

**ST. MARY'S UNIVERSITY COLLEGE
BUSINESS FACULTY
DEPARTEMENT OF MARKETING MANAGEMENT**

**A STUDY OF ANALYZING PRICING STRATEGY OF
ON KALITI FOOD SHARE COMPANY**

**BY
DARU SHEIFA**

**JUNE 2010
SMUC
ADDIS ABABA**

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ON KALITI FOOD SHARE COMPANY**

**A SENIOR ESSAY SUBMITTED TO THE
DEPARTMENT OF MARKETING MANAGEMENT**

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ST. MARY'S UNIVERSITY COLLEGE**

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DEGREE OF BACHELOR OF ARTS IN MARKETING
MANAGEMENT**

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TABLE OF CONTENTS

	Page
Acknowledgements	i
Table of Contents	ii
List of Tables	iv
CHAPTER ONE	
I. INTRODUCTION	
1.1 Background of the Study	1
1.2 Statement of the Problem	2
1.3 Research Questions	3
1.4 Objective of the Study	3
1.4.1. General Objective	3
1.4.2. Specific Objectives of the Study.....	3
1.5 Significance of the Study	3
1.6 Scope (Delimitation of the study)	4
1.7 Definition of Terms	4
1.8 Research Design and Methodology	4
1.8.1 Research Design	4
1.8.2 Population and Sampling Technique	4
1.8.3 Types of Data Collected	5
1.8.4 Methods of Data Collection	5
1.8.5 Data Analysis Technique	5
1.9 Limitation of the Study.	6
1.10 Organization of the Study	6
CHAPTER TWO	
REVIEW OF RELATED LITERATURE	
2.1. An Overview Price	7
2.2. Importance of Pricing	8
2.3. The importance of Price to Marketing Managers	9

2.4 Pricing Objective	9
2.5 Estimated Demand Curves	10
2.6 Competitive reaction	10
2.7 Other Marketing-mix Elements	10
2.8 Pricing Policies	11
2.9 Marginal Cost Pricing	11
2.10 The Demand Determinate Price	11
2.11 Price Strategy	12
2.12 Pricing below Competition	12
2.13 Price-above competition	13
2.14 Escalator Pricing	13
2.15 Availability of Substitutes and Competitor Product	13
2.16 Different Price Situations	13
2.17 Establish Expected Share of Market	14
2.18 Price –Adjustment Strategies	14
2.19 Reactions to Price Changes	15
2.20 Setting the Price	15
2.21 Pricing within Channel Level	16

CHAPTER THREE

DATA ANALYSIS AND INTERPRETATION

3.1 General Characteristics of Respondents	17
3.2 Analysis of Measure Findings	27

CHAPTER FOUR

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

4.1 Summary	29
4.2 Conclusions	31
4.3 Recommendations.....	33

Bibliography

Appendix - A

Appendix - B

Appendix - C

List of Tables

	Page
Table 1: General Characteristics of the Respondent	17
Table 2: Relation between the Customers with Product	18
Table 3: Analyzing of the product with used to customer Experience	19
Table 4: Companies product compare to other competitors Product with Price.....	19
Table 5: How compare and contrast Kaliti Food Price to others Competitors	20
Table 6: Does the company product with Reasonable price According to customer Needs	21
Table 7: The company's Product decreased Price	22
Table 8: The company's product price Increasing	22
Table 9: Compare Kaliti Biscut Price with competitors Biscut ...	23
Table 10: Compare Kaliti Products with Price.....	24
Table 11: Price Comparison of Product with Competitors	24
Table 12: Company's effort to the Inflation of price all over the world	25
Table 13: customer complains regarding to the company's Price ..	26

CHAPTER ONE

INTRODUCTION

Background of the Study

The Price is a matter of vital importance buyer and the seller. Exchange of the good or service take place only when the prices are agreed up on by the seller and the buyer price can decide the success or failure of a firm. Prices are important economic regulator, by transferring to money. The importance of price has been increased price is a primary source of revenue which, all firms try to maximize by expending markets. The marketing demand for product or service to large extent depends up on the price of the product. Price will affect the competitive position and share market. Pricing policy no doubt is potential weapon, especially in a planned economy like ours where it can be used in such away as to bring about a proper allocating resources according to planned priorities (Pillal and Bagovathi, 2002:145).

In the narrowest sense, price is the amount of money for a product or service. More broadly, price is the sum of all the value that consumer exchange for the benefits of having or using the product or service (Kotler and Armstrong, 2006:307).

When a firm sets a price for its goods, it has consider many factors demand, existing competition, legal restriction etc. only the cost of production is not enough to fix the price, but the objectives of the firm may also be considered. In consumer-oriented marketing, the product must have utility to buyer, who must have satisfaction (Pillal and Bagovathi, 2002:145).

Kaliti Food share company was established in 1938 E.C. It is located. In Addis Ababa at the industrial area of Akaki Kaliti sub city. The company a produced higher energy biscuits and various type of spaghetti, suit biscuits, bread, Macaroni, Pastiness and Galette.

