



SAINT MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

**INFLUENCE OF PRICING STRATEGIES ON CONSUMER PURCHASE DECISION: A
CASE OF BAMBIS, SHOA, ALL MART, FANTU AND GARA MART
SUPERMARKETS IN ADDIS ABABA**

**A RESEARCH SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES AT SAINT
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SAINT MARY’S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

THESIS TITTLE
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DECISION: A CASE OF BAMBI’S, SHOA, ALL MART, FANTU AND GARAMART
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DECLARATION

I, Mastewal Diriba, declare that the thesis titled “Influence of Pricing Strategy on Consumer Purchase Decision,” submitted in partial fulfillment of the requirements for the Master of Marketing Management at Saint Mary’s University, is my original work. This thesis has not been submitted for the award of any other degree, diploma, fellowship, or similar title at any other university or institution. All referenced materials have been appropriately acknowledged.

Candidate’s Name

Signature

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APPROVAL

I certify that the research project with the title of “the influence of pricing strategy on consumer purchase decision” was undertaken and completed by Ms. Mastewal diriba and the research project has been submitted for examination with my approval as university advisor.

-

Advisor’s Name

Signature

date

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Table of Contents

DECLARATION	ii
APPROVAL	iii
ACKNOWLEDGEMENT	iv
List of table	ix
List of figure	x
ABSTRACT	x
CHAPTER ONE.....	1
1.0 INTRODUCTION	1
1.1. Background of the Study	1
1.2. Statement of the Problem	3
1.3. Research Questions	6
1.4. Research objective.....	6
1.4.1. General Objective	6
1.4.2. Specific Objectives	6
1.6. Significance of the Study	7
1.7. Scope of the Study.....	7
1.8. Limitation of the Study	8
1.9. Organization of the Study	8
1.10. Operational definitions of key terms	9
1.10.1 .Pricing	9
1.10.2. Discount pricing	9
1.10.3. Psychological pricing.....	9
1.10.4. Bundle pricing.....	9
1.10.5. Competitive pricing	9
1.10.6. Consumer purchase decision	9
CHAPTER TWO.....	10
2.0 LITERATURE REVIEW	10
2.1 Introduction	10
2.2. Conceptual review.....	10

2.2.1 Price and Pricing Strategies	10
2.2.2. Consumer Buying Behavior and Purchase Decision process.....	11
2.2.3. Consumer purchase Behavior and Pricing strategy	11
2.2.3.1. Discount Pricing and Consumer Buying Decisions	12
2.2.3.2 Psychological Pricing and Consumer Buying Decisions	13
2.2.3.3 Bundle Pricing and Consumer Buying Decisions	14
2.2.3.4 Competitive pricing and Consumer Buying Decisions.....	14
2.3 Theoretical review	16
2.3.1 Adaptation-level theory.....	16
2.3.2 Theory of Reasoned Action	17
2.3.3 Signaling Theory	18
2.4 Empirical Review	19
2.5 Gap of the Research	20
2.6 Conceptual Framework Empirical Review of Literature	21
2.7 Hypothesis Formulation	22
CHAPTER THREE.....	23
3.0 RESEARCH METHODOLOGY.....	23
3.1 Introduction	23
3.1 Research Approach	23
3.2 Research Design.....	23
3.3 Population and Sampling Design	24
3.3.1 Target Population	24
3.3.2. Sampling Technique	24
3.3.3. Sample Size	25
3.4. Data Collection Methods.....	26
3.5. Data Analysis Methods	26
3.6. Validity and Reliability	27
3.7. Ethical Consideration	28
CHAPTER FOUR.....	29

DATA ANALYSIS AND PRESENTATION.....	29
4.1 Introduction	29
4.2 Response Rate	29
4.3 Reliability test	29
4.4 Demographic profile of the respondents	30
4.4.1 Sex Characteristics of the Respondents	Error! Bookmark not defined.
4.4.2 Age Category of the Respondents	Error! Bookmark not defined.
4.4.3 Family Size of the Respondent	Error! Bookmark not defined.
4.4.4 Educational Level of the Respondents	Error! Bookmark not defined.
4.5. Descriptive statistics of study variables	33
4.6 Influence of pricing strategies on consumer purchase decision	35
4.6.1 Correlation analysis	36
4.7 Diagnosis Test about Assumptions of Regression Analysis	38
4.7.1 Linearity Test	38
4.7.2 Normality test	39
4.7.3 .Multicollinearity Test.....	40
4.7.4. Autocorrelation Test.....	40
4.7.5. Homoscadsity	41
4.8 Regression Analysis result	41
4.8.1 Anova Result	42
4.8.2 Regression Coefficient Analysis of the mode	43
4.9 Hypothesis Testing.....	44
4.9.1 Discount pricing	44
4.9.2 Bundle pricing.....	44
4.9.3 Psychological pricing.....	45
4.9.4 Competitive pricing	45
4.9.5 Summary of Hypothesis Result.....	46
4.10. Discussion	46
4.10.2. Bundle Pricing and Consumer Purchase Decisions.	47

4.10.3 .Psychological Pricing and Consumer Behavior	47
4.10.4. Competitive Pricing and Consumer Purchase Decisions	48
CHAPTER FIVE.....	49
5.0. SUMMARY, CONCLUSION AND RECOMMENDATION	49
5.1 Summary of the finding.....	49
5.2 Conclusion.....	50
5.3 Recommendation.....	51
Reference	52
Appendix 1	57
Questionnaire.....	57

List of table

Table 4.1.Cronbach's Alpha Coefficients value	30
Table 4.2.Descriptive statistics summary result of Sex of Respondents, Age, and family size and Education level of respondents.....	33
Table 4.3.Descriptive statistics summary result of work states, income level, Supermarket choose and Purchasing frequency.....	34
Table 4.4 .Descriptive Statistics.....	35
Table 4.5. Correlation analysis.....	36
Table 4.6. multicollinearity tast.....	41
Table 4.7 Model summary	42
Table 4.8.anova result	43
Table 4.9.Regression Coefficient Analysis.....	44
Table 4.10 summary of hypothesis test result	45

List of figure

Figure 1: Conceptual framework.....	21
Figure 2: linearity test	38
Figure 3: normality test.....	39
Figure 4: Homoscedasticity.....	41

ABSTRACT

This study investigated the influence of pricing strategies on consumer purchase decisions in major supermarkets in Addis Ababa, Ethiopia. The research specifically examines four pricing strategies: discount pricing, bundle pricing, psychological pricing, and competitive pricing. The objective is to provide supermarket managers with insights that will help them develop effective marketing strategies, business models, and pricing approaches to enhance customer satisfaction and sales performance. An explanatory research design was employed, utilizing convenience sampling to select 370 respondents. Data were collected through a structured questionnaire, and multiple regression analysis was used to explore the relationship between the pricing strategies and consumer purchase decisions. The regression analysis revealed a significant relationship, with an R-squared value of 0.562, meaning that 56.2% of the variance in consumer purchase decisions can be explained by the four pricing strategies. The findings showed that discount pricing had the strongest positive effect on consumer purchase decisions ($B = 0.291$, $p < 0.001$), followed by psychological pricing ($B = 0.275$, $p < 0.001$). Bundle pricing ($B = 0.262$, $p < 0.001$) and competitive pricing ($B = 0.176$, $p < 0.001$) also significantly influenced consumer behavior. These results underscore the importance of implementing a mix of pricing strategies to engage consumers effectively and increase sales. The study concludes that supermarkets can enhance their competitiveness and customer loyalty by strategically adopting these pricing strategies. Key recommendations for supermarket managers include prioritizing discount pricing, leveraging psychological and bundle pricing techniques, and ensuring competitive pricing in relation to market conditions. This research contributes valuable insights into the impact of pricing strategies on consumer behavior, particularly in a developing market context like Ethiopia.

Keywords: - pricing strategies, discount pricing, bundle pricing, psychological pricing, competitive pricing, purchase decision.

CHAPTER ONE

1.0 INTRODUCTION

1.1. Background of the Study

Price is the amount of money that consumers are willing to exchange for the benefits associated with owning or using products and services (Kotler & Keller ,2012). According to Attih (2014) price refers to the amount of money a buyer pays to a seller for a product. Price is one of the parameters by which customers measure the value of any offer from the retailers and they use it to make their choice between the various brands (Rosa,2011). It must also be noted that price is one of the most flexible elements of the marketing mix since firms are in a position to modify it because of the changing environmental factors Lancioni(2005). Companies invest time and money to calculate the most suitable pricing for their goods because a wrong pricing strategy can lose important consumers and attain negative cash flow.

Khaniwale (2015) refer that successful businesses understand how to use different factors that influence consumer buying decision to effectively market their products and maximize sales. Rosa (2011) articulates that price as a purchase stimulus plays an important role in price management as it not only shapes the perception and evaluation of price but also influences consumers purchasing decisions. According to Siddique (2020) the price of a product is directly influences purchase behavior patterns. Marketers understand that consumers use price to differentiate products with almost similar characteristics, and therefore, they use pricing as a differentiating element between substitute products.

Pricing strategy has played an important role in consumer purchasing behavior and decision making process (Myers, 1997; Richard, 1985).A pricing strategy is a plan of action used by business organizations to achieve their pricing objectives (Attih,2019).Pricing strategies include a variety of approaches that businesses use to determine the price of their products or services. These strategies can range from cost-plus pricing, where prices are set by adding a markup to the cost of production, to value-based pricing, where prices are based on the perceived value to the customer (Nagle, Hogan, & Zale, 2016). Competitive pricing and psychological pricing are also

widely used strategies, each influencing consumer behavior in different ways (Liozu & Hinterhuber, 2012). In the retail sector especially in supermarkets price policies are always considered to be very vital in customer attraction. Specifically, supermarkets apply discounts, premium, psychological, and promotional prices to control and change consumers' buying behavior and patronage (Nagle et al., 2016). A pricing strategy takes into account different factors such as segments, ability to pay, market conditions, competitor actions, trade margins, and input costs. According to Cram (2006), a good pricing strategy also includes the perspectives of the consumer, the organization, and the competition thus ensuring that an organization has a sustainable competitive advantage.

