



Multi-pricing Strategies and Purchasing Behavior of Shoprite Customers in Ilorin, Kwara State

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Abstract

Adopting a multiple pricing system has become one valuable strategy to attract customer patronage and enhance brand loyalty. However, prevailing discounts that many customers in Nigeria seek for has become a problem specifically in the retail sector where discount sales are often ensued on certain products. Meanwhile, discount strategy and bulk pricing is something that many Nigerian supermarkets have neglected to include in their pricing strategy, which has an impact on the steady loyalty of a large number of consumers in the retail industry. Hence, this study investigates the effect of multi-pricing strategies on consumer purchasing behavior. Descriptive research design was designed, population of 163 staff of Shoprite was used with sample size of 115 gotten through Krejcie and Morgan (1970). Regression analysis was used with a p-value of 0.05. The findings shows that discount strategies has significant effect on customer purchase decision with R^2 of 52.2%; that Bulk pricing significantly affects customer brand loyalty with R^2 of 57%; that Promo packages has significant impact on customer spending habits with R^2 of 98.1%; that Premium pricing has significant influence on customer recommendation with R^2 of 79.0%. The study concluded that multi-pricing strategies have positive significant impact on consumer purchasing behavior. It therefore recommended among others that Shoprite supermarket should adopt difference discount strategies such as attractive discount, substantial discount, and encouraging discount so as to ensure strong customer purchase decision in the supermarket.

Keywords: Pricing system, Consumer purchasing behavior, Customer Brand Loyalty, discount strategy, bulk pricing.

1.1 Introduction

In the competitive landscape of business, price is a major differentiator. It is the only element of marketing mix that generates revenue for firms, while also influencing the perceived value of their customers (Sisodiya and Sharma, 2018).

Pricing strategy is however a roadmap that businesses use to determine the price of their goods and services. These strategies are not just about assigning a random value to a product, but a systematic determination of specified worth of goods and services to be sold to customers. Therefore, it is pertinent that companies especially in the retail industry such as Shoprite Nigeria get their pricing strategies right (Kotler and Keller, 2022).

The retail industry is one the most competitive sector where price of products influence customers desire to purchase. In the instance of retailing firms like Walmart that have gained grounds in the global sector due to its pricing scheme, Jumia has also gained presence as the No.1 online market place in the Nigerian online market mainly as a result of multiple pricing strategies. With the aforementioned, the study seeks to examine the impact of these strategies on consumer behavior in Ilorin, Kwara State, provides valuable insights for retailers and academic research.

1.2 Statement of Research Problem

Adopting a multiple pricing system has become one valuable strategy to attract customer patronage and enhance brand loyalty. This has been an issue, particularly in the retail industry where some items frequently see discount promotions. (Yum & Yoo, 2023).

Meanwhile, many of the supermarkets in Nigeria has failed to implement discount strategy in their pricing strategy which affects the consistent loyalty of many customers in the retail sector The unavailability of bulk pricing to many customers in the retail sector have also been known to increase greatly during the festive or special occasional period which is due to the promo package of retail firms. It is therefore in view of the underlying problems that the present research seeks to It is therefore in view of the underlying problems that the present research seeks to fill the gaps in the previous studies.

1.3 Research Objectives

The main objective of this study is to examine the effect of multi-pricing strategies on consumer purchasing behavior. Other specific objectives are to;

- i. examine the effect of discount strategy on customers purchase decisions in Shoprite Mall in Ilorin, Kwara State.
- ii. determine the impact of bulk pricing on customers brand loyalty in Shoprite Mall in Ilorin, Kwara State.

1.4 Research Hypotheses

H₀₁: There is no significant effect of discount strategies on customers' purchase decisions in Shoprite Mall in Ilorin, Kwara State.

H₀₂: There is no significant impact of bulk pricing on customers' brand loyalty in Shoprite Mall in Ilorin, Kwara State.

2.0 Literature Review

2.1 Conceptual Review

2.1.1 Concepts of Price, Pricing and Pricing Strategy

Price is the monetary value assigned to a product or service, representing the amount a buyer is willing to pay to acquire it. It is one critical component of the marketing mix and is determined by various factors such as production costs, market demand, competition, and perceived value

According to Cao *et al* (2020), pricing can be defined as the process of setting the specific monetary value for a product or service. It involves considering various internal and external factors, including cost analysis, market research, competitor pricing, and overall business objectives. Pricing strategy therefore refers to a systematic approach or plan that a business adopts to set prices for its products or services (Arif, 2019).

2.1.2 Components of Multi pricing Strategies

Alex and Kazaara (2023) noted that these components that constitute multi pricing strategies form the building blocks of a dynamic pricing architecture.