The company has been used competitive based and cost based pricing strategy. In order to be competitive firm in the food industry the company must be able to manage problem in its pricing strategy. Therefore, this study would assess analyzing pricing strategy of Kaliti food share Company. Beside, based on the research findings the student researcher tries to give relevant solution to the problem.

Statement of Problem

Yet many companies do not handle pricing well. One frequent problem is that companies are too quick to reduce prices in order to get a sales rather than convincing buyers that there products are worth a high price, other common mistake include pricing that is too cost oriented rather than customer value oriented and pricing that does not take the rest of he marking mix in to account. A company's pricing decision is affect by both internal company factors and external environmental factors. Internal factors affecting pricing include the company's marketing objectives, marketing mix strategy, cost and organizational consideration external factors that affect pricing decision include the nature of the market and demand, competition, and other environmental elements (Kotler, 2006:309).

Kaliti food share Company has long year Experience in Ethiopia Food Market. Since its establishment the company has used different pricing strategy, currently by using competitive based and cost based pricing

strategy. However, the company has faced different problems related with its pricing strategy.

- Due to high price of the product have low market share in the market.
- Inappropriate selection of pricing strategy used to reach the target market.
- Uncontrolled input price fluctuation time to time.

Research Questions

- What is the current pricing practices of the enterprise?
- What are factors affecting the pricing strategy of the company?
- Does the company provide product with reasonable price according to customer needs?

Objective of the Study

General Objective

The general objective of this study would be analyzing the pricing strategy of Kaliti Food Share Company.

1.4.2. The Specific Objective of the Study

- To see extent of pricing practice of the enterprises.
- To investigate factor affects the company's pricing strategy
- To asses the reasonableness of the company's price related with customer need.

Significance of the Study

This paper has the following significance. Its gives fully understanding about the analyzing pricing strategy and its on sequence to Kaliti Food Share company. It will serve as a base for researcher who would study on the same or related topics.

1.6 Scope or Delimitation of the Study

The Study is delimited to analyzing the pricing strategy of Kaliti Food Share Company. The company has distributed its product to different regions of the country but, due to time constraint, the research paper would be delimited in studying selected areas of Addis Ababa these are Merkato, Kaliti and Akaki. Besides, the company has organized in different sub departments like, marketing human resource, financial production and engineering department the research would select financial, production and market department believing that relevant data for the study would be obtain.

1.7 Definition of Terms

Price is the amount of money charge for product or services of the sum of value that consumers exchange for the benefit of having or using the product and services (Kotler, 2006:343).

Strategy is fundamental pattern of present and planned objective resource deployment and interaction of an organization with market competition on other environment factors (Shalkar, 2006:400).

1.8 Research design and Methodology

1.8.1 Research Design

The student researcher used descriptive research method to assess and describe the factors affecting pricing strategy Kaliti Food Share Company.

1.8.2 Population and Sampling Techniques

For conducting this research, the population of the study consider the company's managers (marketing, financing) which is due to availability of relevant data in marketing, financing and analyzing pricing strategy, the company's managers would be selected. Since the company has distributed its product to vast number of customers and doesn't have customers list based on the model given by Malhatra (2006:339) 200 customers sample size would be taken. Convenience sampling method used in order to select customers of the company, in addition to select the company's manager's comprehensive sampling method would be used.

1.8.3 Types of Data Collected

The researcher used both primary and secondary source of data.

1.8.4 Method(s) of Data Collection

Interview has conducted with the marketing and production manager and questioner were distributed to the customers. In addition to the second data would be collected from the company's webpage and record books, brushers.

1.8.5 Data analysis Technique

Qualitative and quantitative data analysis technique used in this research study. Quantitative data analysis technique are used the findings, percentage would compute to get the total picture of the data collect from sample respondents then the summarized data presetting the form of table. Qualitative data analysis technique use interview response as well as the response to close ended questions.

1.9 Limitation of the Study

The major limitation during the study were shortage of time to do the research, lack of willingness to give full Information about the company and lack of willingness on the side of the some respondents to give enough information also the limitations that hinder the researcher.

1.10. Organization of the Study

The research paper would consisting of four chapters the first chapter is Introduction part and it includes Background of the study, statement of the problem, Base research question, Objectives of the Study, Significance of the Study, Delimitation of the Study, Research Design and Methodology, Limitation of the Study, Second Chapter to deal with review of Literature, Third Chapter would be concerned with the data analysis and Interpretation, the last chapter include, summary, Conclusion and Recommendation.

CHAPTER TWO

RELATED REVIEW OF LITERATURE

2.1 An Overview of Price

Price is the amount of money and/or other items with utilize needed to acquire a produt recall that utility is an attributes with potential to satisfy wants. Thus, price may involve more than (Etzel and Other, 2001: 324).