Consumers or households are the final buyers and users of goods and services, making decisions about what to purchase, when to buy, and how much of each good or service to acquire .these decisions are influenced by different factors including price (Ali, 2021). Consumer purchase decision is the process by which individual consumers, groups, or organizations choose, acquire, use, and dispose of goods and services relevant to their needs and wants (Peter & Donnelly, 2003). It concerns the conduct of the consumers in the marketplace and the reasons why they perform their activities in the marketplace. Firms believe that if they know the factors that make the consumers purchase products or acquire services, they will be in a position to set the right price for their products, prices that will allow them to compete favorably in the market with other players. Some factors that determine the consumption decision prevail in the consumer purchase process. They are; marketing variables; product type, price, promotion technique, packaging, positioning, and place of product and personal variables; age, gender, education, and income level (Tang, Bell, & Ho, 2001). Kotler (2001) for his part postulates that there are some critical determinants of consumer buying decisions which include the product, brand, dealer, time of purchase, and amount of purchase.

Research has shown that consumer's decisions about what to purchase are largely influenced by price. Monroe (2003) asserts that consumers consider their perceptions of the offered good or service as well as their past experiences when determining what price is reasonable. If the price of the product is in line with what the customers think it is worth there is a good chance they will make a purchase. Suppose it's perceived as being too expensive though people will probably

look elsewhere or else. The ensuing decision-making process highlights the significance of pricing in modifying consumers' perceptions which subsequently impact their behavior.

Ethiopia's capital city, Addis Ababa has also witnessed the growth of retail industries in the last ten years (Ethiopian Investment Commission, 2022). Supermarkets have expanded a lot in the city which has changed the whole view of shopping for the consumers. Markets in Ethiopia are highly competitive at the moment, especially for the supermarkets and this has implications on the pricing policy as the only way for the supermarkets to differentiate themselves and influence consumer decision-making is through the price (Worku, 2020).

All the chosen supermarkets, Bambi's, Shoa, All Mart, and Gara Mart, Fantu operate in Addis Ababa and they are targeted at customers with different requirements and capabilities to pay for the products. These supermarkets use various tactics of pricing to capture the largest market share. For example, some may exploit the low price to appeal to clients who are sensitive to price while others may use high prices to appeal to the quality-seeking wealthy customer. It is through understanding the effects of these strategies on the consumption pattern that this research seeks to ensure that helpful recommendations can be made to these supermarkets so that they can modify their pricing strategy in a way that will make them more optimal and thereby gain a competitive edge in the market.

1.2. Statement of the Problem

Globalization is a complex process that unified the people across the world into a single society. It also involves the integration of national economies into the international economy through different mechanisms including trade, foreign direct investment, capital flows, migration, and the spread of technology (Mubemba & Chanda, 2023). Modern retail industry is booming across the world, as the traditional markets have been gradually replaced by their descendent supermarkets. This shift occurs because people increasingly depend on supermarkets for their basic grocery needs.

There is intense competition among many retailers to attract and retain loyal customers. However, this task is challenging for marketers, as numerous companies and brands compete at the same time to sustain customers and get abundant profits. The retail sector is essential to any economy because it acts as an intermediary between the industry wholesalers and final

consumers. In this type of business, price plays a significant role in influencing consumer behavior as well as the possibility of financial success. The price of a product is the most noticeable attribute and it greatly influences the customer's perception of its status value and quality (Monroe 2003). To ascertain whether retailers wish to stay relevant it is critical to understand how pricing influences consumer behavior.

According to the study by Tang (2001), there is nothing more important in business than the right pricing strategy. Many organizations do not understand how price influences consumer purchase decisions (Hinterhuber & Liozu, 2020). Understanding how pricing strategies affect consumer purchase decisions is very important for retailers because it allows organizations to develop appropriate strategies. In this competitive era, every firm wants to maximize or at least maintain their product's sales in the market. Pricing is one of the marketing mix elements that have direct effects on a firm's revenues and profits (Kotler & Keller, 2016).

The marketing mix concept and the microeconomic theory of consumer choice both highlight price as a key factor in consumer behavior investigations (Ali, 2021). In the Fast-Moving Consumer Goods Market (FMCG), pricing decisions are critical to the performance of major brands and their popularity amongst consumers (Mittal, 2013; Rajasa, 2019). Previous studies have found that prices have complex relationships with consumer purchasing decisions that need to be empirically evaluated in different contexts to support informed business decision making.

There are studies which have utilized different to examine influence of pricing strategies on consumer purchase decision in the past. For example, Jung, (2014) used time series methods to analyze the effects of pricing strategies; focusing on how these strategies impact organizational performance and consumer behavior. The findings suggest that dynamic pricing, when integrated with time-series forecasting, can significantly enhance a company's ability to optimize revenue and maintain competitiveness in fluctuating markets. Kane, (2007) studied the effect of different pricing strategies on consumer purchase decision in the insurance industry, employed an online survey to collect data, And found that the behavior of consumers is influenced by the pricing strategy the insurance company adopts .Ellickson & Misra (2008) implemented a Bayesian structure in their study and found that different pricing strategies significantly affect consumer purchase decisions, with variations in price sensitivity and the impact of prior beliefs on buying behavior. Therefore it is essential for this a study to adopt a different methodologies to find out

whether the results will be similar. The Supermarkets in Addis Ababa, Ethiopia, face increasing competition as consumers become more demanding and price conscious. However, despite the growing importance of pricing strategies, there is little empirical research on how different pricing strategies, such as discount pricing, bundle pricing, psychological pricing, and competitive pricing, affect consumer behavior in the Ethiopian market. Supermarkets in Addis Ababa often struggle to implement effective pricing strategies to attract and retain consumers. While global studies have shown that pricing strategies have a significant impact on consumer purchasing decisions, there is a lack of understanding of how these strategies operate in the Ethiopian context, where cultural and economic factors may shape consumer perceptions differently (Kelley, 2018). The lack of comprehensive data on how consumers respond to different pricing strategies limits supermarket managers' ability to make informed decisions about pricing structures. A gap also exists in the elements used to define consumer purchase decision. Kane, (2007) used customer retention and customer loyalty to measure consumer purchase decision. On the other hand, Chen, (2009) used belief, trust and perceived risk to measure consumer purchase decision. Therefore, it was important for a study to be carried out using other elements to find out whether the results would tally. There are other researchers who have also looked at the influence of different pricing strategies on consumer purchase decision in different contexts but few have focused on the influence of pricing strategies on consumer purchase decision in the retail industry particularly in the supermarkets in the Kenyan context (Hellier, 2002; Shoemaker, 2003; Thomas, Blattberg, & Fox, 2004). Therefore, this study aims to fill this gap by investigating the impact of discount pricing, bundle pricing, psychological pricing and competitive pricing on consumer purchasing decisions in supermarkets in Addis Ababa. The findings of this study will provide supermarket retailers with valuable insights on how they can adapt their pricing strategies to consumer expectations and improve their market performance.

1.3. Research Questions

1. To what extent does discount pricing influence consumer purchase decisions among major supermarkets in Addis Ababa?
2. How does bundle pricing strategy influence consumer buying decisions in major supermarkets in Addis Ababa?
3. How psychological pricing influences consumer buying decisions among major supermarkets in Addis Ababa.
4. How Competitive pricing strategy influences Consumer purchasing decisions among major supermarkets in Addis Ababa.

1.4. Research objective

1.4.1. General Objective

The main objective of this study was to determine the influence of pricing strategies on consumer buying decisions among major supermarkets in Addis Ababa County, Ethiopia.

1.4.2. Specific Objectives

1. To examine the influence of discount pricing on consumer purchase decisions among major supermarkets in Addis Ababa.
2. To determine the influence of bundle pricing on consumer decisions among major supermarket in Addis Ababa.
3. To investigate the influence of psychological pricing on consumer buying decisions among major supermarkets in Addis Ababa.
4. To determine the influence of competitive pricing strategy on consumer purchasing decisions among major supermarkets Addis Ababa.

1.6. Significance of the Study

The outcomes of this study shall be helpful to managers of retail outlets with regard to strategic knowledge of pricing. These strategies affect consumers' decisions to purchase in some way. It will also enable them to know how many of their similar positioning strategies mean that competitors use similar pricing policies, and thus they also be able to position themselves competitively. Secondly, the study assumed to provide knowledge to the retail managers on the influences of different pricing Strategies on consumer purchase decisions and therefore they might be able to adopt appropriate pricing strategy for their target market.

Customers and the public in general are also likely to benefit from the research by understanding the various available pricing strategies. This will come in handy when they are making decisions regarding what products they want to purchase, where to purchase, and the amount they will purchase.

This study contribute to closing the current knowledge gap on the components of consumer purchase decisions by using product choice store choice purchase amount and purchase timing as the elements measuring consumer purchase decisions. The study offers a new approach to examining pricing strategies and factors that influence consumer purchase decisions which will be helpful to academics looking for information in this field of marketing. As they continue to pursue additional research on this subject future scholars will also gain from this study.

1.7. Scope of the Study

Conceptually this study focuses on the four pricing strategies to see the influence of pricing on consumer purchase decisions. The study focused on the major retail supermarkets in Addis Ababa, namely Bambis, Shoa shopping center ,allmart, fantu and Garamart supermarket. The research focused on these stores since they are the most popular food distribution channels in Addis Ababa. Pricing strategy plays a crucial role in the retail sector as one of the influencing factors of consumer purchasing decisions. Geographically the study was delimited to selected supermarkets based in Addis Ababa area. Methodologically, this study relined on survey data and analyzed using descriptive and inferential statics.