2.1.2.1 Discount Pricing Strategy

Discount pricing refers to reduction of the initial price of a product or service (Chen *et al.* 2022), which is effective in increasing sales volume in a short time. Discounts serve as a vital and widely embraced strategy in the business world, offering businesses a means to swiftly generate revenue, attract consumers, and boost sales.

2.1.2.2 Bulk Pricing Strategy

De Toni *et al.* (2023) defined bulk pricing, also known as quantity discounting, as a pricing strategy commonly used in the retail industry to incentivize customers to purchase larger quantities of a product. This strategy involves offering discounts or lower prices to customers who buy in bulk, encouraging them to purchase more items at once. By offering

lower prices per unit for larger quantities, retailers can attract customers who are price-sensitive and value-conscious. Bulk pricing can also help retailers manage their inventory more effectively (Sekaran, 2003). By offering competitive bulk pricing, retailers can attract customers who are looking for the best value for their money (De Toni *et al.*, 2023).

2.1.3 Consumer Purchasing Behaviour

Consumer purchasing behavior is a complex and multifaceted phenomenon that has been the subject of extensive research in the field of marketing and consumer behavior. Schiffman and Wisenblit (2019) define consumer purchasing behavior as the decision-making process and physical activity involved in acquiring, evaluating, using, and disposing of goods and services.

2.1.4 Customer Brand Loyalty

Customer brand loyalty refers to the commitment of consumers to repurchase or continue using a brand over time, often leading to repeated purchases and positive word-of-mouth. According to Chaudiuri and Holbrook (2020), brand loyalty is influenced by both emotional and rational factors, including consumer satisfaction, perceived quality, and brand trust. Emotional attachment to a brand can create a sense of loyalty that transcends functional benefits, making it essential for brands to foster strong emotional connections with their consumers.

2.2 Theoretical Review

2.2.1 Decision Prospect Theory

The Prospect Theory was propounded by Kahneman and Tversky in 1979 and serves as a major framework for understanding decision-making under risk and uncertainty (Kahneman & Tversky, 1979). The fundamental tenet of the theory is that individuals make decisions based on the potential value of losses and gains, rather than the final outcome, which deviates from the traditional expected utility theory.

The Prospect Theory makes several key assumptions. First, it posits that individuals have a value function that is concave for gains and convex for losses, with a steeper slope for losses than for gains, indicating a higher sensitivity to losses (Kahneman & Tversky, 1979). Second, the theory suggests that individuals tend to overweight low-probability events and underweight high-probability events, a phenomenon known as the "probability weighting function" (Kahneman & Tversky, 1979).

2.3 Empirical Review

Sije and Oloko (2023) examined the relationship between penetration pricing strategy and SME performance in Kenya. Data were sourced from employees of selected SMEs in Kenya's food industry. The results of the study showed a strong positive correlation between penetration pricing and performance. The study therefore concluded that the SMEs should place more emphasis on using a penetration pricing strategy, as there is significant relationship between penetration pricing strategy and the number of customers, quality of food and service, and customer loyalty.

Siddique (2020) researched on the impact of pricing strategies on consumer buying behavior of organized retail in India. Survey research was adopted. 150 respondents were selected using stratified random sampling technique. Descriptive statistical analysis was used in analysing collected data. Findings show that retailers design a pricing methodology that affects the buying tendency of the consumers and also attract customers that creates value and loyalty. The study concludes that pricing strategies play an important role in consumer behavior.

Jagannathan and Ravichandran (2019) studied the effect of pricing on consumer buying behavior in Chengalpattu town. Survey research design was used. 125 respondents were selected as sample size using simple random sampling techniques. Data obtained were analysed using descriptive statistical analysis. Findings showed that there is a positive significant relationship between pricing-odd even strategy, bundle and consumer buying behavior. Study concludes that pricing strategies play a crucial role in influencing consumer buying behavior.

There has been a great deal of research carried out on multi-pricing strategies since its inception. Nevertheless, up until now, research on multi-pricing strategies have been conducted with a narrow insight on the dimensions that majorly affect the behavior of consumers. Noticeably, the scope covered by other researchers have an inverse relationship with the focused studied making result and findings to be in parallel line. Also, the use of inappropriate statistical tools in analyzing data collected tends to give a doubting result that

cannot be relied on scientifically. With the above mentioned, this study seeks to bridge the existing lacuna for better contributions.

3.0 Methodology

3.1 Research Design

In the context of the study on the effect of multi-pricing strategies on consumer purchasing behavior in the Nigerian retail sector, a descriptive survey research design was adopted.

