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Pricing Strategy and Customer Retention in Nigeria National Petroleum Corporation Retail Outlets, South-West, Nigeria

A.O. Nagode[1], A.E. Adeyemi[2] & A.P. Abogunrin[3]

[1,2 &3] Department of Business Administration, Faculty of Management Sciences, University of Ilorin
NIGERIA
anagode@yahoo.com[1], awadex4queen@gmail.com[2],
abogunrin.ap@unilorin.edu.ng[3]

Abstract

Given that today's consumers are more informed about what they want and how to obtain it cheaply, managers must be more strategic and pro-active while making decisions relating to price system. In a selected South-West retail outlets of the Nigerian National Petroleum Corporation (NNPC), this study investigates pricing strategy and its relative effect on customer retention. Questionnaire was used to collect primary data from a sample of 384 customers drawn from six mega stations and twelve affiliate stations located in the region. Multiple regression analysis was used to test the hypotheses formulated. Results indicated that pricing strategy has a significant impact on customers' retention. The study concluded that pricing strategy adopted in NNPC retail units must be in tune in determining customer retention, thus, it was recommended that management of NNPC retail outlets must consider pricing system as an integral part of their marketing strategy.

Keywords: Competition-based Pricing System, Cost-based Pricing System, Customer Satisfaction, NNPC Retail Outlets, Value-based Pricing System

1. INTRODUCTION

Globally, pricing strategy is witnessing dynamic changes as a result of massive improvement in technology and the fact that current consumers are more educated and more certain of what they want and know how to get it at low cost (Kanini, 2021). Pricing strategy must be viewed as an integral component of company strategies since it directly promotes competitive advantage and is a prerequisite for achieving corporate objectives and goals (Mattos, Oyadomari & Zatta, 2021). The focus of this study is on the downstream sector of Nigeria oil and gas industry, with NNPC playing a prominent role.

1.1 Background to the Study

Petroleum products such automobile gas oil (AGO), household kerosene (HHK), liquefied petroleum gas (LPG), lower-pour fuel oil (LPFO) and premium motor spirit (PMS) are imported, exported, sold, and distributed as part of downstream activities. Majority of people in Nigeria utilize these items on a regular basis, with an average consumption of more than 60 million litres per day. As a result, it is critical that organizations in this sector get their pricing strategies entirely right. This supports the statement that "*if good product creation and distribution plant the seeds of corporate success, efficient pricing is the harvest platform*" (Kotler, 2010). Nevertheless, managements of business operations in the sector must recognize that any price assigned to a product will undoubtedly impact consumers' perceptions of the product, influencing their propensity to acquire and repurchase it.

Nigerian National Petroleum Corporation retail outlets is a NNPC subsidiary that was founded in 2002 as a major marketer and began operating fully in 2004 in order to address the issue of an unreliable price system that was harming the nation's petroleum supply chain system. Many big marketers were in operation prior to the activities of Nigerian National Petroleum Corporation retail shops in Nigeria, developing techniques to satisfy customers, but all of their efforts in producing utility in the targeted market proved End-users of petroleum products are now dissatisfied with the activities of petroleum marketers in Nigeria as a result of arbitrary pricing set by various marketers at various periods (Odipe, Lawal, Adio & Karani, 2018).

It is critical to note that the items in the oil and gas business are generic, and hence may be obtained at the next accessible station outlet. Therefore, it is not uncommon to see customers go from one retail outlet to another in quest of better treatment, particularly in relation to better price and suitable quantity, as a result of the inappropriate and anticompetitive pricing strategy being utilized by some retail outlets. Due to intense competition in the market and daily variations in consumer demand, a highly typical method employed by marketers of petroleum-related products to enhance customer retention while guaranteeing competitive advantage is the pricing strategy used to dispense finished products to end-users.

Obviously, different price tactics used by marketers of petroleum and related goods represent different things to different customers. Therefore, there has been discussion on the best price approach to utilize in various scenarios, with the primary goal of securing better customer patronage.

Price as a major purchase stimulating element is significant in business management because it not only determines how prices are viewed and appreciated by customers, but it also impacts customer’s purchase decisions, ultimately impacting their retention (Kanini, 2021; Rondan, 2014).