1.8. Limitation of the Study

This study faced several limitations and challenges. A primary issue was the lack of respondent willingness to complete the questionnaire which delayed data collection. Due to limited participation, the field study was confined to selected supermarkets, even though Addis Ababa has numerous retail stores. Additionally, the study only included customers from certain areas within Addis Ababa, excluding those from other parts of the city and outside regions and Convenience sampling, which may not fully represent the broader population, limits the generalizability of the findings. A shortage of prior Ethiopian studies on the influence of retail pricing strategies on consumer purchasing decisions and budget constraints (hindering provisions like stationery and refreshments for respondents) also posed challenges to participant engagement.

1.9. Organization of the Study

This study organized into five chapters; the first chapter concern about background of the study, statement of the problem, research question, research objectives, significance of the study, scope of the study, organization of the study. The second chapter concerns on relevant literature related to the topics and sub topics, this involves theoretical frame work. Furthermore conceptual framework of the study was presented. The third chapter focuses on research design and research approach. The forth chapter concerns about data presentation, analysis and other necessary information. The last chapter leads the research paper to the end with summary of findings, conclusion and recommendation.

1.10. Operational definitions of key terms

1.10.1 .Pricing

Price is the amount of money that consumers are willing to exchange for the benefits associated with owning or using products and services (Kotler & Keller ,2012).

1.10.2. Discount pricing

Discount pricing is a widely used pricing strategy where companies reduce the price of products or services for a specific period or under specified conditions to increase sales attract price-sensitive customers and manage stock (Kotler & Armstrong, 2010).

1.10.3. Psychological pricing

Psychological pricing is a pricing strategy that utilizes specific techniques to form a psychological or subconscious impact on consumers (Caldwell, 2017).

1.10.4. Bundle pricing

Price bundling refers to packages sold at a discount without any integration of the goods and services involved (Vamosiu, 2017).

1.10.5. Competitive pricing

Competitive pricing strategy refers to the practice of setting prices based on what competitors are charging, often aiming to offer lower or comparable prices to attract price-sensitive consumers (Simon, 2015).

1.10.6. Consumer purchase decision

Consumer purchase decision is the study of the ways of buying and disposing of goods, services, ideas or experiences by the individuals, groups and organizations in order to satisfy their needs and wants (Kotler & Keller, 2016)

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter provides a literature review on price and consumer purchasing decisions. The chapter discusses the literature review according to specific objectives that aim to determine the impact of discount pricing on consumer purchasing decisions, determine the impact of bundle pricing on consumer purchasing decisions, and evaluate the impact of psychological pricing and competitive pricing on consumer purchasing decisions in supermarkets. In addition, This chapter focuses on the conceptual review and theoretical foundations of the study. Three theories were discussed: adaptation level theory, reasoned action theory, and signaling theory. Finally, Empirical Review, Conceptual Framework and a summary of this chapter is provided.

2.2. Conceptual review

2.2.1 Price and Pricing Strategies

Price is the amount of money that consumers are willing to exchange for the benefits associated with owning or using products and services (Kotler & Keller, 2012).

Pricing strategy: refers to the methods by which a business calculates how much it will charge for a product or service. (Richard, 1985; Myers, 1997).

Pricing Objectives: the firm's pricing objectives must be identified in order to determine the optimal pricing. David, (2003:5) discussed these pricing objectives as follows:

- ✓ Current profit maximization seeks to maximize current profit, taking into account revenue and costs. Current profit maximization may not be the best objective if it results in lower long term profits.
- ✓ Current revenue maximization seeks to maximize current revenue with no regard to profit margins. The underlying objective often is to maximize long-term profits by increasing market share and lowering costs

- ✓ Maximize quantity seeks to maximize the number of units sold or the number of customers served in order to decrease long-term costs as predicted by the experience curve.
- ✓ Maximize profit margin - attempts to maximize the unit profit margin, recognizing that quantities will be low.
- ✓ Quality leadership - use price to signal high quality in an attempt to position the product as the quality leader.

2.2.2. Consumer Buying Behavior and Purchase Decision process

The official definition of consumer behavior provided by Belch (1978) is "the processes and activities individuals undertake when seeking, choosing, buying, using, assessing, and disposing of products and services to satisfy their needs and wants." One widely recognized model of the consumer decision-making process has been proposed by Blackwell (2006). He identifies five key stages in this process: recognizing a problem or need, information search, evaluating alternatives, making a purchase decision and post purchase evaluation. In contrast Saylor (2009) outlines six stage frameworks for the consumer purchasing process. At any given moment, someone is probably in some sort of buying stage. These include recognizing a need, searching for product information, product evaluation, making a choice and completing the purchase, post-purchase use and evaluation and finally, disposal of the product.

2.2.3. Consumer purchase Behavior and Pricing strategy

Pricing is the only way to generate revenue and determine the success or failure of a product or service. Therefore, the researchers of this study chose to emphasize this aspect. Manali (2015) researched the theoretical aspects of consumer buying behavior and the factors that influence it. Analyzes the relationship between consumer buying behavior and the factors that influence buying processes and decisions. His research provides enough evidence to show that there is a significant relationship between the internal and external influences of consumers and their buying behavior. According to Al-Salamin, (2015), a favorable price for a popular brand has a negative effect on the purchase process. Young people want to buy brands, but little money prevents them from buying brands. The only form of marketing integration that generates income is the price, while other components generate costs. The authors also point out that consumers'

purchasing decisions depend largely on price perception and their perception of the actual price of the product. The main purpose of marketing is to understand how consumers change their price perception. We are all consumers regardless of age, education, wealth or talent. Therefore, understanding consumer behavior becomes a major challenge for advertisers, distributors and sales forces. Therefore, we make the following suggestions:

2.2.3.1. Discount Pricing and Consumer Buying Decisions

Discount pricing is a widely used pricing strategy where companies reduce the price of products or services for a specific period or under specified conditions to increase sales attract price-sensitive customers and manage stock (Kotler & Armstrong, 2010). According to Armstrong & Chen, (2013), discount pricing involves lowering the price of a given quantity or increasing the quantity available at the same price, thus increasing the value and creating an economic incentive to buy. Price reduction (cut off prices) play an important role in stimulating the behavior of new customers to try the products offered. Chao and Liao (2016) state that if a company determines that price discounts or rebates can positively and significantly increase the consumer's purchase intention.

The discounted price has a positive and significant effect on the consumer's purchase intention in the flash sale program. Company's price their products below the official price and sometimes even below the cost to create purchase passion. Price discounts can increase perceived quality, decrease perceived quality, or not affect perceived quality (Huang, Chang, Yeh, & Liao, 2015). High price discount signals to consumers that they may receive a low-quality service. On the other hand, if consumers can expect product quality for example, at Starbucks, the same coffee is served to everyone all the time whether a price promotion is used or not; they would be excited to receive a price promotion, and a positive evaluation would result (Huang et al., 2015).

2.2.3.1.1. Seasonal Discount

A seasonal discount is a discount that is offered on seasonal products or on specials particular seasons (Kotler, Armstrong, Harris, & He, 2020). Seasonal discounts are included expected from the annual retails sales calendar; especially in sectors including merchandise trade seasonality is affected. The increase in short-term (seasonal) sales usually attracts occasional users of the same brand is more likely to attract new customers to buy the product at a discounted price. In addition, these casual users, after taking advantage of this promotional product, they are likely to return to their preferred brand or type instead of purchasing that brand on promotion at full price after the promotional season. Seasonal discounts are always used a potentially useful tool to help a business manage its uneven revenue patterns throughout the year and ensure inventory turnover (Abratt & Bendixen, 2019). Seasonal discounts are typically offered to clear inventory at specific times of the year, while quantity discounts encourage bulk purchasing and promotional discounts are intended to increase short-term sales. Loyalty discounts, on the other hand, reward repeat customers or members of loyalty programs by offering reduced prices (Grewal et al., 1998).

2.2.3.2 Psychological Pricing and Consumer Buying Decisions

Psychological pricing is a pricing strategy that utilizes specific techniques to form a psychological or subconscious impact on consumers (Caldwell, 2017). Integrate sales tactics with pricing. It can also be described as setting prices below a whole number. Studies show that psychological prices communicate meaning to consumers. The idea behind psychological pricing is that customers will read the slightly discounted price and treat it as lower than it actually is. This strategy does not lower prices; it is linked to the emotions of the customer. This concept is based on the idea that not every consumer is a rational consumer.

Psychological pricing is one of the pricing strategies practiced by supermarkets. Psychological pricing can help one of their goals that are to gain more customers. It is the tool that company used to impact consumer purchase decision. Consumer purchase decision is a reason of how the consumer determines the choice of purchasing a product according to their needs, desire and expectation so that it can cause satisfaction or dissatisfaction of the product and psychological pricing can impact it because psychological pricing can make the consumer feel benefited and it can cause satisfaction to the customer.

2.2.3.3 Bundle Pricing and Consumer Buying Decisions

The bundling pricing strategy involves selling two or more products in one package at a price lower than the total cost of each item sold separately. Product bundling is a pricing strategy that offers customers a single package containing multiple products, services, or a combination of both at a unified price. Numerous research articles have been dedicated to different aspects of bundled pricing, demonstrating its significance in the market. For instance, Linde (2009) conducted a study comparing three price strategies (bundling, versioning, and windowing) in the context of cinemas. Ancarani (2002) focused on the role of the Internet in presenting packages of information goods using online tools, providing valuable insights into bundled pricing. Additionally, Simon and Butscher (2001) highlighted the potential increase in profitability ranging from 10 to 40% through the implementation of bundle pricing.

2.2.3.4 Competitive pricing and Consumer Buying Decisions

Competitive pricing strategy refers to the practice of setting prices based on what competitors are charging, often aiming to offer lower or comparable prices to attract price-sensitive consumers. According to Simon (2015), competitive pricing is particularly effective in markets with many similar products or services, where differentiation based on features alone is difficult. In such cases, businesses use pricing as a key lever to gain market share, attract new customers, and retain existing ones. Simon (2015) highlights that competitive pricing can be employed in different forms, such as price matching, undercutting competitors, or adopting a price leadership role where a company sets the market standard.

