AN ANALYTICAL SURVEY OF PRICING OBJECTIVES AND ITS RELATIONSHIP WITH THE CUSTOMER’S LOYALTY CASE STUDY: MITAKISH COMPANY

*Paria Tahmouri

Department of Business Management, Kish Branch, Islamic Azad University, Kish Island, Iran

*Author for Correspondence

ABSTRACT

Intensification of competition in product and service sectors is evident all over the world. Consequently, keeping the customer and fostering the customer’s loyalty is an ever-growing headache. There are variety of reasons that it is critical for a business to put more emphasis on pricing strategies and objectives. By doing so, valuable information regarding how the prices are judged and evaluated by the customer is obtained, while the organization is able to measure satisfaction and loyalty level of the customer. The present study is an analytical survey of pricing objectives and its relationship with loyalty of the customers of Mitakish Company. Regarding the purpose, the study is an applied work and concerning data gathering tools, it is a descriptive correlative study. Study population was comprised of managers and employees of Mitakish Co. (n = 120). Sample group was selected through simple sampling method and its size was obtained by Cochran’s formula (n = 91). A researcher-designed questionnaire was used for data gathering and validity of which was confirmed by experts of the field and university professors. Descriptive statistics (e.g. frequency, frequency percent, tables, and diagrams) and inferential statistics (e.g. one sample t-test, independent t-test, variance analysis, and correlation and regression test) were used for data analyzing. The results showed effectiveness of pricing objectives on the customer’s loyalty. Given the results, few recommendations were made to the officials and managers of Mitakish Co..

Keywords: Pricing Objectives, the Customer’s Loyalty, Mitakish

INTRODUCTION

Problem Statement

Satisfaction with price is a critical factor in the relationship between the supplier and the customer. Marketing theoreticians believe that price is the paramount factor in the customer’s satisfaction as the price is one of most flexible elements of marketing. Price may be changed following modifications in the product or service (Dovaliene and Virvilaite, 2008).

Studies in the field of marketing highlight the fact that realization of the customer’s needs better than what is done by the competitors is the key to success of a business. In doing so, the business needs to determine and supply the customer’s needs (Gyau and Somogyi, 2012). Taking into account that the price is the only mixed element of marketing with direct effect on revenue (Poh et al., 2011), it can be considered as the most effective factor in the customer’s decision and creating loyalty to the product (Nauwichanont, 2011).

Satisfaction with the price is a complicated concept with variety of aspects, which are needed to be taken into account by those businesses that pay attention to their customers’ satisfaction. The fact is that the customer, nowadays, is sensitive to the price like no other time in the history; so that more emphasis is put on price and value of services/products (Matzel et al., 2006). The higher the value offered by the organization to its customers, the more satisfied and loyal is the customer (Anuwichanont).

Some authors believe that satisfaction with the price is of psychological nature and has to do with the difference between price expectation and price perception. Price is a crucial factor in any market and a centerpiece in purchase decision-making. To find the optimum price, the customer looks for transparent, comprehensive, and definite prices. There is more chance for satisfaction of customer when the prices look honest and comprehensive. Many price formula use factors such as quality, quantity, geographical position, and the record of customer-organization relationship (Boniface and Gyau, 2012).
Growth and expansion of the customer’s loyalty, in the modern age, is a key factor in marketing strategy of businesses, which leads to preservation of the current customers (McMullan, 2005). The concept of the customer’s loyalty is a guideline for increasing revenue; however, this might be the first step toward the idea of customer-orientation (Ndubisi, 2007). Modern marketing is aimed to establish long-term and mutual relations with the groups of stakeholders and the customer in particular. So that, by keeping more customers, the long-term interests are guaranteed, while market share and profitability are increased at the same time (Osman et al., 2009).

Reichheld and Seisser (1990) showed that 5% customer loss leads to 85% reduction of profit, while 5% increase in keeping the customer leads to 25-125% increase of profit.

For many reasons, emphasis on pricing objectives and strategies is of critical importance for businesses. This brings in valuable information of how the customer judges the pricing and helps us measuring satisfaction and loyalty level of the customer. Moreover, such information highlights the extent to which the customer tends to remain loyal and to do word of mouth advertisement. By expanding our perception of the features of the customer’s satisfaction with the price, one may collect the information needed to design an effective and comprehensive pricing strategy (Poh et al., 2011).