Generally, pricing strategy is formulated majorly on the basis of cost, perceived customers’ value and competition (Mattos, et al, 2021; Amaral & Guerreiro, 2018). These three pricing strategies have been used for new and existing products, as well as to determine new products development (Ingenbleek et al., 2013). Imperatively, due to the conflicting arguments regarding the viability of pricing strategy, it is important to ascertain and clarify the most appropriate pricing strategy amongst the various alternatives available in the marketing of petroleum related products in Nigeria, with particular reference to the NNPC retail outlets in the South-West. The region had the record of the highest commercial and consumption region of petroleum products in Nigeria with 39.52% out of the out of six geo-political regions and FCT zone in the country.

It has been determined that just a few managers strategically consider product pricing while pro-actively managing their prices in order to produce favorable conditions that lead to profitability (De-Tonia, Milan, Sacilotob, & Larentis, 2017). Taking this into account, Liozu and Hinterhuber (2012) stated that additional study on pricing strategy is needed because they discovered that fewer than 2% of published publications in marketing journals focused on price. Consequently, this study investigates pricing strategy and customer retention in Nigeria National Petroleum Corporation retail outlets in South-West, Nigeria.

Furthermore, a lack of attention to pricing strategy as a practical approach to business strategy may have a detrimental impact on the competitive edge and hence the overall success of business. organizations (Kawira, 2021; Intiedukoba & Onuoha, 2020). As the leading marketer in Nigeria's downstream industry, NNPC must devise a sustainable pricing strategy that would allow it to reach out to a wider number of customers for patronage and for them to make favorable repurchasing decisions, thereby leading to gaining competitive advantage. This is due to the assumption that a successful pricing strategy would result in improved performance in terms of profitable customer retention and favorable word of mouth.

1.1.1 Objectives of the Study

The specific objectives of the study include:

i. To investigate the extent to which a cost based pricing strategy significantly influences customer retention.
ii. To examine the extent to which a customer based pricing strategy significantly influences customer retention.
iii. To determine the extent to which a competition based pricing strategy significantly influences customer retention.

1.2 Literature Review and Hypotheses formulation

1.2.1 Concept of Pricing Strategy

Price is the total of the amount a consumer pays for a product or in exchange for the advantages of having a product or service (Kanini, 2021; Bearden, Ingram & Lafforge, 2014). Price is a term that describes the value that is assigned to a commodity or service and results from a complex interaction between costs, research, and a thorough grasp of the perceived value of customers (Kelly & Willam, 2014). It is commonly seen as a method for increasing sales volume and, as a result, increasing an organization's profitability (Lasoi & Robert, 2020); and it is regarded as one of the most essential aspects of the marketing mix that organizations can easily influence. Pricing products, according to Kanini (2021), is a strategic activity that must be done correctly since it is done with commercial and financial goals in mind. Thus, there is a need for a price strategy geared to match certain product values, which will necessarily impact customers' perceptions of the product's worth. Therefore, for all pricing-related operations, a successful pricing strategy must direct both the organization's primary behavior and secondary communiqué toward the target market (Kawira, 2021). According to Mattos et al. (2021), strategic pricing entails realizing that not all pricing challenges require adjusting the price as the optimum answer.

By extension, therefore, Kotler and Armstrong (2008) described pricing as the process of deciding how much money a customer must pay in exchange for a product or service. According to Dolgui and Proth (2010), pricing strategy is a method of adjusting prices with the sole aim of maintaining optimal price stability while optimizing profit and quantity of sales. Notably, when the quality of items from different organizations becomes increasingly comparable, pricing becomes one of the most crucial criteria for attracting and maintaining customers, as well as gaining their loyalty (Mohammad & Mojtaba, 2015).

Pricing is a marketing component that has a substantial influence on the competitiveness of the firm (Lasoi & Robert, 2020; Kotler & Armstrong, 2008). This necessitates the need for organizations to evaluate key areas and make firm decisions based on the valid findings of their investigation that aligned with organizational objectives as well as other functional policies and structures that should be adaptive, flexible, reactive, and carefully observed for a firm to remain competitive (Kawira, 2021).

A pricing strategy that is efficient and successful is a core competency that demonstrates a consistent price structure that assures the attainment of company’s objectives by enabling the value of a product or service offering in contrast to the value offered by competitors (Kawira, 2021; Sven et.al, 2019). Geographic location, discounts, price discrimination and sensitivity, which impacts customers' bargaining power due to substitute awareness, total expenditure, shared cost, end-benefit effects, and sunk investment effects are the primary determinants of pricing strategy (Lasoi & Robert, 2020).