One of the critical aspects of competitive pricing is the price elasticity of demand, which measures how sensitive consumers are to price changes. Dominique-Ferreira and Antunes (2020) argue that in highly competitive markets, price elasticity tends to be high, meaning consumers are more likely to switch brands or retailers in response to even small price differences. Competitive pricing becomes essential in such scenarios to maintain market relevance and prevent customer attrition. Dominique-Ferreira and Antunes (2020) also note that businesses often use competitive pricing in industries where products are perceived as commodities, such as electronics, groceries, and travel services. In these cases, price becomes a primary factor

influencing consumer purchasing decisions, and companies must continuously monitor competitor prices to adjust their own accordingly.

Weijie and John (2017) expand on the concept by examining the psychological impact of competitive pricing on consumers. They suggest that competitive pricing not only attracts consumers looking for the lowest price but also creates a perception of fairness. When consumers perceive that a business is offering prices similar to or lower than its competitors, they are more likely to trust that they are receiving a good deal. This perception of fairness can foster brand loyalty over time, as consumers feel they are being treated equitably in comparison to other market options. Weijie and John (2017) emphasize that competitive pricing, combined with transparency about why prices are set a certain way, can enhance consumer trust and reduce the risk of losing customers to competitors.

However, there are challenges to implementing competitive pricing strategies effectively. Simon (2015) cautions that focusing solely on competitive pricing can lead to a race to the bottom, where businesses continually lower prices to outdo competitors, ultimately eroding profit margins. While lowering prices may increase sales volume in the short term, it can negatively affect long-term profitability and potentially damage the brand's perceived value. Furthermore, companies that engage in frequent price cuts may condition consumers to expect lower prices, making it difficult to raise prices in the future without losing market share.

Dominique-Ferreira and Antunes (2020) also discuss the importance of balancing competitive pricing with value-based pricing. While competitive pricing focuses on matching or beating competitors' prices, value-based pricing involves setting prices according to the perceived value of the product or service to the customer. The authors argue that businesses must strike a balance between being competitively priced and ensuring that their pricing reflects the unique value proposition they offer. This can help businesses avoid the pitfalls of purely price-driven competition and maintain healthy margins while still appealing to price-sensitive consumers.

Another important consideration in competitive pricing is the potential for price wars, where businesses engage in aggressive price reductions to outperform each other. Weijie and John (2017) warn that price wars can lead to unsustainable business practices and create a negative spiral where all players in the market suffer from reduced profits. They suggest that businesses

should be cautious when using competitive pricing and ensure they have a strong value proposition that differentiates their product from competitors, rather than relying solely on price to drive sales.

2.3 Theoretical review

The study was based on three theories, namely, adaptation level theory, the theory of reasoned action, and signaling theory. These theories explain the two variable pricing strategies and consumer purchase decisions.

2.3.1 Adaptation-level theory

Adaptation-level theory has been used to describe how consumers view different pricing strategies. To enhance understanding of how individuals process numerical information and interpret various pricing strategies, a concise list of principles of price perception was established by Monroe (1990) and Lee (1999). The first principle they established states that perceptions of price are relative to other prices. The second principle states that consumers have varying reference prices within product categories based on discerning quality levels. The third principle states that there is an indifference band around a reference price; those prices do not cause a subject's perception to change within the band. A reference price can be derived from an average of a range of prices for similar products and not one actual price.

These principles help to understand how shoppers interpret the pricing methods retailers use. This is important because it helps with figuring out how pricing choices affect brand selection, when people buy things, and where they shop in Addis Ababa. For everyone, the level of adaptation for a category is tied to how often different prices show up in that group (Kalyanara & Winer, 1995). For example, what influences buying behavior relates to price, brand, location, & promotion. Yet, price has the biggest impact since it gives worth to the product. Consumers decide based on perceived value. Recent studies even suggest that past prices can shift what consumers think about current ones (Chandrashekar, 2011).

One big strength of this theory? It shows how people see prices & how this affects their buying choices. The theory suggests consumers compare what they previously knew about prices with

current prices to decide whether to buy or not. So, marketers need to share clear information about product prices. This will help remove doubts from consumers' minds.

In research like this one, this theory helps explain how shoppers interpret pricing methods & their effects on purchase decisions. However, it doesn't say much about how shoppers figure out what amount to spend at any time. While it explains price perception well, it doesn't explain how much they're willing to sacrifice while shopping. This gap led the researcher to look into other theories for this study's explanation.

2.3.2 Theory of Reasoned Action

The theory of reasoned action (TRA) is a well-established theory developed in the late 1950s by Martin Fishbein. The expansion of TRA by Fishbein and Ajzen occurred throughout the 1960s and 1970s and has a foundation in social psychology regarding consumer behavior (Njite & Parsa, 2005). Many studies have utilized the theory of reasoned action to explain various behaviors (Bartee, Grandjean, & Beiber, 2004; Miniard & Page, 1984; Armitage & Christian, 2003; Trafimow & Finlay, 2002; Njite & Parsa, 2005; Strader & Katz, 1990; Tuncalp & Sheth, 1975).

The primary reason the researcher choose on this theory to base the study is because first, the TRA is a parsimonious model. After all, it uses only three constructs to explain behavior. Shugan (2002) argued that less parsimonious models not only provide weak answers but they are also less responsive to testing. Furthermore, the TRA is the most widely recognized social-psychological attitude-behavior model of attitude-behavior relationships, which incorporates external factors on intention to engage in specific behaviors (Prager, 2012). The key strength of this theory, as noted by Ajzen and Fishbein (1980), is the fact that it can be used to forecast, clarify, and influence individuals' actions, as it emphasizes understanding and forecasting human behavior.

This theory was useful in this study in that it helped understand what drives consumer purchase decisions. It was also useful in determining the extent to which pricing strategies could sway consumer purchase decisions. The theory has different elements which explain the attitudes and behavior of human. The first component of the theory involves identifying and measuring the interest in the behavior (Ajzen & Fishbein, 1980). It is important to identify the triggers of

consumer purchase decisions and to what extent those triggers influence the purchase decision. According to this theory, an individual's purpose in making a decision is a direct determinant of the decision (Ajzen & Fishbein, 1980). The second element of the theory is the understanding of an individual's actions and requires an understanding of two determinants, personal and social influences (Ajzen & Fishbein, 1980).

The perceived value of a pricing strategy is subjective, as each individual assigns their own significance to price. One aspect that the theory of reasoned action can explore is the evaluative criteria individuals use when making purchasing decisions (Ajzen & Fishbein, 1980; Njite Parsa, 2005). Consumers tend to be more responsive to fluctuations in price than to changes in other aspects of a product or service, making price a key factor in influencing their purchasing decisions. Pricing information adds to a consumer's understanding of the product or service presented and the consumer can make an informed decision based on that understanding. The study used this theory to explain how pricing strategy influences consumer purchasing decisions.

2.3.3 Signaling Theory

Connell (2011) outlines that the theory consists of three primary elements: the signaler, the receiver, and the signal itself. In this context, the signaler is the retailer, the receiver is the consumer, and the signal is the price. The rationale for employing signaling theory in this research stems from its extensive application in fields such as finance, where it serves as a framework for understanding how two parties (e.g., a buyer and seller) navigate limited or hidden information in a pre-purchase scenario.

Retailers may anticipate consumer reactions and tailor their pricing strategies accordingly, aiming to influence consumer perceptions and behaviors, sometimes even resorting to sending misleading signals (Nakamura & Steinsson, 2011). However, Srivastava & Lurie (2001) argue that consumers can retaliate against firms that send false signals through various means. Specifically, consumers may withhold repeat purchases, engage in negative word-of-mouth, or advocate for regulatory action. Manzur (2013) emphasizes that these disciplinary mechanisms are likely to be more pronounced for certain attributes, such as price, because they can be easily assessed and verified prior to purchase.

Therefore, the researcher posits that these mechanisms can effectively regulate retailer behavior, compelling them to avoid sending misleading signals. In instances where retailers refrain from signaling altogether, consumers are prompted to seek information through alternative cues. When faced with a lack of crucial information, consumers tend to gather additional evidence or interpret other signs and cues that appear to hold informational value.

2.4 Empirical Review

Ali and Anwar (2021) investigated “*marketing strategy; pricing strategies and its influence on consumer purchasing decisions in the Kurdistan, Iraq region*”. The study used a survey research design. With a sample size of 162 respondents was selected through a random sampling method. The data collected were analyzed using a correlation model. The finding indicated that skimming pricing, penetration pricing and competitive pricing strategy have significant positive influence on consumer purchasing decisions. The study concluded that pricing strategies play a significant role in consumer purchasing decisions

Siddique (2020) conducted a study on the “impact of pricing strategies on consumer buying behavior with reference to organized retail in Ranchi, India”. The study used a survey research design. With a sample size of 150 respondents was selected through a stratified random sampling method. The data collected were analyzed using descriptive statistical analysis. The finding indicate that retailers design a pricing strategy that significantly influence the buying tendency and attracts customers that creates value and loyalty. The study concluded that pricing strategies are vital in shaping consumer buying behavior

Assefa (2019) explored that the “*influence of pricing strategies on consumer purchase decisions at Ambassador Garment PLC in Addis Ababa*”. The study employed a survey research design and include a sample of 138 respondents selected through a convenient sampling technique. The data collected for the study were analyzed using correlation and regression models. The result of the study indicated that among different pricing strategies, odd pricing and discount pricing were exhibited the strongest correlation with consumer purchase decisions of Ambassador Garment PLC. The study concluded that pricing strategies play a significant role in influencing consumer purchase decisions of Ambassador Garment in Addis Ababa.