In the early stages of men price were set by buyers and sellers negotiating with other the seller may demand of higher price than expected and to buy or may offer a price less than the expected one. Ultimately they arrive at an agreeable price through bargaining. Now in the completive economy. Development of large business aim to have one price policy. In certain cases, the buyer looks at the price as an indicator of product quality (Pillal and Bagayaful, 1987: 144)

Price represents quality of money (or goods & services in a barter trade) received by the firm or seller. To a customer it represents sacrifice and hence his perception of the value of the product (Sexena, 2004:273)

Price is the exchange value of a product. But in practice, price a remains vague, unless all the details about it are spent out, it is essential, For instance, to know whether the price is ex-work, or f.o.b or delivered price, whether the price is for cash purchase of credit purchase of instalment purchase (Kumar and Mittal,2001: 214).

Pricing assumes a significant role in a competitive economy. Price is the main factors which affects the sales organization. A good price policy is of

great Importance to the producers. Wholesalers, retailers and the consumers. Marketers try to achieve their long run pricing objectives though both price policies and price strategies. If the prices are high, few buyers purchase and the price are low, many buyers purchase. Thus market may be reduced or increase that is the price increase in relation to the sales revenue. Thus pricing is a critical situation. Therefore, a sound pricing policy must be adapted to have maximum sale revenue (Kumar and Mittal, 2001: 216).

2.2 Importance of Pricing

Pricing is considered by many to be the key activity within the key enterprise system. A product's price influences wages, rent, Interest and profit that is the price of a product is influences the price paid for the factors of production labour land, capital and entrepreneurship (Stanton and other, 1991: 241)

Price is a matter of vital importance to both the seller and buyer in the market place in money economy, without price there can not be marketing. Price do notes the value of a product or services expressed in money. When a buyers and seller a given price we can have exchange of goods and services heading to transfer of ownerships (Sherlear, 2004: 188)

Price is the only element in the marketing mix that produce revenue; all other elements represent costs. Price is also one of the most flexible elements of the marketing mix. Unlike product features and channel commitments. Price can be changed quickly. At the same time pricing is the number one problem facing many marketing executives, yet many companies don not handle pricing well (Kotler and Armstrong, 2006: 309)

2.3 The Importance of Price to Marketing Managers

Prices are the key to revenue, which in turn one the by to profits for an organization, revenue is the price changes to customers multiplied by the number of units sold, revenue is what pays for every activity of the company, production, finance, sales, distribution and so on. What's left over is profit (Kotler, 2004:335)

2.4 Pricing Objective

A business firm will have a number of objectives of pricing. Usually some of these will be long-term while others will be short-term. Also, some will be primary objectives while other will be second any and all these objectives from the corporate and marketing objectives of the firms. (Ramaswamy and Namakon, 1990:513) companies selecting primary objectives are the following.

a) Profit – Oriented Goals:- Profits may be set for the short of long term.

A company may select one of two profit oriented goals for its pricing policy (Gross, A. and Other, 1998:240)

b) Achieve a Target Return:- A firm may price its product to achieve a target return- specified percentage return on its sale or on its investment (Gross, A. and Other, 1998:245)

A) Maximize Profit:- The pricing objectives of making as much money as possible is probably followed more than any other goals the trouble with this goal is that to some people, profit maximization has an ugly connotation, suggesting profit, high price, and monopoly. Last factors influencing price determination knowing its pricing objectives, a company can move to the heart of price management determining the base price of a product. Base price or his price refers to the price of one unit of the product at its point of production or resale (Gross, A, 1998: 400)

2.5 Estimated Demand Curves

Most companies make some attempt to measure their demand curves. They can use different methods.

The first involves statistically analyzing past price, quantities sold, and other factors to estimate their relationship. The data can be longitudinal (Over time) or across sectional (different location at the same time (Kotler, P. 2002: 462)

The next thing in the fixation of price is the estimation of demand where the decision makers want to know what the future has in store for the firms as far as price are concerned. If the consumers are eagerly waiting for something of the sort that is going to be offered, there is a possibility that the demand will be inelastic, and then frequently of product purchase then the price can be kept low. (Monge and Shalini 2003: 244)

2.6 Competitive Reaction

A firm considering a price change has to worry about the reactions of its competitors as well as those of its customer. Competitors are most likely to react when the number of firms involved is small, when the product is uniform, and when the buyers are well informed (Kotler and Armstrong, 2005:347)

2.7 Other Marketing – Mix elements

A product's base price is influenced considerably by the other ingredients in marketing mix. We have already observed that a product's price is affected by whether it is a new item or an established one. Distribution channels the channels and types of middlemen selected will influence a product's pricing. A firm selling both through whole sellers and directly to retailers often sets a different factors price. For these classes of customers, (Kotler, 2006:343)

2.8 Pricing Policies

It gives guidance to marketers in proper pricing decision pricing in time (with the market prices) the sale at curves market price is desirable under free competition and when customary price level exists it is preferable, when product differentiation through branding is minimizing, buyers, and sellers are well informed, and we have a free market economy under such condition price losses its importance as a weapon of competition and seller have to adapt other means of non-price competition. Market, plus, the sale both the market price, under free competition is profitable only when your product is distinctly, unique and it has prestige or status in the market customers in inclined to put a greater value on the product if the package is very good or the brand is well known. Market-minus the sale below the market price, particular at the retail level is profit able only to large chain stores, self-serves stores and discount houses (Sherlekar, 2003: 211)