Pricing strategy, according to Hinterhuber (2008), may be classified into three types: cost-based, competition-based, and customer value-based pricing strategies. This implies that pricing methods vary greatly between customers, industries, and countries. Choosing pricing targets and related strategies is a key function of business management and an integral component of business planning process (Dudu & Agwu, 2014).

1.2.2 Concept of Customer Retention

According to Johnson and Isibor (2019), customers are critical to an organization's effectiveness in a market-driven economy. Thus, a firm's capacity to keep profitable customers is perceived as a competitive advantage for the organization (Kotler, et al, 2010). According to Lawrence, Alexander, Oghojafor, Ladipo, Ighomereho, and Odunewu (2014), current marketing activities are therefore aimed towards addressing consumers' requirements and assuring customers' satisfaction, as well as planning on how to keep such customers. To compete in a competitive market environment, businesses must focus on customer retention through the supply of high-quality and competitive products (Nwulu & Nwokah, 2018).

Customer retention is commonly defined as a customer's loyalty to a certain organization and its products over time as demonstrated by repeat purchases and a proclivity to promote positive word of mouth among their social circle (Jeng & Bailey, 2012). Audu and Umar (2019) explained customer retention as a measure of sustainability of customers' patronage for a product or service of an organization over an extended period of time. Customer retention ability, according to Limiri and Gichuru (2017), is described as an organization's capacity to keep lucrative customers based on product evaluation.

Invariably, customer retention occurs when customers abandon competitors' products and choose to continue using goods and services from a certain source or firm (Shammah, 2016). It is the future estimate of customers who determine to continue using the product of a particular organization (Audu & Umar, 2019).

According to Ibojo (2014), customer retention is possibly one of the most effective weapons that firms may deploy to acquire a strategic edge and survive in today's more competitive environment. It is therefore imperative for NNPC retail outlets to vigorously pursue customer retention strategy because competitors because competitors are always on the lookout to gain more customers in the market (Fluss, 2010). This is in line with the assertion of Oghojafor, et al (2014) that it is more lucrative to retain existing customer who is more likely to re-purchase and re-use the company's products and maybe recommend them to others than courting a new customer.

Therefore, this study conceptualizes customer retention as the frequency of repeat purchase behavior of a customer using a mix of cognitive and attitudinal variables (Mushtaq & Pratibha, 2013). Repeat purchase intention is assumed to be customer's choice to repurchase a selected product from the same source, taking into account the customer's current status and other prospective events.

1.2.3 Approaches to Pricing Strategy

According to Hinterhuber and Liozu (2012), even though organizations' pricing tactics varied substantially, most companies utilize one of the cost, competitiveness, or customer value based approaches (Kotler & Armstrong, 2008; Nagle & Holden, 2003). Nagle and Holden (2003) contend that in order to arrive at the best pricing decision, the knowledge, perception, and inherent behavior of the 3C's of this process (Cost, Competition, and Customers) must be balanced. For the pricing definition approach and the price settlement to be successful, the management of this information is crucial. Additionally, even though each of these methods has drawbacks, they may all be used with both current and future products (Mattos, et al, 2021).

1.2.3.1 Cost-Based Pricing Strategy

In this pricing strategy, which is the most basic pricing method, price is established by adding a standard number to cost-price (Mohammad & Mojtaba, 2015). Cost-based pricing issues must be resolved entirely by turning the process around, beginning with the consumers (Mattos, et al, 2021). According to Indounas (2006), this pricing strategy may be applied in any form of price decision, independent of consumer type. However, the target price is based on value estimations and the amount of customer retention that the business may expect. Thus, the first hypothesis: ***H_o1: Cost based pricing strategy significantly influences customer retention in NNPC retail outlets in South-West, Nigeria.***

1.2.3.2 Competition-Based Pricing Strategy

This pricing strategy uses market prices as a baseline, often among a specific set of rivals (Mattos, et al, 2021); and it is defined by the market's current price (Mohammad & Mojtaba, 2015). By managing its resources to satisfy demand, cutting expenses, and raising productivity, a firm may assess its profit level in comparison to other prices and make it more enticing to customers than the competition. Typically, product prices are determined by competition, which has a big impact on the business's performance (Mattos, et al, 2021; De-Vargas & Scarpin, 2014).