Taking into account the study population (Mitakish Co.), the present study is an attempt to survey the relationship between pricing objectives (profitability, sale, competitiveness, product positioning, and survival) and the customer’s satisfaction.

**Study Objectives**

**Main Objectives**
1. To determine pricing objectives in Mitakish Co.;
2. To determine the customer’s loyalty to Mitakish Co.; and
3. To determine relationship between pricing objectives and the customer’s loyalty in Mitakish Co.

**Secondary Objectives**
1. To determine relationship between profitability and the customer’s loyalty in Mitakish Co.;
2. To determine relationship between sale and the customer’s loyalty in Mitakish Co.;
3. To determine relationship between competitiveness and the customer’s loyalty in Mitakish Co.;
4. To determine relationship between production positioning and the customer’s loyalty in Mitakish Co.; and
5. To determine relationship between survival and the customer’s loyalty in Mitakish Co.

**Hypotheses**

**Main Hypothesis**
1. There is a significant relationship between pricing objectives and the customer’s loyalty.

**Secondary Hypothesis**
1. There is a significant relationship between profitability and the customer’s loyalty.
2. There is a significant relationship between sale and the customer’s loyalty.
3. There is a significant relationship between competitiveness and the customer’s loyalty.
4. There is a significant relationship between product positioning and the customer’s loyalty.
5. There is a significant relationship between survival and the customer’s loyalty.

**Scope**

**Thematic scope:** pricing objectives and the customer’s loyalty

**Geographical scope:** Mitakish Co.

**Time scope:** February 2014 – July 2014

**MATERIALS AND METHODS**

**Methodology**

The present study is an applied work regarding the objectives and a descriptive-survey and correlative study as well.

**Study Population**

Study population was comprise of the managers and employees of Mitakish Company (n = 120).
Sample Group and Sampling

Simple random sampling method was used for sampling, while the sample size was obtained by Cochran’s formula ($Z = 1.96, P = 0.5, \text{ and } E = 0.05$) equal with 91.

Data Gathering Method

A researcher-designed questionnaire was administered to the participants to collect the data; while the secondary data was collected through library studies. The needed information regarding the theoretical bases of the study was collected from libraries, articles, and dissertation available on the Internet.

Data Gathering Tool

A questionnaire with 34 questions was the main data-gathering tool. The questionnaire was designed to measure pricing goals and loyalty of the customers. The questions were designed based on Likert’s five-point scale.

Information Analyses and Hypotheses Test

Descriptive statistic tools (e.g. frequency, frequency percent, tables, diagrams, and so on), and inferential statistics (e.g. t-test, correlation test, and linear regression) were used for data analyzing, while the hypotheses were tested in SPSS.

Validity and Reliability

Reliability of the Questionnaire

To check reliability of the questionnaire, a pilot study with 30 participants of the study population was carried out. Cronbach’s alpha for the 91 returned questionnaire based on the variables was 0.829 (82.9%) for pricing objectives, 0.812 (81.2%) for the customer’s loyalty, and 0.881 (88.1%) for all the questions. Given that $\alpha > 0.7$ (70%), reliability of the questionnaire is confirmed.

Validity of the Questionnaire

To ensure content validity of the questionnaire, it was provided to business professors and the experts. The validity of the questionnaire was confirmed.

Literature Review

Yelkur and DaCosta (2001) surveyed differential pricing in eB2C and Internet hotel reservation in particular. They evaluated online pricing strategies adopted by hotels and discussed the results. Olovunitis and Indonas (2004) studied pricing objectives that services companies follow in pricing. They also examined the effect of market structure on pricing. Literature review revealed lack of experimental studies on the effect of market structure on pricing behavior and objectives. Olovunitis and Indonas (2005) studied pricing objectives in service sector and the methods adopted by service organizations. They found that the objectives are quantitative rather than qualitative and more emphasis is put on the customers.

Olovunitis and Indonas (2007) examined the pricing strategies adopted by service businesses to set their prices relative to the effective services, organizational, and environmental features. They also studied the extent to which the strategies and features of different service businesses vary. They maintained that pricing strategies tend to be influenced by organizational, services and environmental factors.

