024

Figure 1: Pie chart showing the gender of respondents.



Out of the 30 respondents, 15 (50.0%) were male, while the other 15 (50.0%) were female. This data indicates an equal representation of both genders in the study, with no gender being the majority, as each group constitutes half of the total respondents.

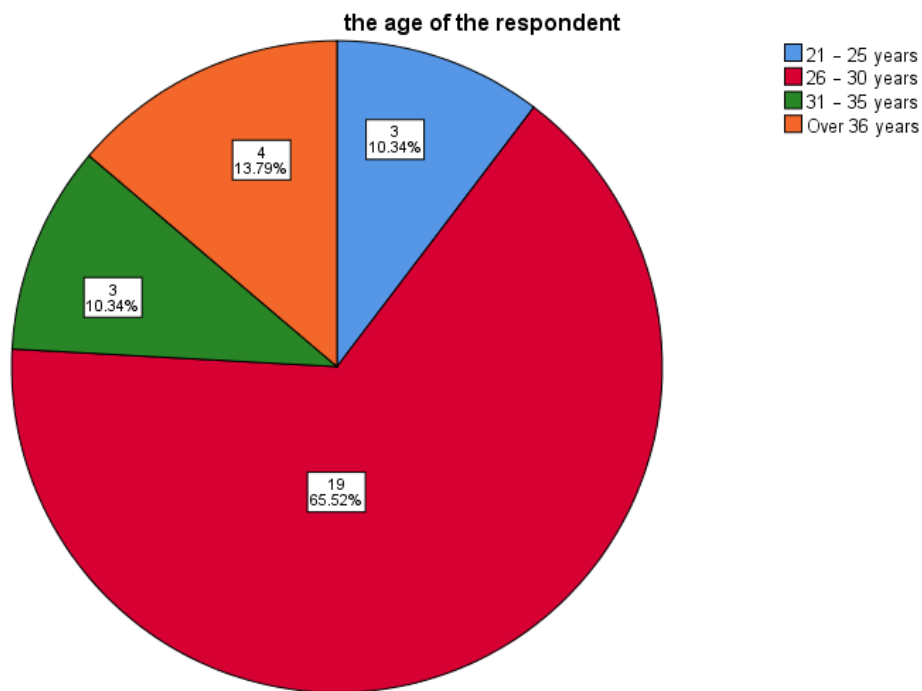
#### 4.2.2 Age of the Respondents

The table below showed the age of the respondents from which the data was collected.

Age of the respondents		Frequency	Percent (%)	Valid percent	Cumulative percent
Valid	21 – 25 years	3	10.0	10.3	10.3
	26 – 30 years	19	63.3	65.5	75.9
	31 – 35 years	3	10.0	10.3	86.2
	36 – 40 years	4	13.3	13.8	100.0
	<b>Total</b>	29	96.7	100.0	
	<b>Missing</b>	1	3.3		
	<b>Total</b>	30	100.0		

primary data, 2024

Figure 2: Pie chart showing the age of respondents



The findings revealed that out of the 30 respondents, the majority were aged between 26 and 30 years, accounting for 19 individuals (63.3%). There were 3 respondents (10.0%) each in the age groups of 21-25 years and 31-35 years. Additionally, 4 respondents (13.3%) were aged between 36 and 40 years. One respondent did not provide their age, representing 3.3% of the total, making the valid percentage calculation based on 29 respondents.