Unless a company has solid reason to assume that its competitors would be unable to match a price cut, the long-term costs of using price as a competitive weapon usually outweigh any short-term gains. However, in order to implement this approach to establish customer retention, a company must evaluate its management activities (Pohland & Kesgin, 2017); perform a complete study of market conditions and possibilities; monitor rivals' pricing practices; and accurately define what consumers' requirements and demands are (Aalto-Setala, 2005). Thus, the second hypothesis: ***H_o2: Competition based pricing strategy has significant effect on customer retention in NNPC retail outlets in South-West, Nigeria.***

1.2.3.3 Customer-Value Pricing Strategy

This pricing strategy is based on the perceived value of a good or service among the target customers. Value establishment entails providing benefits that are at least as valuable as the sacrifices customers make in exchange for a good or service (De-Tonia, et al., 2017). The value-based strategy is also founded on customer perceptions of product’s worth. (Mohammad & Mojtaba, 2015). It entails striking a balance between the customer's desire to get a good deal and the company's requirement to cover costs and make profits (Micu & Micu, 2006). The sole goal of customer value based pricing is to price more economically by capturing more customer value, not necessarily by increasing sales (Mattos, et al, 2021). The superior value proposition is an offer to customers that adds more value or solves a problem more effectively than similar rivals (Payne & Frow, 2014). Therefore, adopting this method, the firm bases its product's price on the perception of value supplied to its customers with the aim of retaining profitable customers (Mattos, et al, 2021). Thus, the third hypothesis: ***H_o3: Customer based pricing strategy has significant effect on customer retention in NNPC retail outlets in South-West, Nigeria***.

1.3 Theoretical Review: Resource-Based View (RBV) Theory

The resource-based view of the firm (RBV) is a theoretical paradigm that aims to describe, explain, and forecast how organizations might attain long-term competitive advantage via the acquisition and management of definite resources (Arifin & Baihaqi, 2012). Organizational resources may be divided into three categories: physical, human, and organizational assets (Shamsuddinet al., 2013). The RBV explains variances in performance of firms within an industry in greater detail. In the context of product dispensing procedures, RBV may be utilized to explore the relationship between strategic management of petroleum retailing outlets and performance measures such as customer retention in establishing a competitive advantage through organizational competencies.

Applying the theory to this study reveals that NNPC retail outlets' pricing strategies in the form of cost-based, customer-value-based, or competition-based pricing were thought to be strategic weapon that may be utilized to strategically affect the amount of customer retention. These pricing strategies indicate managerial skill and may be developed to establish a competitive edge in an industry that sells generic products to customers.

1.4 Empirical Review

Given its strategic relevance as a supply chain management construct, several empirical studies have been done to highlight the impact of pricing strategy on organizational outcomes such as customer retention.

Kanini (2021) investigates the relationship between commodity pricing and the financial performance of selected Kenyan manufacturing firms. Secondary data from the previous 10 years used and analyzed. As proxies for commodity price, the sales growth ratio and tax were utilized. Long run and dynamic models were applied in the analysis of the data. The study found that both sales growth ratio and tax paid have significant impact on the financial performance of Kenyan manufacturing firms when measured using both EBITS and ROA. The study concluded that commodity price has a substantial association with financial performance of the selected manufacturing firms in Kenya.

Enemuo and Carim (2021) investigate consumers' perceptions of the quality of service at NNPC retail outlets in Enugu City, Nigeria. The convenience sampling approach was used to choose 304 retail customers who frequent fuel filling stations. Factor analysis and Analysis of Variance (ANOVA) were used to analyze the data. Findings showed that while age, gender, and occupation have no significant influence on customer impression of service quality, income and qualification, on the other hand, differ dramatically.

Abiodun et al. (2020) explore the impact of strategic marketing on competitive advantage and the role of resource capacities in extenuating the effect. A cross-sectional survey research design was employed. Cochran's technique was employed to choose 564 management workers from a total population of 1568, selected from petroleum products marketing enterprises in Lagos State, Nigeria. Data collected were analysed using multiple regression analysis. According to the findings, strategic marketing has a positive and significant influence on competitive advantage ($R = 0.594$, Adj. $R^2 = 0.627$, $F (4, 491) = 208.685$, $p = 0.000$ 0.05), and that resource capability has no significant moderation on strategic marketing of the selected petroleum marketing companies in Lagos State, Nigeria. The study concludes that strategic marketing has a positive and substantial influence on competitive advantage, but resource capability has no significant moderating effect on strategic marketing.