Herrman et al., (2007) studied 246 car customers and the relationship between fairness of pricing and increase of satisfaction of the customer. They argued that the customer’s perception of fairness of the price can lead to a sort of loyalty and increase of sale.

Indonas (2009) tried to develop an insight into the pricing methods that service businesses follow; with an emphasis on pricing method adopted by fair price companies. The results showed that fair price businesses adopt holistic viewpoint and develop multi-aspect pricing methods. They also focus on pricing objectives, methods, strategies and market/business information.

Yan and Wang (2010) proposed a framework for manufacturers and large retailers to achieve preferred level of services, pricing strategies, and market strategies as a way to maximize profitability. They employed profit maximization model and showed that preferred level of services and pricing strategies depends on different infrastructures of the market. The results indicated that value coordinated structure grows with the factors such as the customer’s susceptibility to services, the number of customers that prefer purchasing from the large retailers and, reduction of susceptibility to prices.

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Docters et al., (2010) focused on preliminary pricing, which can lure the customer to test new product or services. Preliminary pricing is highly effective when it represents the stage of perceiving and experiencing products by the customer. The three steps including familiarization, usage, and reevaluation form a framework for preliminary pricing structure of new products. The framework helps us perceive what the customer thinks about the product and when they are ready to take the next step.

Hong et al., (2010) surveyed 58 international touristic hotels to find more about pricing in hotel industry. They introduced comprehensive picture of the critical factors of pricing in upper and lower domain by taking into account the diagonal distribution, hotel service prices, and quantile regression. The experimental results can be helpful for the hotel managers to adopt better pricing and investment strategies.

Inferential Statistics of the Questionnaire

Taking into account that more than 30 participants took part in the study (n=191), distribution of the study population, based on central limit theorem, is normal. Therefore, parametric tests (one sample t-test, independent t-test, and variance analysis) were utilized.

One Sample t-test

By setting test value equal with 3 and choosing confidence interval of 95% (error level = 5%), the variables were examined.

1. Standard Mean of Profiting Objective is 3

Table 1: One sample t-test- profitability objective

<table>
<thead>
<tr>
<th>Measure</th>
<th>P-Value Sig. (2-tailed)</th>
<th>Mean</th>
<th>SD</th>
<th>t-test</th>
<th>Confidence level = 95%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability</td>
<td>0/000</td>
<td>3/77</td>
<td>0/7515</td>
<td>9/799</td>
<td>(0/6155 , 0/9285)</td>
</tr>
</tbody>
</table>

As listed in the table above, standard mean of profitability is higher than 3 (3.77), and sig < 0.05; thus, H0 is not supported. That is, mean of profitability is not 3 and given that the upper/lower limits both are positive, therefore, standard mean of profitability is higher than 3 and this factor is at acceptable level.

2. Standard Mean of Sale Objective is 3

Table 2: One sample t-test- sale objective

<table>
<thead>
<tr>
<th>Measure</th>
<th>P-Value Sig. (2-tailed)</th>
<th>Mean</th>
<th>SD</th>
<th>t-test</th>
<th>Confidence level = 95%</th>
</tr>
</thead>
<tbody>
<tr>
<td>sale</td>
<td>0/000</td>
<td>4/21</td>
<td>0/6323</td>
<td>18/276</td>
<td>(1/0798 , 1/3432)</td>
</tr>
</tbody>
</table>

As listed in the table above, standard mean of sale is higher than 3 (4.21), and sig < 0.05; thus, H0 is not supported. That is, mean of sale is not 3 and given that the upper/lower limits both are positive, therefore, standard mean of profitability is higher than 3 and this factor is at acceptable level.