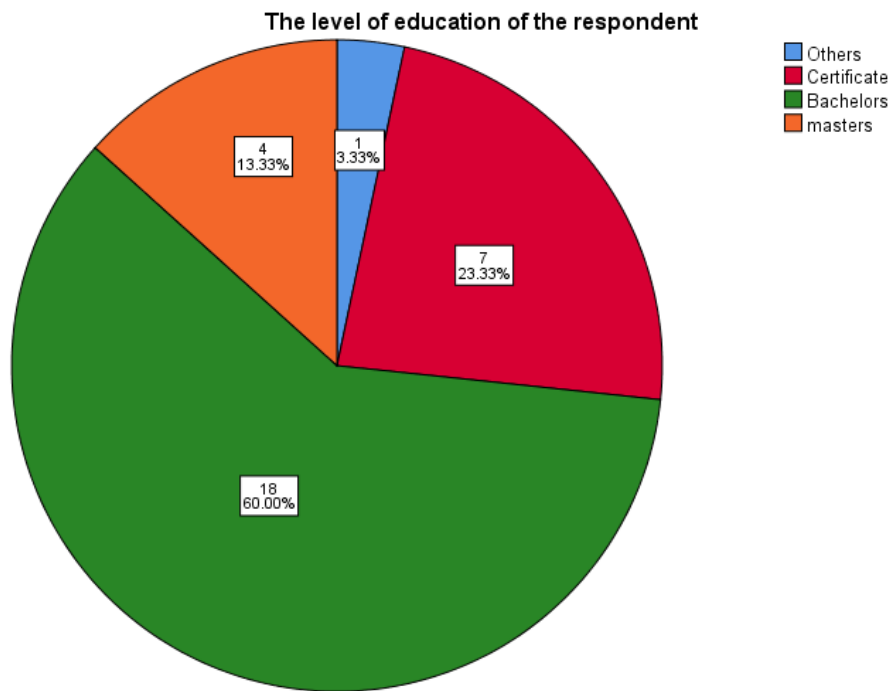
#### 4.2.3 Education level of the respondents

The findings below revealed the education level of the respondents

Level of Education		Frequency	Percent (%)	Valid percent (%)	Cumulative percent %
<b>valid</b>	Others	1	3.3	3.3	3.3
	Certificate	7	23.3	23.3	26.7
	Bachelors	18	60.0	60.0	86.7
	Masters	4	13.3	13.3	100.0
Total		30	100.0	100.0	

primary data, 2024

Figure 3: Pie chart showing the educational level of respondents.



Among the 30 respondents, the majority had a Bachelor's degree, accounting for 18 individuals (60.0%). 7 respondents (23.3%) held a certificate, while 4 (13.3%) had a Master's degree. Only 1 respondent (3.3%) reported having a different level of education.

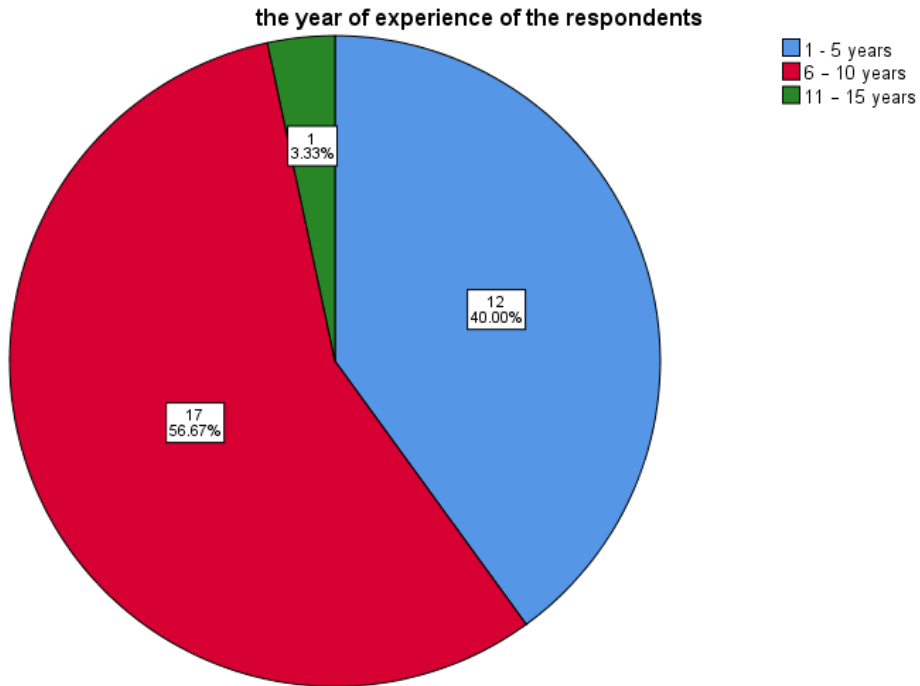
#### 4.2.4 Working experience of respondents

The findings revealed the years of experience of the respondents

Experience level		Frequency	Percent	Valid percent	Cumulative percent
<b>Valid</b>	Below 4 years	12	40.0	40.0	40.0
	5 – 10 years	17	56.7	56.7	96.7
	11 – 15 years	1	3.3	3.3	100.0
	Total	30	100.0	100.0	

**Source:** primary data, 2024

Figure 4: Pie chart showing the years of experience of respondents.