Bello, Bannah, Isah, Umar, and Ali (2020) explore the impact of price and product strategy on the success of small and medium-sized businesses in Kaduna State, Nigeria. The study utilized cross sectional survey method and a survey questionnaire was used to collect primary data from 75 managers. The measurement and structural models were tested using Smart PLS 3.0. Findings indicated that service pricing and service product are substantially connected to the success of small and medium-sized businesses.

De-Tonia et al. (2017) investigated the effects of pricing strategy on corporate profitability. 150 metal-mechanic companies in the North-East of Rio Grande-do-Sul State, Brazil, were researched. The study incorporates customer value-based, competition-based, and cost-based pricing strategies with price levels (high and low) and performance with regards to profitability. The results revealed that value-based pricing strategy and high price levels favorably influence profitability of the selected companies; whereas low price levels negatively affect it. The study concludes that pricing strategies have significant impact on organizational profitability, and hence a more strategic look at the pricing process may be one area that managers should not neglect.

The impact of pricing strategies on corporate performance of the brewery business in Nigeria from 2005 to 2013 was researched by Michael, Odunayo, and Ebiwonjumi (2016).

The study used a descriptive research approach, and panel data regression was used to analyze secondary data obtained from the selected brewing companies. The findings demonstrated that pricing strategies had a significant impact on brewery success, with pricing methods explaining 91 percent of the industry's performance. However, the implemented sales approach was shown to be negatively associated to the success of the Nigerian brewery business, as evidenced by the amount of net revenue of the industries. The study concluded that the brewery sector could employ value-based communication to overcome communication gaps between the sales and marketing units, which caused the negative impact of sales growth on net revenue.

Review of empirical studies, with particular reference to some of the above cited signify that there have been few studies that had been done on the issue of pricing strategy and its effect on customer retention at NNPC retail outlets in Nigeria. This is a gap that this study attempted to fill. Moreover, when policies that could help build organizations are to be made, outcomes of studies of this nature are of great significant and considering the gaps observed in previous studies, there is need to look into the identified variables of pricing strategy could significantly influence organizational outcomes, with special reference to customer retention. The relationship between the dependent and independent variables for the study is conceptualized using input-process-output parameters (Figure 1).

2. METHODOLOGY

The study used a descriptive survey research design technique, which gives an acceptable and valid representation of the variables that were important to the research objectives. The population of the study included all customers of NNPC retail outlets who were end-users of petroleum-related items in Nigeria's South West Region.

The South-West area was chosen because it has the highest commercial and consumption of petroleum products in Nigeria, accounting for 39.52% of the country's six geopolitical zones and FCT zone. The South-West region consumed around 3,240,116,090 liters (39.52%) of petroleum-related products every year (NNPC Statistical bulletin 2018). NNPC also owns 61 retail locations in the South-West; 6 Mega stations (one in each state capital), and 55 floating and associate stations (NNPC Statistical bulletin 2020). As a result, the study's population was confined to consumers of petroleum-related items at the six mega stations and fifty-five affiliate filling stations. Premium Motor Spirit (PMS, also known as gasoline or petrol), Automotive Gas Oil (AGO, also known as diesel), Dual Purpose Kerosene (DPK), Liquefied Petroleum Gas (LPG), Aviation Turbine Kerosene (ATK, also known as jet-A1), Industry Fuel, Bitumen, and Base Oil were the main petroleum-related products available in these outlets. However, the three most popular items at the filling stations, Premium Motor Spirit (PMS), Automotive Gas Oil (AGO), and Dual Purpose Kerosene, were the only ones included in this survey (DPK). These products were considered for the study because they had the highest demand from the stations that were selected. However, the actual number of these product' clients was unknown, implying that it was an infinite population.