2.9 Marginal Cost Pricing

Marginal cost pricing aims at maximizing the contribution to wards fixed costs marginal costs includes all the direct variable costs of the product. In marginal cost pricing, these direct variable costs are fully realised. In addition, apportion of the fixed costs is also realised. The main difference between absorption cost pricing and marginal costs depending on the market. Situation (Ramswamy and Namakumari,1990:515)

2.10 The Demand Determinant Price

After marketing managers establish price goals, they must set specific prices to reach those goals. The price they set for each product depends mostly on two factors; the demand for the goods or services and the cost to the seller for that good or services. When pricing goals are mainly sales oriented, demand consideration usually dominate. Other factors such as distribution and promotion strategies, perceived quality

demands of larger customers, the internet , and stage of the products life cycle, can also influences price (Lamb and Others, 2004: 574).

2.11 Price Sensitivity

The demand curves show the market's probable purchase quantity at alternative prices. It sums the reactions of many individuals who have different price sensitivity. The first steps in estimating demand is to understand what affects price sensitivity. Generally speaking customers are most price-sensitive to products that cost or are bought frequently (Kotler, 2004: 475).

Perceived Value Pricing

Some customer's benefits are more difficult to quantify in terms of economic value, yet they have an important (Best, 2005: 243).

Estimating Competitor Reaction

A key factor in the price change decision is the extent of competitor reaction. A price rise that no competitor follows may turn customers away while a price cut that is met by the competition may reduce industry profitability. Four factors affect the extent of competitor's reaction of their strategic objectives, what is in their self interest, the competitive situation at the time of the price changes and past experience (Jobber, 2001: 340)

2.12 Pricing below competition

A variation of market-based pricing is to set a price below the level of your main competitors pricing below competition is done by discount retailers, such as Wal-Mart, Target and Aldi which stress low mark-up, high volume, and few customers or services (Etzel and others, 2004:338).

2.13 Pricing above Competition

Pricing above retailers sometimes set their price above the prevailing market level, usually, pricing above completion works only when the product is distinctive or when the seller has acquired prestige in its filled (Etzel and others, 2004:339).

2.14 Escalator Pricing

A price factor in which the final selling price reflects cost increases incurred between the orders is placed and the time delivery is made (Lamb and others, 2004:619).

2.15 Availability of Substitutes and Competitor Product

If there are substitutes on competitors which are perceived by the customer to be identical or comparable then the price elasticity of demand will be high. It is important to note that the customers perception of compatibility of competing products to satisfy the need is more relevant there than compatibility on tangible features (Sexena, 2006:327)

2.16 Different Price Situations

The following points represent five different pricing situations that depend a lot on how the consumers perceive a particular brand (Monga and Shalini, 2003: 248)

The highly elastic price situations that where the cost of a particular brand is very high, but that is worth it because it is by quality of that level. The genuine situation means a reasonable price for the high quality brand like the previous one.

The economy situations refer to the cost. You have to keep in mind your pocket. The negotiating situations of price are one where the cost is reduced for a very good brand.

2.17 Establish Expected Share of Market

A marketer must decide the share of the market at the expected price. Low priced products may capture larger share of the market, and a high priced product may capture a small share of the market, larger share of the market can also be captured by advertisements and non-priced competition. Share of the market is also decided by the factors, such as present production capacity, cost of plant extension etc (Pliial and Bagavathi, 1987:149)

2.18 Price –Adjustment Strategies

Companies usually adjust their basic price to account for various customers differences and changing situations.

There are the following considered (Kotler and Armstrong, 2006: 335)

A. Quantity Discount

In order to encourage a customer to make bulk or large purchase as at a time or to concentrate his purchases with the seller, quantity discount may be offered to large buyer (Sherlekak, 1981:248)

B. Trade Discount

Trade discount sometimes called functional, are reduction form the list price offered to buyers will perform (Kotter, P. 2206:338).

C. Initiating Price Cuts

Several circumstance might lead a firm to cut its price one is excess plant capacity the firm needs addition of business and can not generate it through increased sale effort, product improvement, or other measures. It may resort to aggressive pricing. But in initiating a price, the company may trigger a price war (Kotler, 2002:478)

D. Initiating Price Increases

After an initial price is set, a number of situations may promote a firm to change its price. As costs increase, for instance, management may decide that raising price is preferable to maintaining price and either cutting quality or promoting the product aggressively (Etzel and others, 2001: 381)

2.19 Reactions to Price Changes

Any price change can provide a response from customers, competitors, distributors, suppliers and even government. Customers often question the motivation behind price. Change price can be interpreted in different ways; the item is about to be replaced by a new model; the item is faulty and is not selling well; the firm is in financial trouble; the price comes down even further; the quality has been reduced. Competitors' reactions are most likely to react when numbers of firms are informed (Kotler, P. (2006:348)

2.20 Setting the Price

A firm must set a price for the first time when it develops a new product, when it introduces its regular product into a new distributor channel or geographical area, and when it enters bids, on new contract work. The firm must decide where to position its production quality and price (Kotler, P. 2004:472)

A. Market – Skimming Pricing

Setting a relatively high initial price for a new product is referred to as market – skimming pricing.