3.2 Population

The population comprised of the entire staff of Shoprite Supermarket working in the retail mall in Fate Tanke, Ilorin. The Shoprite Mall consisted of various business firms but the interest of this study is the Shoprite Supermarket which has a staff strength of 163 with inclusion of the lower level and middle level because of their proximity to consumers feedbacks and their level of training on customers satisfaction.

Table 1: Staff of Shoprite Supermarket in Ilorin

Level of Management	Category of Staff	Staff Strength
Top Level	Administrative managers	3
Middle Level	Supervisor	18
	Sales Attendant and Accountants	72
	Store Keeper and Attendant	64
Lower Level	Security Section	6
Total		163

Source: Author's Compilation, (2024)

3.3 Sampling Size and Sampling Technique

Simple random sampling technique was adopted for the study. This technique was considered appropriate for the study, because the study deals with a unit that is the supermarket system where members have various autonomous opinions on the variables of concern investigated. Sample size was determined by the Krejcie and Morgan (1970).

$$s = \frac{X^2NP(1-P)}{e^2(N-1) + X^2P(1-P)}$$

$$s = \frac{3.841 \times 163 \times 0.5 (1 - 0.5)}{0.05^2(163 - 1) + 3.841 \times 0.5 (1 - 0.5)}$$

$$s = \frac{626.083 \times 0.25}{0.405 + 0.96025}$$

$$s = \frac{156.5207}{1.3652} = 114.6503$$

$$s = \frac{156.5207}{1.3652} = 115$$

Therefore, the sample size = 115

This number of 115 respondents is in accordance with the views of Hill, Brierlely and MacDougall (2003) who reported that a sample size of 100 and above is sufficient to

present good concise research findings and provide good representation of the population of organization or any study that is investigated.

3.4 Research Instruments

An open ended questionnaire was used to ensure that all respondents (sales and marketing staff) reply to the same set of questions. Questionnaires were preferred because of the simplicity in administration, scoring of items and analysis (Ary, et al., 1979). The questionnaire was developed according to the research objectives initially formulated with the most simplified multiple-choice questions in a five Likert scale.

3.5 Validity

Validity was undertaken to determine whether the content of the questionnaire or interview guide is apt and relevant to the study purpose. The study also used expert judgment which was done by contacting managers and General employees to ensure the relevance, wording and clarity of the questions or items in the instrument. This was done in consultation with the supervisors to help improve the quality of the questionnaire

3.6 Reliability

The study used pilot testing method because it was expected that some items or questions would have several possible answers. The study established the reliability of the questionnaires by computing the alpha coefficient of the items (questions) in the questionnaire. Cronbach's alpha of 0.7 and above indicates a high level of internal consistency in the questionnaire.

3.7 Sources of Data Collection

Primary source was predominantly used to gather relevant information. Data was collected from the Shoprite supermarket staffs using self-administered questionnaires on drop and pick from the sampled respondents in the organization.

3.8 Methods of Data Analysis

The data collected was analyzed quantitatively using descriptive statistics while inferential statistics were analysed using regression analysis with the use of statistical software SPSS 26 software.

4.0 Data Presentation and Analysis

4.1 Test of Research Hypothesis I

H_{01} : Discount strategies has no significant impact on customer purchase decision;

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.722 ^a	.522	.505	.635

a. Predictors: (Constant), attractive discount, substantial discount, encouraging discount

Source: SPSS Output 2024

Table 2 showed the regression analysis of the effect of discount strategies on customer purchase decision. The R square value of 0.522 derived showed that 52.2% variation in customer purchase decision was explained by discount strategies and the remaining 47.8% represent residual which are the variables that are not captured in this model. The implication is that 52.2% of customer purchase decision can be explained by customer purchase decision.

Table 3: Anova^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	49.705	4	12.426	30.822	.000 ^b
Residual	45.557	113	.403		
Total	95.263	117			

a. Dependent Variable: Customer purchase decision

b. Predictors: (Constant), Attractive discount, Substantial discount, Encouraging discount

Source: SPSS Output 2024

The Analysis of Variance (ANOVA) table reveals a p-value of 0.000 which is less than the level of significance set at 0.05. Also, a calculated F-value of 30.822 was obtained which is higher than the tabulated F-value of 2.70, this indicates that the result is testable and therefore supports the rejection of the null hypothesis which state that discount strategies does not have any significant effect on customer purchase decision.