As a result, the statistical method of Cochran (1977) was used to determine the sample size of consumers for this investigation. This supported Babalola's (1998) claim that the method is useful for estimating the lowest sample size when the population is infinite. As a result, the sample for the study was determined as described below:

$$n_0 = \frac{Z^2pq}{e^2}$$

Where:
Z= the selected critical value of the desired level of confidence (1.96)
p= the estimated fraction of an attribute that is available in the population (0.5)
q= 1− p, e is the desired level of exactitude (0.5)
e= Degree of accuracy desired (0.5)
Therefore,

$$n_0 = Z^2pq = \frac{(1.96)^2\ (0.5)\ (1\text{-}0.5)}{0.05^2}$$

n_0== 384 Respondents

As a result, 384 samples were regarded as the number of customers who would be approached for responses. The proportional distribution of the customers consists of 24 customers to each of the six mega stations (i.e a sub-total of 144) and twenty customers to each of the purposely selected affiliate stations (i.e a sub-total of 240) making a total of 384 customers. This was done on the basis that patronage in the mega station is higher than that of the affiliates (DPR, 2020).

The study employed a multistage sampling strategy that included purposive, simple random, and convenience procedures. First, the multistage sampling was used to divide NNPC retail outlets into clusters (i.e. regions), from which South-West region was selected as the base for the study. The outlets were further classified as mega and affiliate stations to facilitate primary data collecting on a proportionate basis. Second, purposive sampling was utilized to select the six mega-stations in the region that were included in the study. Third, simple random approach was used to choose twelve affiliate stations (i.e. 2 in each of the six states). Finally, convenience sampling approach was utilized to distribute questionnaires to respondents at the selected retail outlets.

The study used primary source of data and the data were collected using a standardized questionnaire that was created to collect information in respect to issues relating to pricing strategy and customer retention. The items on the questionnaire were designed to offer solutions to the research objectives. A five-point Likert scale was used, allowing respondents to rate each item on a scale from strongly agree (5 points) to strongly disagree (1 point). This led to the distribution of 384 copies of the questionnaire to the responders.

With the assistance of six research assistants—one for each state—the instrument was self-administered.

Using Cronbach's Alpha with a threshold of 0.7, the reliability of the research instrument was evaluated. Cronbach's alpha reliability analysis, as shown in table 1, revealed that the scale's overall measure's coefficient was 0.798, which suggested strong reliability and that the scale's overall measure was very reliable since it exceeded 0.70.

Additionally, the questionnaire was distributed to management specialists at the University of Ilorin's Department of Business Administration. The questionnaire's final draft was updated to reflect their comments and suggestions.

With the use of the Statistical Package for Social Sciences, data that were collected were processed to test hypotheses using the statistical method of multiple regression analysis. Multiple regression analysis was used because it is useful for determining the degree of variability or changes in the level of the dependent variable as a result of independent variable-related factors(s).

2.1 Hypothetical Model Specification

The model to achieve test of hypotheses was specified below;

$$CusRent=\beta o+\beta_{i}CoBaPriStra+\beta_{ii}CusBaPriStra+\beta_{iii}ComBaPriStra+\mathcal{E}$$

Where:

CusRent=Customer Retention (Dependent variable)

CoBaPriStra= Cost Based Pricing Strategy (Independent variable)

CusBaPriStra= Customer Based Pricing Strategy (Independent variable)

ComBaPriStra= Competition Based Pricing Strategy (Independent variable)

βo = Intersection point

Ɛ= Error term

3. RESULTS

According to the questionnaire's response presented in table 2, out of a total of three hundred and eighty-four copies, two hundred and ninety-four copies (76.56%) were returned and considered eligible for the study. This indicates that the majority of respondents responded positively to the questionnaire, making it relevant for the research.

Multiple regression analysis was utilized to determine the impact of pricing strategy on customer retention, as shown in table 3-5. According to the model summary in table 3, pricing strategy has a significant and positive effect on customer retention. A significant and positive association between pricing strategy and customer retention is suggested by the multiple correlation coefficient (R) value of 0.819 (81.9%).

The R-square value of 0.690 (69.0%) reveals that independent variables of cost based pricing strategy (CoBaPriStra), customer based pricing strategy (CusBaPriStra) and competition based pricing strategy (ComBaPriStra) had a combined influence of 0.690 (69.0%) on dependent variable of customer retention (CusRent).