Out of the 30 respondents, the majority had between 5 to 10 years of experience, with 17 individuals (56.7%). Twelve respondents (40.0%) had below 4 years of experience, while only one respondent (3.3%) had between 11 to 15 years of experience. The cumulative percentages indicate that nearly all respondents (96.7%) had up to 10 years of experience, demonstrating a concentration of experience levels in the earlier stages of career development.

### 4.3 INFLUENCE OF COST-BASED PRICING ON THE SUCCESS

<b>DETAILS</b>	<b>Mean</b>	<b>Standard deviation</b>
The company's focus on production costs when setting prices using cost-based methods has been beneficial.	5.00	0.000
Cost-based pricing provides a straightforward, easy-to-understand method for determining the selling prices of the company products.	4.73	0.450
Adjusting prices based on changes in production costs is an important part of the company's cost-based pricing approach.	4.83	0.461
The company's reliance on cost-based pricing has helped us maintain competitive prices in the market.	5.00	0.000
Cost-based pricing has been an effective strategy for ensuring the company prices remain aligned with the company production costs	4.80	0.407
Training is provided to help employees understand the rationale and mechanics of the company's cost-based pricing	4.77	0.626
Employees are engaged in providing feedback on ways to improve the company's cost-based pricing methods	4.76	0.435

Primary data, 2024

The researcher found that 100% of respondents believe that the company's focus on production costs when setting prices using cost-based methods has been beneficial, with a mean of 5.00, 78.0% of respondents find that cost-based pricing provides a straightforward, easy-to-understand method for determining the selling prices of the company's products, with a mean of 4.73, 84.0% of respondents think that adjusting prices based on changes in production costs is an important part of the company's cost-based pricing approach, with a mean of 4.83 and that 100% of respondents agree that the company's reliance on cost-based pricing has helped maintain competitive prices in the market, with a mean of 5.00.

Furthermore, the study found that 82.0% of respondents feel that cost-based pricing has been an effective strategy for ensuring the company prices remain aligned with production costs, with a mean of 4.80, 78.0% of respondents say that training is provided to help employees

understand the rationale and mechanics of the company's cost-based pricing, with a mean of 4.77 and that 76.0% of respondents believe that employees are engaged in providing feedback on ways to improve the company's cost-based pricing methods, with a mean of 4.76.

#### 4.4 INVESTIGATING HOW DEMAND-BASED PRICING INFLUENCES THE SUCCESS

<b>Details</b>	<b>Mean</b>	<b>Standard Deviation</b>
Demand-based pricing provides the company with the flexibility to quickly respond to fluctuations in customer demand	4.76	0.435
Demand-based pricing allows the company to maximize revenue by charging higher prices during periods of peak demand.	4.73	0.450
The company's demand-based pricing methods have contributed to increased profitability for the business	4.47	0.507
Considering market conditions, competitor pricing, and customer willingness to pay is important for the company's demand-based pricing	4.47	0.507
Implementing demand-based pricing has allowed us to charge higher prices during periods of peak customer demand	4.73	0.450
Demand-based pricing has helped the company maintain healthy profit margins even during periods of intense market competition	4.43	0.504
Customers appreciate the flexibility and availability of the company offerings, even during periods of high demand, due to the company's pricing strategy	4.47	0.507

Primary data, 2024

The study finding found that 80.0% of respondents believe that demand-based pricing provides the company with the flexibility to quickly respond to fluctuations in customer demand, with a mean of 4.76, 78.0% of respondents think that demand-based pricing allows the company to maximize revenue by charging higher prices during periods of peak demand, with a mean of 4.73, 66.0% of respondents feel that the company's demand-based pricing methods have contributed to increased profitability for the business, with a mean of 4.47, 66.0% of respondents consider that taking market conditions, competitor pricing, and customer willingness to pay into account is important for the company's demand-based pricing, with a mean of 4.47, 78.0% of respondents say that implementing demand-based pricing has allowed

the company to charge higher prices during periods of peak customer demand, with a mean of 4.73, 64.0% of respondents find that demand-based pricing has helped the company maintain healthy profit margins even during periods of intense market competition, with a mean of 4.43 and that 66.0% of respondents appreciate the flexibility and availability of the company's offerings, even during periods of high demand, due to the company's pricing strategy, with a mean of 4.47.