3. Standard Mean of Competitiveness Objective is 3

Table 3: One sample t-test- competitiveness objective

<table>
<thead>
<tr>
<th>Measure</th>
<th>P-Value Sig. (2-tailed)</th>
<th>Mean</th>
<th>SD</th>
<th>t-test</th>
<th>Confidence level = 95%</th>
</tr>
</thead>
<tbody>
<tr>
<td>competitiveness</td>
<td>0/000</td>
<td>3/63</td>
<td>0/7054</td>
<td>8/544</td>
<td>(0/4849 , 0/7788)</td>
</tr>
</tbody>
</table>

As listed in the table above, standard mean of competitiveness is higher than 3 (3.63), and sig < 0.05; thus, H0 is not supported. That is, mean of competitiveness is not 3 and given that the upper/lower limits both are positive, therefore, standard mean of profitability is higher than 3 and this factor is at acceptable level.
4. Standard Mean of Product Positioning Objective is 3

Table 4: One sample t-test- product positioning objective

<table>
<thead>
<tr>
<th>Measure</th>
<th>P-Value Sig. (2-tailed)</th>
<th>Mean</th>
<th>SD</th>
<th>t-test</th>
<th>Confidence level = 95%</th>
</tr>
</thead>
<tbody>
<tr>
<td>product</td>
<td>0/000</td>
<td>4/13</td>
<td>0/5581</td>
<td>19/440</td>
<td>(1/0211, 1/2536)</td>
</tr>
<tr>
<td>positioning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As listed in the table above, standard mean of product positioning is higher than 3 (4.13), and sig < 0.05; thus, H0 is not supported. That is, mean of product positioning is not 3 and given that the upper/lower limits both are positive, therefore, standard mean of profitability is higher than 3 and this factor is at acceptable level.

5. Standard Mean of Survival Objective is 3

Table 5: One sample t-test- survival objective

<table>
<thead>
<tr>
<th>Measure</th>
<th>P-Value Sig. (2-tailed)</th>
<th>Mean</th>
<th>SD</th>
<th>t-test</th>
<th>Confidence level = 95%</th>
</tr>
</thead>
<tbody>
<tr>
<td>survival</td>
<td>0/000</td>
<td>3/61</td>
<td>0/5966</td>
<td>9/882</td>
<td>(0/4939, 0/7424)</td>
</tr>
</tbody>
</table>

As listed in the table above, standard mean of survival is higher than 3 (3.61), and sig < 0.05; thus, H0 is not supported. That is, mean of survival is not 3 and given that the upper/lower limits both are positive, therefore, standard mean of profitability is higher than 3 and this factor is at acceptable level.

6. Standard Mean of Pricing Objective is 3

Table 6: One sample t-test- pricing objective

<table>
<thead>
<tr>
<th>Measure</th>
<th>P-Value Sig. (2-tailed)</th>
<th>Mean</th>
<th>SD</th>
<th>t-test</th>
<th>Confidence level = 95%</th>
</tr>
</thead>
<tbody>
<tr>
<td>pricing</td>
<td>0/000</td>
<td>3/87</td>
<td>0/4403</td>
<td>18/937</td>
<td>(0/7825, 0/9659)</td>
</tr>
</tbody>
</table>

As listed in the table above, standard mean of pricing is higher than 3 (3.87), and sig < 0.05; thus, H0 is not supported. That is, mean of pricing is not 3 and given that the upper/lower limits both are positive, therefore, standard mean of profitability is higher than 3 and this factor is at acceptable level.

7. Standard Mean of the Customer’s Loyalty is 3

Table 7: One sample t-test- the customer’s loyalty objective

<table>
<thead>
<tr>
<th>Measure</th>
<th>P-Value Sig. (2-tailed)</th>
<th>Mean</th>
<th>SD</th>
<th>t-test</th>
<th>Confidence level = 95%</th>
</tr>
</thead>
<tbody>
<tr>
<td>customer’s</td>
<td>0/000</td>
<td>3/70</td>
<td>0/5341</td>
<td>12/580</td>
<td>(0/5932, 0/8156)</td>
</tr>
<tr>
<td>loyalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As listed in the table above, customer’s loyalty standard mean of profitability is higher than 3 (4.21), and sig < 0.05; thus, H0 is not supported. That is, mean of sale is not 3 and given that the upper/lower limits both are positive, therefore, standard mean of the customer’s loyalty is higher than 3 and this factor is at acceptable level.