Jagannathan and Ravichandran (2019) examined “*the effect of pricing on consumer buying behavior in Chengalpattu town*”. The study utilizing a survey research design the study involved a sample of 125 respondents using a simple random sampling technique. Data collected for the study were analyzed using descriptive statistical analysis. The findings showed that there is a positive significant relationship between bundle, odd even pricing strategy and consumer buying decision. It was concluded that pricing strategies play a significant role in influencing consumer buying behavior.

Njeru (2017) investigated” *the influence of pricing strategies on consumer purchase decisions: A case study of supermarkets in Nairobi county*”. The used descriptive research design method and involved a sample of 315 respondents using a simple random sampling technique. The data obtained for the study were analyzed using correlation and multiple regression models. The result of the study indicated that pricing strategies significantly impacted purchase discount, purchase timing, product choice and store choice. It was concluded that strategies are vital in shaping consumer purchase decisions.

2.5 Gap of the Research

Pricing strategies and consumer purchase decision are complex phenomenon that cannot be universally defined or measured across all industries. As a result, each organization needs to develop its own configuration of pricing strategies, grounded in the specific dynamics of its competitive landscape, historical commitments, and future needs.

Previous research has established that firms employing effective pricing strategies can achieve a sustainable competitive advantage, positively impacting their performance. various methodologies have been used in past studies to examine the relationship between pricing strategies and consumer purchase decision. Consequently, there is a need to apply a different methodology to address the issue in order to see whether the researcher will get similar outcome.

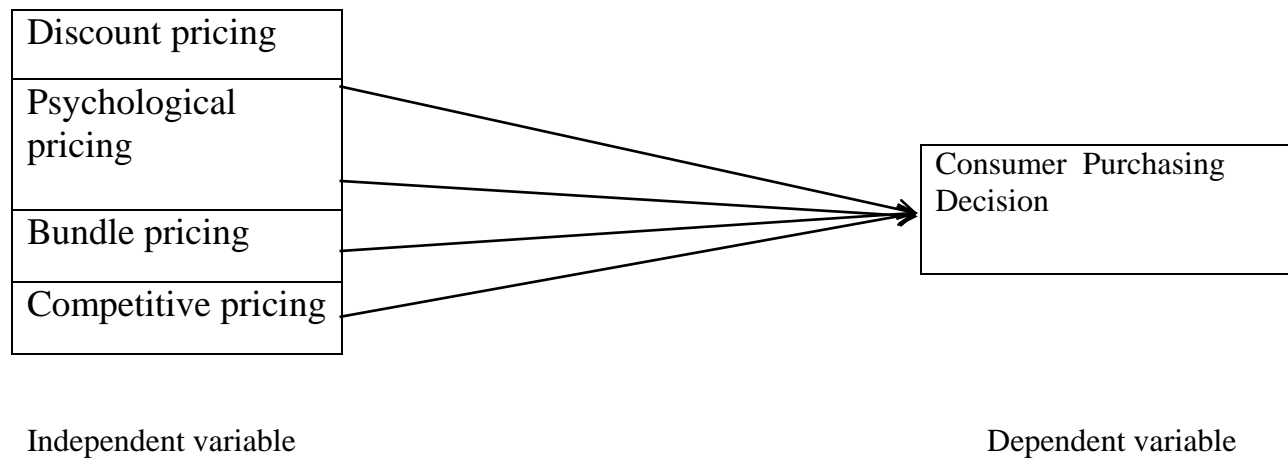
Several studies in this area have been carried out in the western part of the world. Very few studies on this area have been done in the African context (Ellickson & Misra ,2008). The limited research available within Africa has predominantly centered on the service industry (Kane, 2007) leaving a research gap in the goods industry. There is therefore a need to carry out a study within the Ethiopian context focusing on the supermarket industry. A comprehensive

understanding of how pricing strategies are linked with consumer purchase decision was added to the body of knowledge in the supermarket industry and marketing in general.

2.6 Conceptual Framework Empirical Review of Literature

The conceptual framework below explains that pricing strategies which is the independent variable will be analyzed using four constructs: discount pricing, bundle pricing, psychological pricing, and competitive pricing and consumer purchase decision which is the dependent variable was analyzed. Then the study intends to explain the relationship between the two. The researcher used Adaptation-Level Theory, Theory of Reasoned Action (TRA), and Signaling Theory to develop the framework. Adaptation-Level Theory explains how consumers compare prices to reference points. TRA suggests that pricing strategies shape consumer attitudes and purchase intentions. Signaling Theory highlights how prices signal quality to influence consumer trust and decisions. These theories provide a strong basis for understanding the effect of pricing strategies on consumer purchasing behavior. Consequently, the conceptual framework developed as of the review of related literature.

Figure 1: Conceptual framework



Source: Hussain Al-Salamin(2016)

2.7 Hypothesis Formulation

H1: Discount pricing positively influences consumer purchase decisions in Addis Ababa selected supermarkets.

H2: Bundle pricing strategy significantly increases the likelihood of consumer purchases in supermarkets in Addis Ababa.

H3: Psychological pricing (e.g., prices ending in .99) has a significant impact on consumer purchase decisions in Addis Ababa selected supermarkets.

H4: Competitive pricing strategy influences Consumer Purchasing Decisions in Addis Ababa selected supermarkets.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology that was used to research the influence of pricing strategy on consumer purchase decisions in the case of a selected supermarket in Addis Ababa. The research design employed, target population, Sampling Technique, Data Collection Methods, Data Analysis Methods, the validity and reliability of the data as well as showing how data was analyzed and presented.

3.1 Research Approach

Quantitative research is a study that makes use of statistical analysis to obtain findings. Its key features include systematic and formal measurement of phenomenon and the use of statistics. Quantitative approach was employed in this study, focusing on the systematic investigation of numerical data to quantify relationships between pricing strategies and consumer purchasing behavior. The data collected were statistically analyzed to identify significant correlations and trends, allowing for generalizations about the broader population (Creswell, 2014; Saunders, Lewis, & Thornhill, 2019). By applying this quantitative approach, the study aims to provide valuable insights into how pricing strategies influence consumer behavior in the supermarket sector, contributing to marketing management practices and offering practical implications for optimizing pricing strategies.

3.2 Research Design

The main objective of this research was to investigate the influence of pricing strategy on consumer purchase decisions. To achieve the objective the researcher used a cross sectional explanatory research design for this study. This design is particularly suited for examining the causal relationships between various pricing strategies and consumer purchasing behavior (Creswell, 2014). In this context, the independent variables include various pricing strategies such as discount pricing, psychological pricing, and bundle pricing, while the dependent variable will be the consumer purchase decision.

3.3 Population and Sampling Design

3.3.1 Target Population

A population refers to the combination of elements that have similar characteristics or behavior (Mugenda & Mugenda, 2003). The population of this study included adults both male and female customers who shop for goods and services for themselves and others on a regular or occasional from five selected supermarkets in Addis Ababa that have been chosen. The population of this study was customers of Bambis kazanchis branch, GaraMart at lebu , AllMart at besrate gebreal , Shoa Shopping Center at jemo and fantu Supermarkets at sarbet. The selection of these supermarkets was based on their wide range of product offerings which made them the ideal location for this study.

3.3.2. Sampling Technique

The sampling technique refers to the methods used in drawing a sample for representation Sekaran & Bougie (2011). A convenience sampling technique was used in this study to guarantee that the sample fairly represents the variety of consumer behaviors found in Addis Ababa's various supermarkets. Based on the particular supermarkets being studied Bambis, Shewa, AllMart, Garamart, and Fantu, participants were selected based on their availability and willingness to participate. Convenience sampling was used to choose participants from these supermarkets to ensure a broad representation of consumer profiles. In this case, convenience sampling is especially helpful because it allows for quick and easy data collection from accessible participants, which can be practical given time and resource constraints (Creswell and Creswell 2018). Although this approach may introduce some bias, it provides valuable initial insights into how pricing strategies affect consumer choice in various Addis Ababa retail industries.

3.3.3. Sample Size

Sample size determination is crucial in research to ensure that the sample accurately represents the population and that the results are statistically valid. The sample size can be calculated using Cochran's formula, which is commonly used for large unknown populations and provides a balance between precision and feasibility. According to Cochran (1977), the formula considers the desired confidence level, margin of error, and estimated proportion of the population to determine an adequate sample size. This method helps ensure that the sample is large enough to provide reliable estimates and generalizable findings while minimizing sampling error. For this study, Cochran's formula was used to determine the sample size.

The Cochran formula is:

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

Where:

e is the desired level of precision (i.e. the margin of error),

p is the (estimated) proportion of the population which has the attribute in question,

q is $1 - p$.

The z-value is found in a Z table.

$$n_0 = (1.96)^2 \cdot 0.5(1-0.5) / (0.05)^2 = 385$$

Therefore, the sample size was about 385 respondents.

3.4. Data Collection Methods

According to Cooper and Schindler (2018), methods for data collecting are defined as procedures used by a researcher to collect data from study respondents to respond to the study. For this study, data will be collected using surveys. Surveys or questionnaires will be utilized to gather quantitative data from a large sample of consumers, offering scalability and ease of analysis. This approach ensures a comprehensive understanding of the influence of pricing strategies on consumer purchase decisions (Creswell & Creswell, 2018). The questionnaire acted as a form of primary collection method. This was because they were easier to administer and saved time. The researcher adopted a questionnaire tool with a five-level Likert scale ranging from strongly disagrees=1, disagree=2, neutral=3, agree=4, and strongly agree=5, as used by Worku M. (2015). To make easy interpretation, the following ranges of values were assigned to each scale: 1.50 or less = Strongly Disagree; 1.51- 2.50 = Disagree; 2.51- 3.49 = Neutral; 3.50 – 4.49 = Agree; and 4.50 and greater= Strongly Agree as used by Desalegn A. (2010) the questionnaire was divided into 5 sections. The first section consists of general information about the respondents, followed by the second section questions on discount pricing, the third section questions on bundle pricing the fourth section questions addressing psychological pricing and the last section addresses competitive pricing. The questionnaires included open as well as closed-ended questions which sought the respondent's opinions, what their views were.