The adjusted R2 value of 0.680 (68.0%) suggests that cost-based pricing strategy (CoBaPriStra), customer-based pricing strategy (CusBaPriStra), and competition-based pricing strategy (ComBaPriStra) all contribute to variation in the level of customer retention (CusRent). This is adequate for establishing the model's goodness of fit. As a result, the regression model proved to be quite beneficial for forecasting.

The overall diagnostic test of significance utilizing Analysis of Variance (ANOVA) between pricing strategy and customer retention was given in Table 4. The ANOVA results for regression coefficients indicate that the significant value of the F-statistics at F=214.789>F-table=4.29 at a degree of freedom of (3, 290) with p-value=0.00 which is less than 0.05 or 5% error term. This posits pricing strategy constructs significantly influence customer retention and therefore represent a good fit for the model. Therefore, pricing strategy could be used to predict variation in the level of customer retention.

Table 5 shows that when all other factors are maintained constant, customer retention (CusRent) equals 1.486. When there is a unit increase in the pricing strategy constructs identified in the study, which include cost-based pricing strategy (CoBaPriStra), customer-based pricing strategy (CusBaPriStra), and competition-based pricing strategy (ComBaPriStra), it increases by 0.197, 0.703, and 0.206, respectively, while other variables remain constant.

Table 5 shows that the standardized beta coefficient for ost-based pricing strategy (CoBaPriStra) is 0.204, with a t-test value of 3.329 at the 5% level of significance. This proves the relevance and significance of cost-based pricing strategy (CoBaPriStra) in forecasting customer retention (CusRent). As a result, the alternative hypothesis, which established that cost based pricing strategy significantly influences customer retention in NNPC retail outlets in South-West, Nigeria is accepted.

The standardized beta coefficient for customer-based pricing strategy (CusBaPriStra) is 0.767, with a t-test value of 11.954 at 5% significance level. This suggests that customer-based pricing strategy (CusBaPriStra) is significantly important in forecasting customer retention. As a result, the second alternative hypothesis, which states that customer based pricing strategy has significant influence on customer retention in NNPC retail outlets in South-West, Nigeria is accepted.

The standardized beta coefficient for competition-based pricing strategy (ComBaPriStra) is 0.307, with a t-test value of 4.794 at 5% significance. This suggests that a pricing strategy based on competition (ComBaPriStra) is highly useful in forecasting customer retention. As a consequence, the third hypothesis, which established a competition-based pricing strategy have a major impact on customer retention at NNPC retail outlets in Nigeria's South-West is accepted.

4. DISCUSSION

This study focused on pricing strategy and its relative impact on customer retention, with particular focus on NNPC retail outlets in South-West Nigeria. Three constructs were utilized as proxies for pricing strategy, with customer retention serving as the dependent variable, and the degree of effect was established by testing three hypotheses developed in accordance with the study's specific objectives.

Findings from hypotheses testing revealed that the three constructs relating to pricing strategy described in the study's model are significant predictors of customer retention. This signifies that the management of NNPC retail outlets, Nigeria should deliberately focus more effort and resources on promoting a viable pricing system that will help gain and secure customer trust. This corroborates the view of Mattos et al, (2021). Essentially, a company's price strategy is viewed as a kind of communication with its customers, "a language that may convey more meaning and credence than a thousand words" (Docters et al., 2003).