Independent t-test on Pricing Objectives and the Customer’s Loyalty

To compare mean levels of two populations (groups) the mean level of the two populations’ mean comparison test is used, while mean point of more than two independent groups is compared by one-factor variance test.
Comparing Mean Point of Pricing Objectives and the Customer’s Loyalty based on Gender

\[ H_0 : \mu_1 = \mu_2 \]
\[ H_1 : \mu_1 \neq \mu_2 \]

Table 8: Mean points of pricing objectives and the customer’s loyalty based on gender

<table>
<thead>
<tr>
<th>Variables</th>
<th>Measure</th>
<th>Gender</th>
<th>( n )</th>
<th>\text{Mean}</th>
<th>SD</th>
<th>( F )</th>
<th>\text{Sig}</th>
<th>( T )</th>
<th>\text{Sig}</th>
</tr>
</thead>
<tbody>
<tr>
<td>pricing objectives</td>
<td>profitability</td>
<td>M</td>
<td>4</td>
<td>3/61</td>
<td>0/7578</td>
<td>0/276</td>
<td>0/600</td>
<td>-2/153</td>
<td>0/034</td>
</tr>
<tr>
<td></td>
<td></td>
<td>F</td>
<td>4</td>
<td>3/94</td>
<td>0/7124</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>sale</td>
<td>M</td>
<td>4</td>
<td>4/01</td>
<td>0/6918</td>
<td>4/956</td>
<td>0/029</td>
<td>-3/456</td>
<td>0/01</td>
</tr>
<tr>
<td></td>
<td></td>
<td>F</td>
<td>4</td>
<td>4/43</td>
<td>0/4727</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>competitiveness</td>
<td>M</td>
<td>4</td>
<td>3/70</td>
<td>0/6448</td>
<td>1/027</td>
<td>0/314</td>
<td>1/094</td>
<td>0/277</td>
</tr>
<tr>
<td></td>
<td></td>
<td>F</td>
<td>4</td>
<td>3/54</td>
<td>0/7662</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>positioning</td>
<td>M</td>
<td>4</td>
<td>3/97</td>
<td>0/6270</td>
<td>6/150</td>
<td>0/015</td>
<td>-3/047</td>
<td>0/003</td>
</tr>
<tr>
<td></td>
<td></td>
<td>F</td>
<td>4</td>
<td>4/31</td>
<td>0/4085</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>survival</td>
<td>M</td>
<td>4</td>
<td>3/46</td>
<td>0/5497</td>
<td>0/844</td>
<td>0/361</td>
<td>-2/603</td>
<td>0/011</td>
</tr>
<tr>
<td></td>
<td></td>
<td>F</td>
<td>4</td>
<td>3/78</td>
<td>0/6089</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>customer’s loyalty</td>
<td></td>
<td>M</td>
<td>4</td>
<td>3/56</td>
<td>0/5991</td>
<td>3/137</td>
<td>0/080</td>
<td>-2/820</td>
<td>0/006</td>
</tr>
<tr>
<td></td>
<td></td>
<td>F</td>
<td>4</td>
<td>3/86</td>
<td>0/3981</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 8 lists equality of variance and mean of the two populations (gender). Given the sig., equality of mean test with assumption of equality of variance (inequality of variance) is higher than 0.05% for the competitiveness factor. Therefore, \( H_0 \) is supported and there is no significant difference between the genders regarding competitiveness. Still, there are significant differences regarding other factors between the genders so that women obtained higher points.

The Pearson correlation coefficient and regression were used to test the hypotheses in SPSS.

**Hypothesis Test**

**Main hypothesis**: There is a significant relationship between pricing objectives and the customer’s loyalty.

The Pearson correlation coefficient was used to survey the relationship between pricing objectives and the customer’s loyalty (Table 9).

Table 9: Correlation between the variables of pricing objectives and loyalty of the customers

<table>
<thead>
<tr>
<th>Variable</th>
<th>The customer satisfaction</th>
<th>Relationship</th>
<th>Type of relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>pricing objective</td>
<td>Pearson correlation</td>
<td>positive</td>
<td>direct</td>
</tr>
<tr>
<td>correlation coefficient</td>
<td>sig.</td>
<td>n</td>
<td></td>
</tr>
<tr>
<td>0/598**</td>
<td>0/000</td>
<td>91</td>
<td></td>
</tr>
</tbody>
</table>

** significant at 0.01
The results of the Pearson correlation test indicated that there is a significant relationship between pricing objectives and the customer’s loyalty (sig < 0.01). The relationship is positive and at moderate level.