Ordinarily the price is high in relation to the target market's range of expected prices. That is, the price is set at the highest possible level that the most interested consumers will pay for the new product (Etzel and Others, 2006: 360)

B. Market- Penetration pricing

The approach is factorable under the following conditions (Shercerar, 2003: 213).

- 1) Product has greater elasticity of demand.
- 2) Mass-production provides substantial reduction in unit cost of production.
- 3) Very strong competition is expected soon after the product enters the market.
- 4) High – Income section of the population is not a adequate

2.21 Pricing within Channel Level

Federal legislation on price-fixing states that sellers must set price without taking into account competitors. Otherwise, price collusion is suspected. Price-fixing is illegal per se—that is, the government does not accept any excuses for price fixing. Companies found guilty of such practices can receive heavy fines. The Robinson-Patman Act seeks to prevent unfair price discrimination by ensuring that sellers offer the same price terms to customers at a given level of trade (Kotler and Armstrong, 2006:352)

CHAPTER THREE

DATA ANALYSIS AND INTERPRETATION

This Chapter deals with the analysis and interpretation of the study based on the data gathered from of the Kaliti Food Customers. All the data were obtained through questionnaires distributed among the customer and also through an interview with the head of marketing manager. To this end, 200 questionnaires were distributed to customer respondents who are working different area of the country. Therefore, the data analysis, which is given in the subsequent section of the Chapters, is based on the 200 customers fully completed and returned questionnaires.

Analysis of the Findings of the Study

Table 1: General Characteristics of the Respondent

No	Item		Respondents	
			Number	Percentage
1	Sex	Male	80	40
		Female	120	60
		Total	200	100
2	Age	Below 18 years	25	12.5
		18 – 27 Years	75	37.50
		27 – 38 Years	25	12.5
		39 – 47 years	50	25
		Above 47 years	25	12.5
			Total	200
3	Educational Level	High School	40	20
		Certificate	50	25
		Diploma	80	40
		Degree	15	7.5
		Others	15	7.5
			Total	200

From item 1 of table 1 it is understood that from total number of respondents 40% of male and the remaining 60% are female. This indicates that the majority of customers are female.

As indicated in above on Table 1 Item 3, the level of education of customers, out of 200 respondents (40) 20% and (50) 25%, (80) 40% and (15) 7.5% and also (15) 7.5% have got high school, certificate, diploma and degree respectively. From this one can infer that the majority of respondents are more educated. Therefore, it is safe to say that they can give reliable information and accurate support evidence researcher.

Regarding the age customers, item 2 of table 1, (25) 12.5% of respondent are age for less than 18 years and 37.5% are between 18 and 27 years and 12.5% are between 27 and 38 and also 25% are between 39 and 47, 12% are above 45 years respectively. It implies that the majority of Kaliti Food Share Company customers are loyal customers between 18 and 27 years, it indicates that most of company's customers are experience to by company's product.

Table 2: Relation between the customers with product

No	Item	Respondents	
		Number	Percentage
2	Are you a customer of Kaliti food product		
	A) Yes	200	100
	B) No	-	-
Total		200	100

Customers were asked the product using the company product. In connection to this 100% of customer respond "Yes" Thus, we can say that, customer are used to company food product were target population.

Table 3. Analyzing of the Product with used to Customer experience

Experience of the customer with product

No	Item	Respondents	
		Number	Percentage
3	A. From 1 – 5 Years	75	37.5
	B. From 6 – 9 Years	50	25
	C. From 10–12 Years	25	12.5
	D. Above 12 Years	50	25
Total		200	100

According to Table 3, (75) 37.5% of customers from 1-5 years, (50) 25% of customers from 6-9 years, from 10-12 years (25) 12.5% and from above 12 years (50) 25% used to companies product, this implies of all the companies loyal customers well known about the product with price.

Table 4 Companies product compare to other competitors product with price.

No	Item	Respondents	
		Number	Percentage
4	How do you Kaliti its price compares to other Product?		
	A. Very high	25	12.5
	B. High	25	12.5
	C. Medium	50	25
	D. Very Low	75	37.5
	E. Low	25	12.5
Total		200	100

According to the above Table 4 concerning comparism of the company product is competitors products in relation of the respondent replied to the prise (75) 37.5% of “Very low” 25% of medium (25) 12.50% Very high of the respondent and the rest of (25) 12% of high the respondent,

regarding of table 4, most of the respondent responds by say “very low” and “medium” From the responses obtained, most of the company customer replaced “very Low” then company product is fair price compare to other competitors.

As it’s observed form the above table 4, 12. 5% of customer rated as “very high” 12. 5% of customers rated “High” and 25% customer rated” “medium”

When they were asked the extent to which their Kaliti product price compare to other product price from the responses of the respondents. It implies that a firm considering a price change has to worry about the react when the number of firms involves is small when the product uniform, and when the buyers are well informed.