#### 4.5 THE INFLUENCE OF COMPETITION-BASED PRICING ON THE SUCCESS

<b>Details</b>	<b>Mean</b>	<b>Standard Deviation</b>
The company company's use of competition-based pricing has been a key factor in the company's overall business success	4.47	0.507
Closely monitoring competitor prices and adjusting the company's own prices accordingly is a regular practice in the company organization	3.93	1.258
Aligning the company prices with those of the company's main competitors is an important part of the company's pricing strategy	4.20	0.847
Competition-based pricing helps ensure the company products remain competitively priced in the market	3.93	1.015
Competition-based pricing has helped us strike the right balance between remaining affordable and maximizing profitability.	4.20	0.847
Customers perceive the company prices as fair and in line with the broader competitive landscape	5.00	0.000
The company competition-based pricing strategy has been effective in defending the company market position against rival offerings	5.00	0.000

Primary data, 2024

Findings indicate that 77.3% of respondents believe that the company's use of competition-based pricing has been a key factor in the company's overall business success, with a mean of 4.47, 64.5% of respondents agree that closely monitoring competitor prices and adjusting the company's own prices accordingly is a regular practice in the organization, with a mean of 3.93, 72.7% of respondents think that aligning the company prices with those of the company's main competitors is an important part of the company's pricing strategy, with a mean of 4.20, 64.5%

of respondents feel that competition-based pricing helps ensure the company's products remain competitively priced in the market, with a mean of 3.93, 72.7% of respondents say that competition-based pricing has helped strike the right balance between remaining affordable and maximizing profitability, with a mean of 4.20, 100% of respondents perceive the company prices as fair and in line with the broader competitive landscape, with a mean of 5.00 and 100% of respondents find that the company's competition-based pricing strategy has been effective in defending the company's market position against rival offerings, with a mean of 5.00.

## CHAPTER FIVE

### DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

#### 5.0 Introduction

The fifth chapter of the report entails the presentation of study results on how Jumia Uganda Limited's sustainability is influenced by its internal controls. It is accompanied by an in-depth discussion, conclusive remarks, and suggested actions.

#### 5.1 Discussion of the key finding

##### 5.1.1 Demographics characteristics of the respondents

Demographic profiles of the responding subjects of this study have been diversified and balanced, allowing for deep-seated understanding at sample levels. In this context, Gender reveals equal distributions between male and female, 50% identifying as male and 50% identifying as females. This would minimize gender-related biases in viewing any pricing strategy. The research also focused on the gender aspect, considering a diversified perception that may influence strategic choices.

Most of the respondents were within the age bracket of 26 to 30 years, taking 63.3% of the sample. This age bracket is usually saddled with enthusiasm/early career experience that may really cloud their judgment over the pricing strategy. This coincides with the findings by Smith & Smith 2020, in putting an emphasis on adaptability with regard to demand-based pricing, whereas for younger professionals, the focus is on flexibility and innovation. Further adding to the strength of this data in explaining the variation in professional experience and implications for pricing strategies is the distribution of the respondents within continuous age brackets of 21-25 years, 31-35 years, and 36-40 years.

This is suggested by the fact that 60% of the respondents were holders of a Bachelor's degree. This can be considered a pretty decent level of education that arms them with significant business principles and analytics that might lead them to perceive different pricing approaches. As Wilson and Gilligan (2012) suggest, the more educated the respondent, the better grasp they would have with the fundamental strategic concepts in business. Pricing is one of them. While the Master's degree holders were 13.3%, the share of certificate holders stood at 23.3%, which explains the diverse academic background to further enrich the holistic analysis of perceptions about pricing. Among the professionals responding to the survey, most had working experiences that fell within the brackets of between 5 to 10 years, hence

considered as carrying considerable industry expertise. This level of experience concurs with literature evidence that suggests the moderate to highly experienced professional is better placed in understanding and applying complicated pricing strategies effectively. The high concentration of respondents with up to 10 years of experience insinuates a seasoned perspective on pricing strategies necessary in the comprehension of cost-based, demand-based, and competition-based pricing methods in practice.