3.5. Data Analysis Methods

Data analysis for this study employed quantitative methods to thoroughly investigate the influence of pricing strategies on consumer purchase decisions. Quantitative data from surveys will be analyzed using descriptive statistics to summarize the data, including measures such as means, medians, and standard deviations. Inferential statistics, including t-tests, ANOVA, and regression analysis, will be applied to determine the significance of relationships between pricing strategies and consumer behavior. Data visualization tools, such as graphs and charts, will aid in the interpretation and presentation of these findings. Additionally, content analysis will be conducted on existing documents and reports to contextualize the findings within the broader retail sector. The integration of quantitative results through triangulation will enhance the study's validity and reliability. Statistical software such as SPSS is used for detailed data processing (Creswell & Creswell, 2018). The multiple regression analysis was also used to examine the

level of influence the independent variables have on the dependent variable. The following regression equation was used.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where; Y= Consumer Purchase Decisions

β_0 = constant $\beta_1 \dots \beta_4$ = coefficients

X_1 = Discount Pricing

X_2 = Bundle Pricing

X_3 = Psychological Pricing

X_4 = Competitive Pricing

ε = error term

3.6. Validity and Reliability

According to Cooper & Schindler (2006), Reliability focuses on the correctness and exactness of the testing methods and design. Measurement of reliability coefficients conducted numerically using correlation formulas (Cooper & Schindler, 2006). The questionnaire was tested in a pilot study involving 30 participants to assess its reliability. Internal consistency was evaluated using Cronbach's alpha, and the results demonstrated an acceptable level of reliability.

Validity is the ability of a measuring instrument to measure what is intended to be measured (Gupta, 2011). Content and construct validity was established through the pilot-testing of the questionnaire. To ensure the validity of the questionnaire, content validity was addressed by having advisers in the field review it to confirm that all relevant aspects of the construct were included. Construct validity was established through a pilot test where the questionnaire was reviewed to see if its performance aligned with theoretical predictions.

3.7. Ethical Consideration

The study was undertaken within ethical frameworks of social research. In particular, the researcher was guided by legal and moral principles of social research as outlined by Bryamn, (2001) which are; where there is a lack of informed consent, whether deception is involved, whether there is harm to the participants, and whether there is an invasion of privacy. The researcher acted openly and truthfully to promote accuracy guided by the ethical principles of integrity and objectivity. At the onset, an introductory letter requesting access and outlining in brief the purpose of the research was presented to respondents. The confidentiality of information supplied by research subjects and the anonymity of respondents was respected.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter provides an analysis and report of the finding from the current study. Initially, a preliminary analysis was conducted to determine the response rate. (SPSS) Statistical Package for the Social Sciences software is used to analyze the research findings. Descriptive statistics and multiple regression analysis which were performed on items in the questionnaire to examine the influence of pricing strategies on consumer purchase decision. The data for this study was collected using a questionnaire in the months of October and November, 2024.

4.2 Response Rate

The data for this research was gathered from the customers who frequently shopped in the four supermarkets. Out of 385 distributed questionnaires, 15 were not fully completed, therefore excluded from the study. In that regard, only 370 responses were used in the analysis of the study, thus the sample response rate was 96%. Fowler (1984) stated that, a response rate of 60% is representative enough.

4.3 Reliability test

To evaluate the reliability of the measurement scales, Cronbach's alpha was obtained. For revealed reliability, a value exceeding 0.60 is used. Consequently, values in the interval 0.60 to 0.90 indicate variable reliability, whereas values above 0.90 are considered highly reliable. A value lower than 0.60 cannot be deemed consistent with the idea of reliability. This classification was based on George and Mallery's recommendation (2003), showing that a Cronbach's alpha value above 0.60 can only conclude the established reliability of a scale. Therefore, the reliability test was conducted employing the Cronbach's Alpha test on the four components that are involved in consumer purchase decision. This test was deemed necessary in order to determine that any of the components could statistically explain the pricing strategies. In discount pricing, the Cronbach's Alpha of those items measuring discounts is (α) as 0.741; for bundled pricing measures, (α) is equal to 0.742; for psychological pricing, (α) is equal to 0.741; and in competitive pricing, (α) has 0.738.

The cumulative Cronbach's alpha coefficient for the four indicated variables was 0.866 and has just slightly surpassed the accepted threshold for this reliability type, given that the items measure consumer purchase decisions.

Table 4.1: Cronbach's Alpha Coefficients value

NO	variable	N of Items	Cronbach's Alpha
1	Discount pricing	5	.741
2	Bundle pricing	4	.762
3	Psychological pricing	4	.741
4	Competitive pricing	3	.738

4.4 Demographic profile of the respondents

The demographic statistics is provided in table 4.2. Respondents response rate refers to the proportion of questionnaires that were returned and filled during the study in relation to total number of questionnaires expected to be filled. In this paper, it required administration of questionnaires to 370 respondents, who were customers of Bambis, Shoa, Allmart, Garamart, and Fantu supermarkets in the selected branches of Addis Ababa.

Table 4.2.Descriptive statistics summary result of Sex of respondents, Age, and family size and Education level of respondents.

	Option	Frequency	Percentage
Sex of respondents	Female	215	58.1%
	male	155	41.9%
	Total	370	100%
Age	Under 20	25	6.8%
	21 – 30	133	35.9%
	31 – 40 years	135	36.5%
	41 – 50years	60	16.2%
	above 50	17	4.6%
	Total	370	100.0%
family size	Single member	43	11.6%
	Two members	27	7.3%
	Three members	66	17.8%
	four members	80	21.6%
	above four	154	41.6%
	Total	370	100.0%
Education	High school & above	30	8.1%
	Diploma	101	27.3%
	Degree	195	52.7%
	Masters	44	11.9%
	Total	370	100.0%

Source: Own Research Result, 2024

According to table 4.2 the survey data is categorized based on their sex, age, family size and education level. In terms of gender, the data consist sample of 370 respondents, with (58.1%) females and males (41.9%), this show that most of the participants are women's. Out of the total respondents were between the ages of 21-50 years old group has the highest respondents. Regarding family size, 41.6% of the respondents have above four family members and 21.6% were four family members, 17.8% were three family members and 7.3% were two family members and 11.6% were single. In terms of education level from the total respondents of 370 8.1% are High school & above and 27.3% from the total respondents hold a diploma and 52.7% are degree graduates and the remaining 11.9% respondents have Masters. From this table we can conclude that the survey revealed a diverse demographic, with a majority of female respondents, primarily younger individuals, larger family sizes, and a high level of education. That means most of the customers were educated, so that important to deliver different pricing strategy.

Table 4.3.Descriptive statistics summary result of work states, income level, and supermarket choose and purchasing frequency.

	Option	Frequency	Percentage
Work States	Student	28	7.6%
	private employee	126	34.1%
	Government	216	58.4%
	Total	370	100.0%
Income Level	Below 5.000Birr	41	11.1%
	(5,000 – 10,000]	116	31.4%
	(10 – 15,000]	114	30.8%
	Above 15,000	99	26.8%
	Total	370	100.0%
Supermarket Choose	Shoa	103	27.8%
	Allmart	57	15.4%
	Bambis	111	30.0%
	Fantu Supermarket	41	11.1%
	Garamart	58	15.7%
	Total	370	100.0%
Purchase Frequency	Daily	44	11.9%
	Weekly	111	30.0%
	Monthly	134	36.2%
	Twice-weekly	81	21.9%
	Total	370	100.0%

Source: Own Research Result, 2024

According to the table, approximately 7.6% of respondents are students, 23.2% are private employees, and 58.4% are employed in the government sector. Hence, the vast majority of respondents are government employees. Based on their income, 11.1% earn less than 5,000 birr per month, 31.4% earn between 5,000 and 10,000 birr, 30.8% earn between 10,000 and 15,000 birr, and the remaining 26.8% have a monthly income of more than 15,000 birr. Looking at the data collected from the multiple-answer question regarding supermarket shopping habits, among the 370 respondents, 11.1% shop at Fantu, 27.8% at Shoa, 15.4% at Allmart, 30.0% at Bambis, and 15.7% at Garamart. From these findings, it can be concluded that most customers of the selected supermarkets are employees of the government and private sectors, likely indicating a stable income.

The findings also reveal that in terms of supermarket choice, most respondents shop at Bambis, followed by Shoa, Garamart, Allmart, and Fantu. Additionally, the majority of respondents shop in supermarkets once a month, followed by once a week.

4.5. Descriptive statistics of study variables

In order to explore the existence and importance of every variable according to the response of the study, means and standard deviations for the independent variables (Discount pricing, Bundle pricing, Psychological pricing, competitive pricing) were calculated. Best, (1977) make interpretation of the results of mean and standard deviation the scales were assigned as follows to make the interpretation easy and clear: 1-2.49 (Low), 2.5-3.49 (Medium) and 3.5 & above (High). If the mean value of the statement is more than or equal to 3.5, then the level of agreement with the statement measuring a certain variable is high, if the mean value ranges between (2.5-3.49), then the level of is medium and when the mean value of the statement is equal to or less than (2.49), then the level of agreement with statement is low (Durham University, 2013). The following tables show the means and standard deviations for independent variables.

Table 4.4. Descriptive Statistics

Descriptive Statistics			
	N	Mean	Std. Deviation
Discount pricing	370	3.9157	.57897
Bundle pricing	370	3.6568	.61850
Psychological pricing	370	3.5432	.62319
competitive pricing	370	3.8431	.70358
Consumer Purchase decision	370	3.9300	.58558
Valid N (listwise)	370		

Source: Own Research Result, 2024

The result of the study shows mean score 3.9 for discount pricing with standard deviation of .58; it is within the range of 3.5 and above and it indicates that most of the respondents were agreed on discount pricing strategy. Competitive pricing were mean valued at 3.8, the most standard deviations about mean estimated at 0.703, it is within the range of 3.5 and above and it indicates that most of the respondents were agreed on competitive pricings strategy. The next most positively viewed pricing was bundled pricing, with a mean of 3.7 and a standard deviation of 0.62, and Psychological pricing mean score 3.5 with a standard deviation of 0.62, it is within the range of 3.5 and above and it indicates that most of the respondents were agreed on bundled pricing and Psychological pricing strategies. Overall, these Descriptive Statistics show that all discount pricing, competitive pricing, bundle and psychological pricing strategies positively influence the consumer purchase decisions in supermarket.