Table 5. How compare and contrast Kaliti food price to others competitors

No	Item	Respondents	
		Number	Percentage
5	How feel the Kaliti foods price compare to other competitors product price?		
	A. Very good	15	7.5
	B. Good	-	-
	C. Very poor	160	80
	D. poor	25	12.50
Total		200	100

As we see from replies most of customers respond by saying “very poor” when they asked because the Kaliti product loss quality others competitors product.

As we see in the above table 7.5 % of respondents replied they analyze competitors products “vary good”, another 80% said very poor and 12.5% said poor as it is indicted in the 80% of respondents agreed or availability of substitutes, no matter widely and rarely. However in the current question in selects the choice. “Very poor” this means the kaliti gives less attention for competitors.

The next question raised is about the frequency at which the company consider competitors prices. To this end, 80% said of the respondents said very poor, analyzes competitors price 12. 5% said poor and the remaining 7.5% of eh respondent said very good. It implies 100 % of management are not families with competitor’s price.

Table 6. Does the company product with reasonable price according to customer needs

No	Item	Respondents	
		Number	Percentage
6	Do you think Kaliti products at reasonableness price?		
	A) Yes	30	15
	B) No	170	85
Total		200	100

As presented in Table 6, 15% of the respondents argue that there is yes the companies offer reasonableness price. Those respondents who received customer complaints on the company’s price which is 85% of respondents presented the relative no reasonable price of company’s product. As it’s indicated that before setting price, the marketers must understand the relationship between price and demand for its product. We explain how the price demand relationship varies for different types of market and how buyer’s perception of price affects the pricing decision.

Table 7. The Company's product decreased price?

No	Item	Respondents	
		Number	Percentage
7	If the kaliti product decreased price, can you buy large amount product		
	A) Yes	180	90
	B) No	20	10
Total		200	100

As presented in Table 7, 90% of respondent argue that there is "Yes" the companies offer product decreased price and 20% of the respondents said that "No" this Implies that most respondents said that "No" this implies that most respondents argues that companies setting price not demand. Based pricing is to determine in order to more market share on the base of the demand for product the price is fixed one method is that the firm does not fix a price, but charge what a buyer can pay i.e. charges what the traffic will bear price is fixed by simply adjusting it to the market condition the price varies from consumer to consumer. A high demand is followed by a high price and a low demand is followed by a low price.

Table 8. The company's product price Increasing

No	Item	Respondent	
		Number	Percentage
8	If the Kaliti product increasing price, can you buy co. Product		
	A. Yes	-	0
	B. No	200	100
Total		200	100

Regarding the company product price increasing information connection from customer as shown table 8, 100% of respondent saying “No” and most of customer respondent not supporting increasing price the company product. As the finding indicated, price changes can also mean an increasing, Kaliti tends to increase the price when the costs of manufacturing and other overhead are high in that case competitors, it is necessary to connect information about their product, cost structure, market share etc.

Table 9. Compare Kaliti Biscuit price with competitors Biscuit

No	Item	Respondent	
		Number	Percentage
9	How do you Kaliti Biscuit its price compare to the competitors Biscuit?		
	A. Very High	15	7.5
	B. High	0	0
	C. Medium	40	20
	D. Low	35	17.5
	E. Very low	120	60
	Total	200	100

As shown in table 9, 60% of customer respondent said that “very low” and 17.5 of the respondent “Low” and 20% of the respondent said that “Medium” and there rest of them are said “Very High”. As we see from replies most of customer responds by saying “Very low” so that. As it’s indicated that variation of market based pricing is to set a price below the level of your main competitors pricing below competition is done by discount retailer such as Wal-Mart, target and drug which stress how mark-up, high volume, and few customer of services.

Table 10. Compare Kaliti products with price?

No	Item	Respondent	
		Number	Percentage
10	What comes in your mind when you think or see Kaliti product compare to price?		
	A. High Expensive	10	5
	B. Expensive	120	60
	C. Medium	5	2.5
	D. Very Cheap	45	22
	E. Cheap	20	10
Total		200	100

From the table 10, it is understood that from the total number of respondent, 60% of said that expensive, 5% of the respondent medium 10% of the respondent are cheap and 22.50 of the respondent said “Very cheap” . As we see right here, almost all the respondents 60% agree that the companies product price expensive compare to quality of product or performance.

As it’s indicated that the price of product also depend upon the characteristics of the product. In order to attract the customer, different characteristics are add to the product, such as quality, size, colour, attractive package, alternative use etc.

Table 11. Price comparison of product with competitors

No	Item	Respondent	
		Number	Percentage
11	Do you think the same price of Kaliti product in different place?		
	A. Yes	80	40
	B. No	120	60
Total		200	100

As we see from table 11, 40% of the respondents said that the price compare to product with competitors price “Yes” and 60% of the respond respondent said “No” most of the respondents agreed that the company is not some price with other competitors product in different area the competitors can Influence the price competition may arise from a) similar products b) close substitute and C) Unrelated products seeking the same consumer’s disposable Income when the marketing field easy to enter, then the number of competitors, it is necessary to collect Information about their product, cost structure, market share etc.