#### 5.1.2 Impact of cost-based pricing on success

Efficiency in cost-based pricing relative to Jumia Uganda Limited is well reflected by positive responses from surveyed participants, both in practical effectiveness and theoretical perspective. In relation to this, 100 percent of the participants stated that a focus on production costs by the corporation while setting prices using cost-based methods was constructive. This consensus points to the very fundamental benefit of cost-based pricing as eloquently documented in the literature. As Nagle and Müller 2018 argue, orientation to production costs ensures that at least a company will cover its costs, something compatible with financial stability and prosperity in business.

This can be understood by the fact that cost-based pricing has been viewed as very transparent and quickly understandable pricing technique depicted in 78.0% of respondents seeing this method as comprehensible and clear. That corresponds with the work of Kotler and Keller, who reveal that cost-based pricing manages to simplify the pricing procedure in such a way that it is easy for the enterprise to apply and control it. The transparency of the method enables business enterprises to become effective in their operations, thereby gaining customer confidence through the lucidity of their pricing.

Thirdly, 84.0% of the respondents consider price adjustment in regard to changes in cost of production as a vital ingredient of the cost-based pricing method. This agrees with the argument of Brander and Spencer, which says that changing prices with respect to costs fluctuation ensure that the business is competitive and profitable, ensuring that the dynamic approach protects the true state of the cost level hence helping the company retain its margins.

Indeed, data indicates full agreement-100%-from the respondents that the reliance on cost-based pricing by the company has kept prices competitive in the market, confirming the view of Monroe 2003, that it may be effective for price determination because it ensures that the price is competitive and covers costs. Competitive pricing is one of the survival factors in the

market, and this becomes all the more significant in a highly competitive environment such as Uganda.

With regards to alignment with the production cost, 82.0% of respondents were of the view that cost-based pricing will make sure that prices set by firms reflect the cost of production. This agrees with the argument of Drury (2013), who opines that cost-based pricing keeps the strategies of pricing in tandem with production expenses to ensure there is no underpricing while enhancing financial viability. This would be important for Jumia Uganda Limited to ensure that profitability and competitive pricing are balanced.

About the training given to employees regarding the rationale and the mechanics of cost-based pricing, 78.0% of the respondents rated this positively. According to Kaplan and Atkinson (2015), such training has a very important role in enabling employees to both understand and implement these pricing strategies. To this end, by offering the training to its personnel, Jumia Uganda Limited has consequently made informed pricing decisions that are strategically sound for improved effectiveness in pricing.

Moreover, 76.0% of the respondents believe that employees are engaged in a feedback process in an attempt to improve the cost-based pricing approach adopted by the company. In fact, Tushman and O'Reilly (1996) indicated that engaging one's employees in a feedback process improves the effectiveness of the pricing strategy that is based on continuous improvement. With an organization like Jumia Uganda Limited, this interaction with the employees would likely increase the fine-tuning and efficiency in the pricing practices.

### **5.1.3 To investigate how demand-based pricing influences the success of Jumia Uganda Limited.**

A few insights have proven the study in terms of how demand pricing has impacted the performance of Jumia Uganda Limited. Among them, it is indicated from the results that demand-based pricing gives room for great leeway for adjustments toward fluctuations in customers' demand, as theories that are already set in pricing strategy have suggested. It is supported fairly well by the literature placing emphasis on responsiveness in dynamic markets, with a mean score of 4.76, reflecting 80.0% agreement. According to Nagle and Müller, 2018, demand-based pricing can allow the firm to adjust the prices respecting the market, hence allowing the company to maximize their revenue, coupled with sustaining competitive advantage. This demand-based pricing will also enable the firm to maximize its revenue by charging a high price for those products whose demand is in high or when the demand of the

same product is very high. The mean score is 4.73 for 78.0% of all the respondents. This therefore supports the assertion made by Dolan and Simon, 1996, that peak pricing strategies ensure a far greater degree of profitability, by realising values of high demand periods. This strategy would, therefore, be highly applicable in companies like Jumia dealing in e-commerce business, where low and high demand cycles are more frequent and marked.

Results also show that 66.0% of those in the survey also believe that profitability, at a mean of 4.47, has been consequently brought about by demand-based pricing strategies imposed by the company. This supports the assertion of Monroe (2003) in saying that demand-based pricing strategies work well in attaining maximum profitability because prices concur with perceived value and market conditions.

On the other hand, it is established in the study that with regard to the market conditions, competitor prices, and the customer's willingness to pay, the price should be asked by the company, as observed by the mean score of 4.47. This is an assertion corroborated in theory by Kotler and Keller 2016, who indicates incorporation of market knowledge into pricing decisions may result in competitive pricing levels that produce maximum profitability.