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Dependent variable</th>
<th>R</th>
<th>R²</th>
<th>Justified R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>pricing objectives</td>
<td>the customer’s loyalty</td>
<td>0/598</td>
<td>0/358</td>
<td>0/350</td>
</tr>
</tbody>
</table>

As listed in the table above, and given the value of R², pricing objectives represent 0.350 (35%) of changes in the customer’s loyalty.

1. **Secondary hypothesis one**: There is a significant relationship between profitability and the customer’s loyalty.

The Pearson correlation coefficient was used to survey the relationship between profitability and the customer’s loyalty (Table 11).

<table>
<thead>
<tr>
<th>Variable</th>
<th>The customer satisfaction</th>
<th>Relationship</th>
<th>Type of relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>profitability</td>
<td>Pearson correlation</td>
<td>positive</td>
<td>direct</td>
</tr>
<tr>
<td>correlation coefficient</td>
<td>sig.</td>
<td>n</td>
<td></td>
</tr>
<tr>
<td>0/578**</td>
<td>0/000</td>
<td>91</td>
<td></td>
</tr>
</tbody>
</table>

**significant at 0.01**

The results of the Pearson correlation test indicated that there is a significant relationship between profitability and the customer’s loyalty (sig < 0.01). The relationship is positive and at moderate level.

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Dependent variable</th>
<th>R</th>
<th>R²</th>
<th>Justified R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>profitability</td>
<td>the customer’s loyalty</td>
<td>0/578</td>
<td>0/334</td>
<td>0/327</td>
</tr>
</tbody>
</table>

As listed in the table above, and given the value of R², profitability represents 0.327 (32.7%) of changes in the customer’s loyalty.

**Secondary hypothesis two**: There is a significant relationship between sale and the customer’s loyalty.

The Pearson correlation coefficient was used to survey the relationship between sale and the customer’s loyalty (Table 13).

<table>
<thead>
<tr>
<th>Variable</th>
<th>The customer satisfaction</th>
<th>Relationship</th>
<th>Type of relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>sale</td>
<td>Pearson correlation</td>
<td>positive</td>
<td>direct</td>
</tr>
<tr>
<td>correlation coefficient</td>
<td>sig.</td>
<td>n</td>
<td></td>
</tr>
<tr>
<td>0/503**</td>
<td>0/000</td>
<td>91</td>
<td></td>
</tr>
</tbody>
</table>

**significant at 0.01**

The results of the Pearson correlation test indicated that there is a significant relationship between sale and the customer’s loyalty (sig < 0.01). The relationship is positive and at moderate level.

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Dependent variable</th>
<th>R</th>
<th>R²</th>
<th>Justified R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>sale</td>
<td>the customer’s loyalty</td>
<td>0/503</td>
<td>0/253</td>
<td>0/245</td>
</tr>
</tbody>
</table>
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As listed in the table above, and given the value of $R^2$, sale represents 0.245 (24.5%) of changes in the customer’s loyalty.

**Secondary hypothesis three**: There is a significant relationship between competitiveness and the customer’s loyalty.

The Pearson correlation coefficient was used to survey the relationship between competitiveness and the customer’s loyalty (Table 15).

<table>
<thead>
<tr>
<th>Variable</th>
<th>The customer satisfaction</th>
<th>Relationship</th>
<th>Type of relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>competitiveness</td>
<td>Pearson correlation</td>
<td>positive</td>
<td>direct</td>
</tr>
<tr>
<td>correlation coefficient</td>
<td>sig.</td>
<td>n</td>
<td></td>
</tr>
<tr>
<td>0/177**</td>
<td>0/000</td>
<td>91</td>
<td></td>
</tr>
</tbody>
</table>

**significant at 0.01**

The results of the Pearson correlation test indicated that there is a significant relationship between competitiveness and the customer’s loyalty (sig < 0.01). The relationship is positive and at moderate level.