Table 12, Company’s effort to the inflation of price all over the world

No	Item	Respondents	
		Number	Percentage
12	How do you rate the potential of the company’s to adjust the price of goods taking in to account the global material price inflation?		
	A. Very good	-	-
	B. Good	25	12.5
	C. Poor	140	70
	D. Very poor	35	17.50
	Total	200	100

As has been from the table 12, most of respondents are “Poor” the ability of the company to adjust price of goods by considering would material price information, because the company does not have a strong capital to resist problem consequently the firm it self highly affected by the inflation that occurs around the world. Even because of his problem the kind and quantity of the products imported by the enterprise has

decreased from to time companies that market their products internationally must decide what prices to charge in the different countries in which they operate. In some cases, a company can set a uniform world wide price. The price that accompany should charge in specified country depends on many factors, including economic conditions, competitive situations, low and regulations, and development of the wholesaling and retailing system. Consumer perceptions and preferences also may vary from country to country, calling for different prices or the company may have different marketing objectives in various world markets, which requires changes in pricing strategy.

Table 13. Customer complains regarding to the company’s price

No	Item	Respondents	
		Number	Percentage
13	Do customers complain about the price of the product the company?		
	A) Yes	150	75
	B) No	50	25
Total		200	100

Table 13, 75% of the respondents are complains about companies product price, and 25% of respondent s are “No” It’s product price. Among them most of respondent says that the company give very slow response to customer complaint, even though, some of the customers express their dissatisfaction.

The concept implies that the companies has not given attention to the complaints from the customer and hence give no solution to the problems raised.

Whether the price is raised or lowered, the action will affect buyers, competitors, distributors, and suppliers and may interest government as well, customers do not always interpret price in a straight for word way.

Findings qualitative Data (Interview)

The participants in the detail interview were managers and management of Kaliti Food Share Company. They were chosen to participate in this interview according to their duty and responsibility since they are a decision maker for the company.

The interview was held in office of each interview. The interviewer was prepared the employee for the interview by briefing them about the aspects of the interview. First the interviewee were asked to Express their job position, work experience and their educational level almost all of the interviews are Top level management of their department, they work in this enterprise for more than 6 years and all of them have First degree.

The interviewer asked questions about the enterprise objective, pricing policy and pricing strategy, responsibilities of each department when the company set its price, then the participation of the interview gave their own personal responses by saying that the company pricing strategy is to buy and sell Foods product to its target customers. By doing that the company will maximize its profits and satisfied its customers demand. So the company set its price to meet this pricing strategy. Also, it considers competitive based and cost based pricing strategy when it sets price. Sales department are participating when the company set its price.

The interviewer asked questions such as who are the customer and competitors of the company and how the company improves it price. They respond by saying that company have many customers such as different government Institution, colleges Retailers, end users which they do not recall their name. The company change its price when the product prices become lower, when the raw materials stayed in the store for long time, and when inflation comes around world.

The other issue the interviews raised is that the government gave a possibility for investors of Import raw materials without paying tax, but most of the investors didn't use the raw materials supply company by loss price. This needs that the raw materials by loss price.

CHAPTER FOUR

SUMMARY CONCLUSIONS AND RECOMMENDATION

This Chapter deals with the summary of the study, conclusion reached and the recommendation made on the basis the conclusion made:

4.1 Summary

This study was conducted to investigate those problems which are associated with developing and managing analyzing pricing strategies and factors that affect pricing determination in Kaliti Food Share Company.

- The data employed convince sampling to select company respondents and compressive sampling to selected companies manager there study and also address 200 customers Kaliti Food Share Company.
- The data for investigation was obtained through questionnaires and interview the majority of customer of at Kaliti Food Share Company were females and had more educated.
- Customers were asked the product using the company's product in connection to this 100% of customer respondent "Yes" thus, we can say that, customer are used to company food product were target population.
- According to table 3, 37.5% of customers from 1-5 year were used to companies product, this implies of all the companies loyal customers well know about the product with price.
- As it's observed from the table 4, 12.5% of customer as "very high" 12.5% of customer rated "high" and 25% customer rated

“medium. It implies that a firm considering a price compare to other product price not reasonable price.

- As we see in table 5, 7.5% of respondents replied they analyze competitors products “very good” another 80% said very poor and 12.5% said poor as it is indicated in the 80% of respondents agreed or availability of substitutes, no matter widely and rarely this means the Kaliti food share company gives less attention for competitors.
- 85% of respondents argue that company product not reasonable the price according to customers needs.
- As the finding shown in table8, company’s product in price increasing connection from respondents 100% of respondent saying not supporting increasing product price.
- Compare Kaliti Biscut price with competitors Biscut most respondents saying not some other company’s price.
- Almost all the respondents 60% of agreed that the company’s product price expensive compare to quality of product.
- Most of the respondents agreed the company’s product price not same in different area.
- The data analysis has shown that most of respondent were “Poor” the ability of the company to adjust price of goods by considering world material price inflation.
- As shown in the analysis the company handling customer complains gives very slow response.
At Kaliti food share company price setting is aim at competitive based and cost pricing strategy.
- The Data analysis has shown the substitute product are much widely available in the market like, NasFood, KoJJ, Abouwold, etc.