Table 4: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.332	.149		2.236	.027
Attractive discount	.164	.095	.164	1.716	.089
Substantial discount	.285	.091	.299	3.120	.002
Encouraging discount	.290	.085	.304	3.410	.001

a. Dependent Variable: Customer purchase decision

Source: SPSS Output 2024

In table 4, it is revealed that changes in substantial discount has significant effect on customer purchase decision, this is indicated by the Beta (β) value of 0.299 and P-value of $0.002 < 0.05$; also, encouraging discount have significant effect on the customer purchase decision, this is indicated by the Beta (β) value of 0.304 and a P-value of $0.001 < 0.05$; The overall analysis suggests that discount strategies has significant effect on customer purchase decision.

4.2 Test of Research Hypothesis II

Ho₂: Bulk pricing has no significant impact on customer brand loyalty;

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
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1	.756 ^a	.571	.556	.656
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a. Predictors: (Constant), bulk offer, Bulk quantity, Bulk rate

Source: SPSS Output 2024

Table 5 presents the model summary. It shows that the correlation coefficient r is 0.756 (i.e. $r = 0.756$) which indicates that there exists a very strong positive linear relationship between customer brand loyalty and Bulk pricing. It is also crystal clear from the table 5 that the r^2 which is the coefficient of determination is 0.571 approximately 57%. This implies that 57% of customer brand loyalty can be explained by Bulk pricing while the remaining 12% are variables that are not included in the model.

Table 6: Anova^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	64.717	4	16.179	37.588	.000 ^b
Residual	48.639	113	.430		
Total	113.356	117			

a. Dependent Variable: Customer brand loyalty

b. Predictors: (Constant), bulk offer, Bulk quantity, Bulk rate

Source: SPSS Output 2024

The Analysis of Variance (ANOVA) table reveals a p-value of 0.000 which is less than the level of significance set at 0.05. Also, a calculated F-value of 37.588 was obtained which is higher than the tabulated F-value of 2.70, this indicates that the result is testable and therefore supports the rejection of the null hypothesis.

Table 7: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.175	.156		1.124	.264
	Bulk offer	.353	.086	.361	4.128	.000
	Bulk quantity	.282	.097	.277	2.914	.004
	Bulk rate	.150	.094	.138	1.604	.112

a. Dependent Variable: Customer brand loyalty

Source: SPSS Output 2024

In table 7, it is revealed that the bulk offer can result in higher customer brand loyalty, this is indicated by the Beta (β) value of 0.361 and a P-value of $0.000 < 0.05$; also, bulk quantity can result in improved customer brand loyalty, this is indicated by the Beta (β) value of 0.277 and a P-value of $0.004 < 0.05$; while bulk rate is not significant because of the p-value of 0.112 respectively is > 0.05 . The overall analysis suggests that Bulk pricing significantly affects customer brand loyalty.

4.3 Discussion of Findings

The research hypothesis one (1) was tested using multiple regression analysis to find the effect of the sub-variables of the independent variable (discount strategies) on the dependent variable (customer purchase decision). From analysis of the hypothesis, it was revealed that substantial discount (p-value of $0.02 < 0.05$) and encouraging discount (p-value of $0.01 < 0.05$) are key factors of discount strategies which affect customer purchase decision while attractive discount (p-value of $0.89 > 0.05$) was found to be less significant. Furthermore, it was found that 52.2% of the variation in customer purchase decision is explained by the HRIS discount strategies. This finding is similar to that of (Fawzieh, 2010).

Research hypothesis two (2) was also tested using multiple linear regression analysis to find the effect of the components of Bulk pricing on customer brand loyalty. The key components of Bulk pricing identified in this study were: bulk offer, bulk quantity, and bulk rate. Findings from the test conducted revealed that that bulk offer (p-value of $0.00 < 0.05$) and bulk quantity (p-value of $0.04 < 0.05$) have significant effect on customer brand loyalty while bulk rate was (p-value of $1.12 > 0.05$) found to be less significant. Furthermore, it was found that 57.1% of the variation in customer brand loyalty is predicted by changes in the Bulk pricing. This finding is in tandem with the literature review of (Sekaran, 2003)

5.0 Conclusion and Recommendations

5.1 Conclusion

It is important to realize that discount strategies should not be limited to one dimension, but also other factors relating to discount strategies. Based on the above findings, the study concludes that discount strategies are significant to customer purchase decision. Also, bulk pricing had a significant influence on customer brand loyalty. Bulk pricing such as bulk offer, bulk quantity, and bulk rate are important factors affecting customer brand loyalty. Based on the above findings, the study concludes that bulk pricing is positively significant to customer brand loyalty.

5.2 Recommendations

Based on the above findings, the study recommends that Shoprite supermarket should focus more on discount strategies so as to ensure strong customer purchase decision in the supermarket.

And, shoprite supermarket should ensure the application of bulk pricing to certain product in order to facilitate the customer brand loyalty in the supermarket and also enhance consumer purchasing behaviour at large.

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