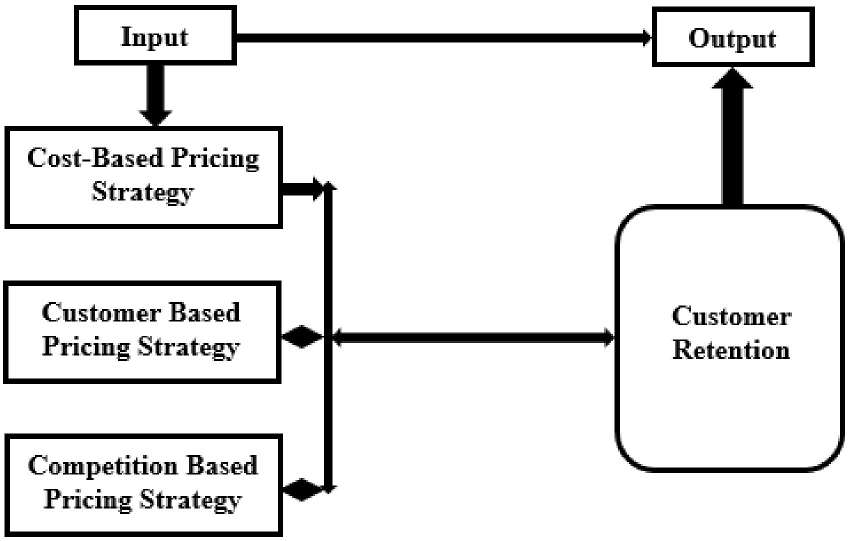
Additionally, the analysis indicates that that among the three constructs of pricing strategy in influencing customer retention, customer based pricing strategy (CusBaPriStra) ($\beta1=0.703$; t-value=11.954; $p<0.005$) contributed mostly to customer retention. It was followed by the competition based pricing strategy (ComBaPriStra) ($\beta1=0.307$, t-value=4.794, $p<0.005$), then cost based pricing strategy (CoBaPriStra) ($\beta1=0.204$, t-value=3.329, $p<0.005$) was found to contributed less significantly to customer retention. These findings are in congruent with several scholars such as Deonir, Ricardo and Gabriel (2021); Kawira (2021); De-Tonia, et al., (2017), which established that value-based pricing strategy has the most direct and positive effect on market performance of enterprises and significantly moderates organizations' profitability.

5. CONCLUSION

This study signifies that pricing strategy is a crucial aspect of marketing and it an essential element to organization's success or otherwise. Based on the empirical findings, the study concludes that pricing strategy adopted by NNPC retail business units is significantly relevant in determining customer retention. Thus, the study established that pricing system has significant impact on the customers' decisions to continue doing business with a retail outlet. Furthermore, NNPC retail outlets should use more of a value-based pricing approach rather than a cost-based pricing plan to increase customers' patronage, resulting in increased sales and revenue creation. Therefore, the following recommendations must be considered for NNPC retail outlets to improve their business performance outcomes, with particular reference to customer retention. The marketing strategy employed by the management of the business units of NNPC to promote and improve the level of customers' retention must employ appropriate pricing strategy, with strong emphasis on adoption of more of value-based and less of cost-based pricing strategy. This is supposed to assist management in creating the proper response to the Nigeria downstream sector's competitive issue and developing viable competence toward a better knowledge of the dynamic of customer expectations and demands.

Moreover, to further improve customer perception of value, the management of NNPC outlets must ensure that customer questions and concerns on pricing related issues are answered promptly and efficiently. This would enable them to gain customers' trust and accurately forecast demand, thereby increasing sales volume and thereby increase organizational profit margin.

APPENDIX



Source: Author's Design (2022)

Figure 1: Study Conceptualization

Table 1: Cronbach Alpha Reliability for the Instrument

Cronbach's Alpha	Cronbach's Alpha Standardized Items	N of Items
.801	798	12

Source: Author's Computation, 2022

Table 2: Analysis of Responses to Questionnaire

Description	Frequency	Percentage
Administered	384	100
Returned	294	76.56
Un-Returned	090	23.44

Source: Field Survey, 2022

Table 3: Regression Model Summary of Effect of Pricing Strategy on Customer Retention

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.819[a]	.690	.686	.691

a. Predictors: (Constant), ComBaPriStra (Competition Based Pricing Strategy) , CoBaPriStra (Cost Based Pricing Strategy), CusBaPriStra (Customer Based Pricing Strategy)

Source: Field Survey, SPSS, Printout 2022

Table 4: Analysis of Variance (ANOVA[a]) of Mean, F-statistics and Significant Value

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	307.603	3	102.534	214.789	.000[b]
	Residual	138.438	290	.477		
	Total	446.041	293			

a. Dependent Variable: CusRent (Customer Retention)

b. Predictors: (Constant), ComBaPriStra (Competition Based Pricing Strategy) , CoBaPriStra (Cost Based Pricing Strategy), CusBaPriStra (Customer Based Pricing Strategy)

Source: Field Survey, SPSS, Printout 2022

Table 5: Regression Coefficients[a] of Beta and t-test statistics

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.486	.132		11.295	.000
	CoBaPriStra	.197	.059	.204	3.329	.001
	CusBaPriStra	.703	.059	.767	11.954	.000
	ComBaPriStra	.206	.041	.307	4.794	.000

a. Dependent Variable: CusRent (Customer Retention)

Source: Field Survey, SPSS, Printout 2022

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