4.2 Conclusions

In line with the basic questions, data analysis and findings, it is possible to conclude that:-

- According to the Study, most customers' respondents about company product vary well known relation to price and customers have enough information the product.
- It has been found out from the respondents result that the price compare to others product price not reasonable price to customers ability to purchase power, Therefore it is possible to conclude that there is a problem on the actual process of setting the price.
- The Kaliti Food Share companies were not full understood and identified other competitors pricing strategies, objectives, strengths and weakness.
- The Kaliti does not determine the good that it sells by taking into account the demand and buying ability of customer. This might create the opportunity to the customer to see competitor product and services.
- The Kaliti Food Share co. does not consider the price of product is worth comparing with its value its give to customer.
- The Kalit Food Share company didn't show strong effort to set its price regarding to the inflation that is going on around the world, so that the co. can not compete with internal and external suppliers.
- The companies didn't give appropriate answer to the customer complains Because of these, customers will not be loyal an attracted to come and buy.
- When it sets price the company not considers factors affecting price like customer demand, or consumer behavior competition, political consequence economic condition.

- It has been out that the respondents did not have common understanding as the objective on pricing on the Issues of customer demand the pricing method in use, etc. However, it was learnt from the investigation that the company uses competitive based and cost based pricing strategies, and its main objective is to control the market in the long run. However, still significant number of the managers was not aware of these issues. It is possible to conclude that the pricing strategy in use was not clear or at least not communicated with to significant size of the Implementers.

4.3 Recommendations

The researcher investigates and finds out pricing policy and experiences in Kaliti Food Share Company and at last would like to recommend some points.

- ◆ The company more encourage to informed the customer about pricing information and product.
- ◆ The company should be determining the good that it sells by taking into account the demand and buying ability of customer.
- ◆ The company recommended before setting price considering factors such as consumer demand or consumer behavior, competition, political, consequences, economic condition etc.
- ◆ The company should set its price regarding to the inflation that is going on around the world.
- ◆ To do this the company must shift Import product and try to local produce product that have low price.
- ◆ The company strongly advised to assess pricing information search by reading current books, newspaper and trade publication; by talking to customers, suppliers, distributors and other outsiders and with other managers and staffs of outside companies that are engaged in selling and manufacturing activities.
- ◆ The company should be shift from competitive base and cost based pricing strategy, in order to use other alternative price strategy like, buyer –based or one the two price strategy method.

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Appendix

Appendix – A

ST. MARY’S UNIVERSITY COLLEGE
BUSINESS FACULTY
Department of Marketing management

Questionnaires to be filled by Kaliti Food Factory users

This questionnaire is prepared by a student researcher, prospective and the main objective of this questionnaire is to evaluate the analyzing pricing strategy of kaliti food factory, there for, you are requested to fill this questionnaire honesty and with due care because of correctness of the answer will have parameter Importance for the out come of the research.

Thank you in advance for your corporation General Instructions.

- ◆ It is not necessary to write your name.
- ◆ For the question asked below please put “√” mark for the answer you choose and write you idea on the provided space.

1. Sex A. Male B. Female
2. Age
A. 18-27 B. 28-37 C. 38-47 D. and above
3. Educational Back ground
A, High school C. diploma E. Others
B. Certificate D. Degree
4. Are you a customer of kaliti food product?
A. yes B. No
5. For how long have you been using the co. products?
A. From 1-5 year C. From 10-12 year
B. From 6-9 D. From above 12 years
6. How do you kaliti its price compares to other product
A. High B. Very high C. medium D. Low

7. How feel the kaliti foods price compare to other competitors product price
- A. good
 - B. very good
 - C. poor
 - D. very poor
8. Do you think kaliti products at reasonableness price?
- A. yes
 - B. No
9. If the kaliti product decreased price, can you buy large amount product
- A. No
 - B. yes
10. If the kaliti product increasing price, can you buy co. product
- A. yes
 - B. No
11. How do you kaliti Biscuit, its price compare to the competitors Biscuit
- A. high
 - B. very high
 - C. Low
 - D. very low
12. What comes in your mind when you think or see kaliti product compare to price
- A. Expensive
 - C. medium
 - B. High Expensive
 - D. Cheap
 - E. very cheap
13. Do you think kaliti product is easily attests accessible?
- A. yes
 - B. No
14. Do you think the same price of kaliti product in different place?
- A. yes
 - B. No
15. Do you think the same price when the in put production is increasing time to time?
- A. yes
 - B. No

2.
3.?
4.?
5.?
6.?
7.?
8.?

Declaration

I, the undersigned, declare that this senior essay/project is my original work, prepared under the guidance of Ato Kalid Issa. All sources of material used of the manuscript have been duly acknowledged.

Name Daru Sheifa

Signature _____

Place of submission SMUC

Date of Submission June, 2010

Submission approval sheet

This Senior Research paper has been submitted to the department of management in partial fulfillment for the requirements of BA degree in management with my approval as an advisor.

Name Ato Kalid Issa

Signature _____

Date submission _____