Of the respondents who answered 'yes', 78% agreed that with dynamic pricing, there is a possibility to charge higher prices in periods of peak demand, with an average rating of 4.73. By so doing, this confirms the literature on the dynamic pricing strategies where merit is seen as lying in the price adjustments according to demand conditions, and therefore provides a means whereby businesses can capture more precisely the surplus of consumers and optimize their revenues.

It has also established that demand pricing has ensured healthy profit margins even in a situation of a stiff market competition and that 64.0% of the respondents had a mean score of 4.43. This agrees with Smith and Cooper 2017, since they note that demand pricing will help firms to ensure profitability because it makes use of pricing flexibility in case the firm happens to be facing competitiveness.

Moreover, 66.0% of the respondents appreciated the flexibility and availability of the company's offerings due to a demand-based pricing strategy at a mean score of 4.47. This is verified by the studies of Liu and Chen, 2019 who explain that demand-based pricing enhances customers' satisfaction since pricing is set in relation to perceived value and market conditions hence making the products more appealing to the company's customers.

#### **5.1.4 To examine the influence of competition-based pricing on the success of Jumia Uganda Limited.**

The influence that competition-based pricing has on the overall success of Jumia Uganda Limited might highlight how the strategy operates within the firm's context. In agreement to the fact, a majority of the respondents agreed that competition-based pricing was an influence on the overall success of the company. This high level of congruence tends to indicate that having its prices aligned with regards to those of its competitors is what makes it maintain relevance and competitiveness within such a market. This finding, therefore, on how competition-based pricing works in this light concurs with existing literature that reiterates through the monitoring and adjusting of prices against their competitors' actions, a business can stay competitive and secure its price-sensitive customers.

It also returned an average of 3.93 for the item on the regular practice of close monitoring, and pricing in light of the competitors. The antecedent, though, has a mean score of 3.75, which is considered to be important but may be considered not to have been consciously applied perhaps as it should be within competition-based pricing. This supports other works indicating that businesses find it difficult to effectively apply the competition-based pricing strategies, since the nature of competitive markets is usually dynamic, while the pricing decisions can often be very complex in nature.

The data also shows that setting the company's products at prices in line with the main competitors' prices features as an important component of the pricing strategy, going by the mean score of 4.20. The finding here reiterates the position that factoring in prices aligned with the competitors ensures that the products are kept within their competitively feasible prices, which undergirds winning and retaining customers in any competitive space. The same idea has also been supported by the previous literature where strategic alignment of price with the competitors was a typical strategy for gaining a market share as well as maintaining the competitive positioning.

The study, on interesting note, is the mean score of 4.20 achieved for balance between affordability and profitability through competition-based pricing. This suggests that the respondents do appreciate that competition-based pricing has managed to create a good balance between being attractive to customers while maximizing profitability. This is also supported in the literature by the fact that competition-based pricing helps a firm make the necessary trade-

offs between competitive pricing on one hand and the profit margin on the other, hence allowing it to optimize its overall financial performance (Nagle & Müller, 2018).

The study also established that the prices of Jumia Uganda Limited are perceived to be reasonable and within the competition, with a perfect mean score of 5.00. This favorable perception underpins the effectiveness of the competition-based pricing strategy in ensuring that prices are perceived to be reasonable by the customers. Indeed, this result agrees with research that has documented that perceived price fairness could help improve brand reputation and customer loyalty (Zeithaml, 1988).

Indeed, the strategy has been reported to be effective in defending the company's market position against rivals, also with a mean score of 5.00. This finding shows that competition-based pricing is not only important in maintaining competitive parity but also plays a critical role in sustaining market position against competitive pressures. This is confirmed by the fact that literature has marked the fact that effective competitive pricing acts almost like a sort of defense mechanism when the markets are highly competitive against more aggressive competitors who would like to take away market share from the firm.

Yet despite a positive mean score of 3.93 for the practice of closely monitoring competitor prices, there may perhaps be ways in which this particular strategy falls short of consistency or has rooms for improvement. This aberration represents a problem that appears to continue rearing its head in the literature, namely that companies appreciate the seeming value of competition-based pricing but have a number of problems in making the system work in practice, often owing to resultant resource-intensive operations or incomplete market intelligence systems (Doyle & Stern, 2006).