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Dependent variable</th>
<th>R</th>
<th>$R^2$</th>
<th>Justified $R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>competitiveness</td>
<td>the customer’s loyalty</td>
<td>0/177</td>
<td>0/031</td>
<td>0/020</td>
</tr>
</tbody>
</table>

As listed in the table above, and given the value of $R^2$, competitiveness represents 0.020 (2%) of changes in the customer’s loyalty.

**Secondary hypothesis four**: There is a significant relationship between product positioning and the customer’s loyalty.

The Pearson correlation coefficient was used to survey the relationship between product positioning and the customer’s loyalty (Table 17).

<table>
<thead>
<tr>
<th>Variable</th>
<th>The customer satisfaction</th>
<th>Relationship</th>
<th>Type of relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>product positioning</td>
<td>Pearson correlation</td>
<td>positive</td>
<td>direct</td>
</tr>
<tr>
<td>correlation coefficient</td>
<td>sig.</td>
<td>n</td>
<td></td>
</tr>
<tr>
<td>0/388**</td>
<td>0/000</td>
<td>91</td>
<td></td>
</tr>
</tbody>
</table>

**significant at 0.01**

The results of the Pearson correlation test indicated that there is a significant relationship between product positioning and the customer’s loyalty (sig < 0.01). The relationship is positive and at moderate level.

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Dependent variable</th>
<th>R</th>
<th>$R^2$</th>
<th>Justified $R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>product positioning</td>
<td>the customer’s loyalty</td>
<td>0/388</td>
<td>0/151</td>
<td>0/141</td>
</tr>
</tbody>
</table>

As listed in the table above, and given the value of $R^2$, product positioning represents 0.141 (14.1%) of changes in the customer’s loyalty.

**Secondary hypothesis five**: There is a significant relationship between survival and the customer’s loyalty.
The Pearson correlation coefficient was used to survey the relationship between product survival and the customer’s loyalty (Table 19).

<table>
<thead>
<tr>
<th>Variable</th>
<th>The customer satisfaction</th>
<th>Relationship</th>
<th>Type of relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>survival</td>
<td>Pearson correlation</td>
<td>positive</td>
<td>direct</td>
</tr>
<tr>
<td></td>
<td>correlation</td>
<td>sig.</td>
<td>n</td>
</tr>
<tr>
<td></td>
<td>coefficient</td>
<td>0/373**</td>
<td>0/000</td>
</tr>
</tbody>
</table>

** significant at 0.01

The results of the Pearson correlation test indicated that there is a significant relationship between survival and the customer’s loyalty (sig < 0.01). The relationship is positive and at moderate level.

As listed in the table above, and given the value of $R^2$, survival represents 0.130 (13%) of changes in the customer’s loyalty.

**Conclusion**

Price is the most flexible factor in marketing as it can be changed easily. This makes price one of the main fields of competition in the business. However, many businesses lack a specific pricing strategy, which deprives them of using price to improve the customer loyalty. With intensification of competition and similar quality of product and service, price is gaining more weight as key factor in attracting, keeping, and loyalty of customers.

Whether a price is fair or not is a decision that is made by the customer. When it comes to pricings, businesses need to take into account perceptions of the customer and how these perceptions influence purchase decision making. A marketing field researcher argued that like other mixed marketing decision-making, pricing decision making must be customer-oriented. In addition to technical knowledge, pricing also needs other types of skills including judgments, proper assessment, and complete knowledge of motivations of the customer. The key to effective pricing is creative insight into characteristics of the purchasers, the reason of the purchase, and how they come to a purchase decision.

Customers differ regarding the value they assign to different combination of product. Therefore, marketing experts adopt different pricing strategies for different groups of customer with different levels of sensitivity to prices.

Importance of pricing is evident in the literature and different theories regarding the customer’s loyalty and price. Along with an introduction to the concept of pricing objectives and different theories regarding variety of the factors effective in pricing, the relationship between these factors and the customer’s loyalty was also discussed.

Although, there is lack of consensus about what pricing objective is the most effective on the customer’s loyalty, it is clear that the objectives under study constitute a major portion of the factors effective on pricing. It is notable that these objectives do not have the same effect in different industries.

**REFERENCES**


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