4.6 Influence of pricing strategies on consumer purchase decision

This research aimed to explore the influence of pricing strategy and investigating the relationship between pricing strategy and consumer purchase decision (dependent variable). The researcher conducted correlation analysis and multiple regression analysis to further examine how different pricing strategies influence consumer purchasing decisions.

4.6.1 Correlation analysis

The study is set to investigate the influence of pricing strategy on consumer purchase decision in the case of supermarket in Addis Ababa. Pearson correlation was used to associate the independent variables (discount pricing, bundle pricing, psychological pricing and competitive pricing) and dependent variable (consumer purchase decision). A correlation coefficient expresses quantitatively the magnitude and direction of the linear relationship between variables, Pearson correlation coefficient reveal magnitude and direction of (either positive or negative) and the intensity of the relationship (- 1 to +1). In this section a correlation analysis was done to know whether relationships do exist between variables conceptualized in the framework. The researcher used one of the most commonly used types of correlation coefficient which is Pearson correlation coefficient methods because of the statistical accuracy that usually results from this method. The strength of correlation would interpret through suggestion by Evans (1996) as shown in the following pattern.

0.00 to 0.19 (0.00 to -0.19) ----- very weak positive (negative) correlation

0.2 to 0.39 (0.2 to -0.39) ----- weak positive (negative) correlation

0.4 to 0.59 (0.4 to -0.59) ----- Moderate positive (negative) correlation

0.6 to 0.79 (0.6 to -0.79) ----- strong positive (negative) correlation

0.8 to 1.0 (0.8 to -1.0)----- very strong positive (negative) correlation

Table 4.5. Correlation analysis

		Correlations				
		Discount pricing	Bundle pricing	Psychological pricing	competitive pricing	Consumer Purchase decision
Discount pricing	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	370				
Bundle pricing	Pearson Correlation	.393**	1			
	Sig. (2-tailed)	.000				
	N	370	370			
Psychological pricing	Pearson Correlation	.232**	.237**	1		
	Sig. (2-tailed)	.000	.000			
	N	370	370	370		
competitive pricing	Pearson Correlation	.421**	.276**	.388**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	370	370	370	370	
Consumer Purchase decision	Pearson Correlation	.553**	.518**	.507**	.523**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	370	370	370	370	370

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Own Research Result, 2024

The result on the above table 4.3 shows that:-Pearson Product-Moment Correlation Coefficient was used to assess the relationship among Variables (independent and dependent variables). As can be seen from result that:-

- 1) Discount pricing which have the highest Pearson Correlation value of $r = .553$ interpreted to be a Moderate positive correlation with the Consumer Purchase Decision of the supermarket followed by
- 2) Competitive pricing has a correlation value of $r = .523$ as well a moderate positive, and significantly related with Consumer Purchase Decision and also
- 3) Bundle pricing have also a positive and moderate correlation with $r = .518$,

4) Psychological pricing formed Pearson Correlation value of $r = 0.507$ indicating that it has positive and significant correlation with the Consumer Purchase Decision.

The strategy had a moderate correlation with discount pricing, bundle pricing, psychological pricing, and competitive pricing. Reflecting its synergy with other pricing strategies. Overall, the analysis showed that all pricing strategies studied had a positive impact on consumer purchase decisions, with discount pricing having the strongest single effect.

4.7 Diagnosis Test about Assumptions of Regression Analysis

Before conducting regression analysis, some tests were conducted in order to ensure the appropriateness of data to assumptions regression analysis as follows.

4.7.1 Linearity Test

Linearity refers the extent to which change in the dependent variable is related to the change in the independent variables. To determine whether the relationship between the dependent variable Purchasing decision and the independent variables (discount pricing, bundle pricing, psychological pricing) is linear, plots of the regression residuals through SPSS V27 software had been used.

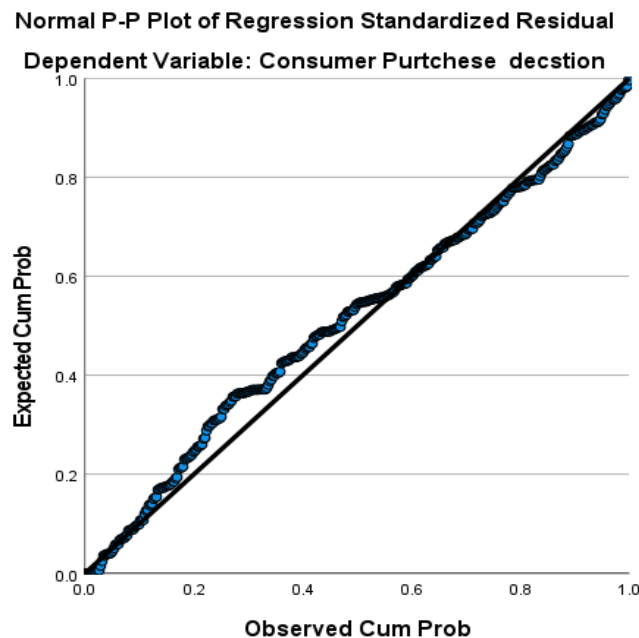


Figure 2: linearity test

The above figure scatter Normal P-P plot suggests that the residuals are approximately normally distributed, which is consistent with the assumptions of linear regression. This indicates that the model likely represents a linear relationship effectively.

4.7.2 Normality test

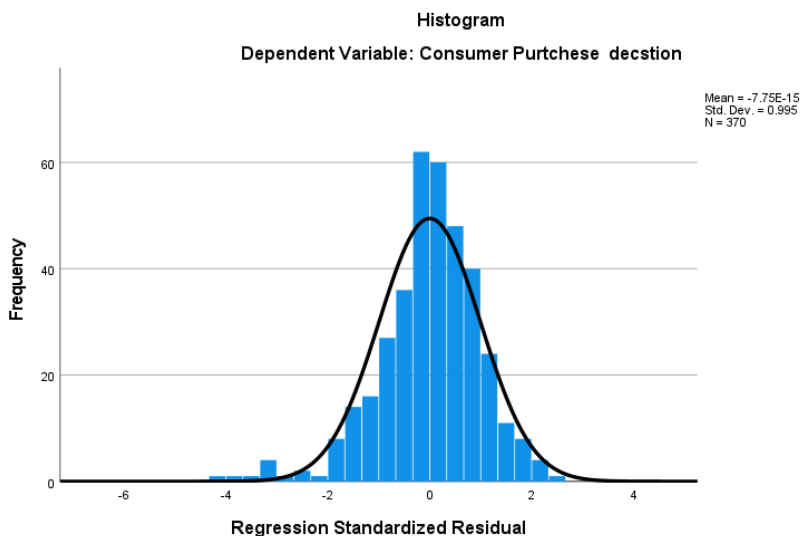


Figure 3: normality test

The sample was closed with a normality testing which was indicated by a histogram above, which showed dependent variables, and thus regression standardized residuals indicated that the residuals were normally distributed and bell-shaped, closely mimicking the shape of a normal distribution. Its mean was approximately zero (mean=-7.75E-15), showing that no overestimating or underestimating of consumer purchase decisions had the regression model done. Its standard deviation from the mean was 0.995, which is more or less 1. This value has shown that there is not much separation from the mean and hence meets the requirements for the regression standardized residuals. Size was bigger than 370 other comparisons. So this histogram really substantiates the hypotheses of the residuals being normal, which is a timely assumption in regression analysis. This showed that the model which predicts the consumer purchase decision is both adequate and appropriately specified with no major violations from normality about the residuals.

4.7.3 .Multicollinearity Test

Multicollinearity occurs when two or more explanatory variables in a regression model are highly correlated, making it challenging to distinguish their individual effects on the dependent variable (Stevens, 2002). Table 4.4 displays the results of the multicollinearity analysis.

Table 4.6. Multicollinearity test

Model		Sig.	Collinearity Statistics	
			Tolerance	VIF
1	(Constant)	.303		
	Discount pricing	.000	.738	1.355
	Bundle pricing	.000	.817	1.224
	Psychological pricing	.000	.830	1.205
	competitive pricing	.000	.728	1.373

Multicollinearity exists when predictors are highly correlated. This assumption can be assessed using the collinearity diagnostics table. According to Menard (1995), tolerance values above 0.2 and VIF values below 10 (Mayers, 1990) indicate no multicollinearity issues. So if we can see in the table 4.4 above, because there are no values out of the limit of both tolerance and VIF, which Shows there is no Multi-collinearity problem.

4.7.4. Autocorrelation Test

Autocorrelation occurs when the residuals are not independent from each other. While a scatter plot allows you to check for autocorrelations, you can test the linear regression model for autocorrelation with the Durbin-Watson test. The value of Durbin Watson assume to be between 1.5 and 2.5, values around 2 indicate no autocorrelation. From our test, the value of Durbin Watson is about 1.705. Thus it lies between $1.5 < 1.721 < 2.5$ (see table 4.5). The value of Durbin Watson is close to 2 indicates there is no violation of Autocorrelation. so no major issue with autocorrelation exists for it, indicating it is a satisfactory model for the research.