## **5.2 Conclusions**

The findings indicate that cost-based pricing is one of the major reasons explaining the success of Jumia Uganda Limited. This study shows that attention to production cost has been quite fruitful from the company, based on the responses from the participants in the study, as it relates to the mean score of 5.00. This supports the general literature, which shows that cost-based pricing enables prices to stay competitive and also ensures price harmonization with production costs. -Nagle & Müller, 2018. In fact, there is such high consensus about the benefits of cost-based pricing that one can argue it is core in the art of price management for profitability. It is, however, an approach that needs continuous tweaking in light of changing cost structures and market realities.

The findings suggest that demand-based pricing maximizes revenues and maintains profitability levels at Jumia Uganda Limited. The information also suggests that through demand-based pricing, the firm can respond flexibly to the prevailing demands of different customers with their higher prices during peak periods. This agrees with literature identified in emphasizing adaptive pricing strategies based on demand conditions. This positive attitude among the interest points in demand-based pricing responses shows that there is an effective methodology for better profitability and consumer satisfaction. But there is still a need for improvements to be made so capitalization on this strategy yields more effective market opportunity realization and price levels optimization when demand conditions fluctuate.

These factors, which the respondents consider vital in terms of fair pricing, have a mean score of 5.00, indicating that competition-based pricing indeed works in terms of ensuring competitive pricing to defend its position against competitors. The above is further supported by literature that tries to emphasize the need for prices to be in tandem with those of competitors if there is going to be a level playing field and protection of market share as cited by Porter, 1980. In so far as this method has been effective, the study also highlights some difficulties in consistently using competition-based pricing. Addressing these issues will enhance the strategy of continued impacting the success of the firm by ensuring pricing remains competitive in keeping with prevailing market conditions.

### **5.3 Recommendations**

The researcher made a few recommendations concerning the study as discussed below;

This means that the company constantly reaffirms, through this study, its pricing strategy based on costs and updates according to the change in the conditions of production costs and market conditions. While doing so, prices can remain competitive, truly reflecting the company's cost structure. Periodical reviews and updates in cost-based pricing methods will avoid their potential misalignment, ensuring better financial outcomes.

Besides this, JUMIA Uganda Limited should invest in state-of-the-art analytical tools that would potentially enable the company to notch up demand forecasting. By making a more realistic forecast of customers' demands, the company will be able to maximize its revenue during peak periods through its demand-based pricing strategy. Pricing decisions could be supported by the adoption of predictive analytics, allowing better tuning of prices with market dynamics.

The company should also introduce a more formal mechanism of collecting and processing the customer's response to the pricing strategy as a whole. In this regard, surveying and conducting focus groups can be a great way to understand the reaction and perception of the consumer and thereby make strategic amendments in pricing. This may improve demand-based and competition-based pricing methods.

The study, therefore, recommends that a focused competitor price and market trend monitoring process should be instituted at Jumia Uganda Limited to complement its competition-based pricing strategy. This is to ensure the firm continuously benchmarks prices from key competitors to ensure that it keeps competitive, and makes necessary changes in pricing strategies based on this fact. By implication, the objective is to achieve not only a top-of-the-class market position but also one that would witness pressures of competition responded to with elan.

This leads to the recommendation that, indeed, the company has to be very much concerned with training and development programs for employees' improvement in respect of pricing strategies. Proper training of employees in respect of the rationale and mechanics of cost-based pricing, demand-based pricing and competition-based pricing can definitely improve their contribution to pricing decisions and pricing strategies. It would result in efficient implementation and continuous improvement of pricing practices.

Jumia Uganda Limited needs to seek more opportunities for the integration of pricing strategies with other business functions, such as marketing and sales. For instance, ensuring that pricing decisions are coordinated with promotional activities and sales strategies would yield a more integrated approach toward revenue and customer satisfaction. All these can be availed to further the general effectiveness of pricing strategies by way of aligning them with wider business objectives.

Conclusively, the study recommends that the company should, from time to time, review and assess the impact its pricing strategies are having on overall business performance. Performance evaluation over regular intervals, together with benchmarking of the performances of the industry, will be helpful in realizing areas for improvement and pricing strategies in line with the company's goals and prevailing market conditions. The continuous assessment for refinement of the pricing strategies shall help the company to continuously succeed and stay competitive in the market.

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**APENDIX 1: QUESTIONNAIRE**  
**QUESTIONNAIRE**

Dear respondent,

I NIWANSINGUZA MIRIAM, a student of Uganda Christian University am carrying out academic research on the topic ‘impact of pricing strategies on the success of small and medium enterprises. a case study of Jumia Uganda Limited in Kampala district’ as part of the requirement for partial fulfillment for the award of the degree of Bachelor of Business Administration at Uganda Christian University.

Concerning this study, I am contacting you for relevant information about the topic. The company responses/information will be treated with great confidentiality and used for this study's purposes.

I appreciate the company cooperation.

**PART A: RESPONDENTS INFORMATION**

Kindly tick [✓] in the blank spaces, the items that best describe the company choice for each question.

1. What is your gender?

Male [ ] Female [ ]

2. What is your age group?

< 20 years [ ] 21 – 25 years [ ]

26 – 30 years [ ] 31 – 35 years [ ]

Over 36 years [ ]

3. Please Indicate your level of Education.

Certificate [ ] Diploma [ ] Post Graduate [ ] Masters [ ]

4. How long have you worked in the company?

1 – 5 years [ ] 6 – 10 years [ ]

11 – 15 years [ ] 16 years and above [ ]

Sections B, C and D use the scale /ranking below to tick in the box that corresponds. Please evaluate the statement by ticking in the box with the number that best suits the company response.

Scale	1	2	3	4	5
Opinion	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree



**PART B INFLUENCE OF COST-BASED PRICING ON THE SUCCESS**

Indicate the company level of agreement with the following aspects by using a scale of 1-5, where 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree and 5- Strongly Agree.

NO	DETAILS	Tick Appropriately				
		1	2	3	4	5
1	The company's focus on production costs when setting prices using cost-based methods has been beneficial.					
2	Cost-based pricing provides a straightforward, easy-to-understand method for determining the selling prices of the company products.					
3	Adjusting prices based on changes in production costs is an important part of the company's cost-based pricing approach.					
4	The company's reliance on cost-based pricing has helped us maintain competitive prices in the market.					
5	Cost-based pricing has been an effective strategy for ensuring the company prices remain aligned with the company production costs					
6	Training is provided to help employees understand the rationale and mechanics of the company's cost-based pricing					
7	Employees are engaged in providing feedback on ways to improve the company's cost-based pricing methods					

**PART C. INVESTIGATING HOW DEMAND-BASED PRICING INFLUENCES THE SUCCESS**

Indicate the company level of agreement with the following aspects by using a scale of 1-5, where 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, and 5- Strongly Agree.

NO	DETAILS	Tick Appropriately				
		1	2	3	4	5
1	Demand-based pricing provides the company with the flexibility to quickly respond to fluctuations in customer demand					
2	Demand-based pricing allows the company to maximize revenue by charging higher prices during periods of peak demand.					
3	The company's demand-based pricing methods have contributed to increased profitability for the business					
4	Considering market conditions, competitor pricing, and customer willingness to pay is important for the company's demand-based pricing					
5	Implementing demand-based pricing has allowed us to charge higher prices during periods of peak customer demand					
6	Demand-based pricing has helped the company maintain healthy profit margins even during periods of intense market competition					
7	Customers appreciate the flexibility and availability of the company offerings, even during periods of high demand, due to the company's pricing strategy					

**PART D. THE INFLUENCE OF COMPETITION-BASED PRICING ON THE SUCCESS**

Indicate the company level of agreement with the following aspects by using a scale of 1-5, where 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree and 5- Strongly Agree.

NO	DETAILS	Tick Appropriately				
		1	2	3	4	5
1	The company company's use of competition-based pricing has been a key factor in the company's overall business success					
2	Closely monitoring competitor prices and adjusting the company's own prices accordingly is a regular practice in the company organization					
3	Aligning the company prices with those of the company's main competitors is an important part of the company's pricing strategy					
4	Competition-based pricing helps ensure the company products remain competitively priced in the market					
5	Competition-based pricing has helped us strike the right balance between remaining affordable and maximizing profitability.					
6	Customers perceive the company prices as fair and in line with the broader competitive landscape					
7	The company competition-based pricing strategy has been effective in defending the company market position against rival offerings					

**THANK YOU**