4.7.5. Homoscedasticity

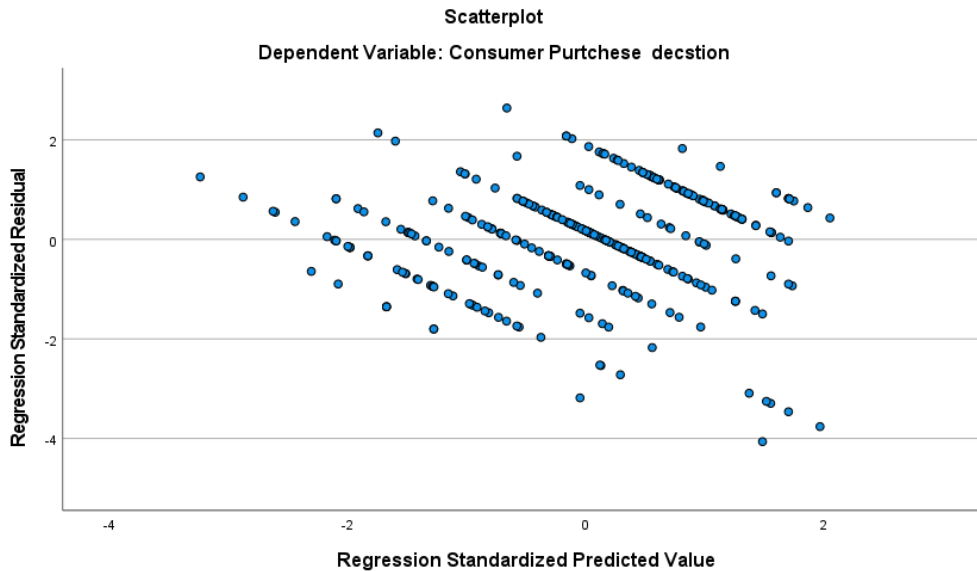


Figure 4: Homoscedasticity

4.8 Regression Analysis result

Table 4.7. Model summary

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.749 ^a	.562	.557	.38978	1.705
a. Predictors: (Constant), competitive pricing, Bundle pricing, Psychological pricing, Discount pricing					
b. Dependent Variable: Consumer Purchase decision					

From Table 4.5, after controlling for the covariates, it is evident that the coefficient of determination (R-square) is 0.562, indicating that 56.2% of the variation in the dependent variable (consumer purchase decision) is explained by the independent variables discount pricing , bundle pricing psychological pricing and competitive pricing . This result is statistically significant at $p = .000$.

4.8.1 Anova Result

4.8. Table anova result

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	71.077	4	17.769	116.955	.000 ^b
	Residual	55.455	365	.152		
	Total	126.532	369			
a. Dependent Variable: Consumer Purchase decision						
b. Predictors: (Constant), competitive pricing, Bundle pricing, Psychological pricing, Discount pricing						

In the above ANOVA table shows that, the regression model overall fit can be examined with the help of ANOVA. Accordingly, the overall significance of the model presented in ANOVA table 4.7 above, the total variance (126.532) was the difference in to the variance, which can be explained by the independent variables (Model), and the variance, which was not explained by the independent variables (error). The study established that there existed a significant goodness of fit between variables as F-test F (116.955) at $P = 0.000 < 0.01$. This indicated that the model formed between, competitive pricing, bundle pricing, psychological pricing, discount pricing and consumer purchase decisions was a good fit for the data.

4.8.2 Regression Coefficient Analysis of the mode

4.9 table of Regression Coefficient Analysis

		Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.181	.175		1.031	.303		
	Discount pricing	.291	.041	.293	7.122	.000	.738	1.355
	Bundle pricing	.262	.036	.277	7.229	.000	.817	1.224
	Psychological pricing	.275	.036	.287	7.701	.000	.830	1.205
	competitive pricing	.176	.034	.212	5.212	.000	.728	1.373

a. Dependent Variable: Consumer Purchase decision

In this study four pricing strategies were analyzed: Discount Pricing, Bundle Pricing, Psychological Pricing, and Competitive Pricing. The result of research revealed analysis, that all four pricing strategies significant is predicted the consumer purchase decision. Based on the standardized coefficients, it is shown that discount pricing ($B = 0.293$, $P=0.00$), bundle pricing ($B = 0.277$, $P=0.00$), psychological pricing ($B = 0.287$, $P=0.00$), and competitive pricing ($B = 0.212$, $P=0.00$) consumer purchase decisions were positively affected, while the strongest variable was discount pricing ($B = 0.293$, $P=0.00$). The Beta coefficients indicated that how and to what extent the independent variables influence the dependent variable. Accordingly the result of coefficient value of regression analysis indicated the highest determinant factor which influences Customers Purchase Decision was Discount Pricing (at Beta value of 0.293). Based on the above model result, all the explanatory variables have positive influence on Purchasing Decision of customers in Addis Ababa selected supermarket. Based on the above table 4.8 finding we can develop the following regression model:

$$\text{Consumer Purchasing Decision} = 0.181 + 0.293D + 0.287P + 0.277B + 0.212C$$

Where, D= Discount Pricing

P=Psychological Pricing

B= Bundle Pricing

S=Competitive

4.9 Hypothesis Testing

4.9.1 Discount pricing

H1: Discount pricing positively influences consumer purchase decisions in Addis Ababa selected supermarkets.

This hypothesis suggests that discount pricing, which involves offering reduced prices to consumers, directly affects their purchase decisions. The regression analysis supports this hypothesis with a statistically significant positive relationship between discount pricing and consumer purchase decisions ($B = 0.293$, $p = 0.000$). This means that as discount pricing increases, consumer purchase decisions also tend to increase. The significance of this relationship indicates that discount pricing is a key factor in influencing consumers' decisions in supermarkets in Addis Ababa.

4.9.2 Bundle pricing

H2: Bundle pricing strategy significantly increases the likelihood of consumer purchases in supermarkets in Addis Ababa.

Bundle pricing refers to the strategy of offering multiple products together at a discounted price. According to the hypothesis, bundle pricing should have a noticeable effect on consumers' buying behavior. The regression results show a significant positive relationship between bundle pricing and consumer purchase decisions ($B = 0.277$, $p = 0.000$). This indicates that as bundle pricing increases, consumers are more likely to make purchase decisions, suggesting that this pricing strategy effectively drives consumer purchases in the supermarket setting.

4.9.3 Psychological pricing

H3: Psychological pricing (e.g., prices ending in .99) has a significant impact on consumer purchase decisions in Addis Ababa selected supermarkets.

Psychological pricing involves setting prices that have a psychological impact, such as pricing products just below a whole number (e.g., \$9.99 instead of \$10.00). This theory suggests that psychological pricing significantly affects consumer decisions due to the way it influences perceptions of value. The regression analysis confirms this theory, with a significant positive relationship found between psychological pricing and consumer purchase decisions ($B = 0.287$, $p = 0.000$). This means that psychological pricing strategies, which aim to trigger consumer behavior through price perceptions, positively influence purchasing decisions, making it an important pricing strategy in your study.

4.9.4 Competitive pricing

H4: Competitive pricing strategy influences Consumer Purchasing Decisions in Addis Ababa selected supermarkets.

Competitive pricing involves setting prices based on competitors' pricing strategies, often to remain competitive in the market. This hypothesis suggests that the price set in comparison to competitors plays a crucial role in influencing consumers' purchase decisions. The analysis confirms this relationship, showing a positive and significant effect ($B = 0.212$, $p = 0.000$) between competitive pricing and consumer purchase decisions. As competitive pricing increases, consumers are more likely to make purchasing decisions, highlighting the importance of monitoring competitors' prices in influencing consumer behavior.

4.9.5 Summary of Hypothesis Result

Table 4.10 summary of hypothesis test result

Hypothesis	Result	Analysis Technique
H1: Discount pricing positively influences consumer purchase decisions in Addis Ababa selected supermarkets.	accepted	$\beta = 0.293$, $P < 0.05$
H2: Bundle pricing strategy significantly increases the likelihood of consumer purchases in supermarkets in Addis Ababa.	accepted	$\beta = 0.277$, $P < 0.05$
H3: Psychological pricing (e.g., prices ending in .99) has a significant impact on consumer purchase decisions in Addis Ababa selected supermarkets.	accepted	$\beta = 0.287$, $P < 0.05$
H4: Competitive pricing strategy influences Consumer Purchasing Decisions in Addis Ababa selected supermarkets.	accepted	$\beta = 0.293$, $P < 0.05$

4.10. Discussion

The findings of this study, which examine the influence of pricing strategies on consumer purchase decisions in selected supermarkets in Addis Ababa, provide significant insights that contribute to the existing literature on pricing strategies in the retail sector. In particular, discount pricing, psychological pricing, bundle pricing and competitive pricing were analyzed to determine their impact on consumer purchase decisions, with the results showing significant relationships at the 0.01 level

4.10.1. Discount Pricing and Consumer Purchase Decisions

The study found that discount pricing has a significant positive effect on consumer purchase decisions in Addis Ababa selected supermarkets. This aligns with past research that highlights the strong influence of price reductions on consumer behavior. For instance Discount price motivate customers to try new products being offered. The result agrees with Armstrong and Chen (2013) who observed that price discounts (cut off prices) play an important role in stimulating new customers' behaviors to try the offered products. Retailers offered sales promotion to their customers. Sales promotion influenced the purchase decision of consumers. The result agrees with Puri et al., (2020) who studied the impact of discounts on consumer buying behavior. The study revealed that the sales promotion has an influence in the purchase decision of consumers

4.10.2. Bundle Pricing and Consumer Purchase Decisions.

Bundle pricing, where multiple products are sold together at a discounted price, was found to have a significant positive influence on consumer decisions. However, it was noted that this pricing strategy is not widely practiced in Addis Ababa supermarkets, which could be an area for growth. Global studies, such as those by Kumar (2018) and Anderson and McKinsey (2020), have shown that bundle pricing can increase the perceived value and convenience for consumers, leading to higher purchase volumes. In contrast, the limited use of this strategy in Addis Ababa might be due to a lack of awareness or the logistical challenges of bundling products effectively in the local retail environment.

4.10.3 .Psychological Pricing and Consumer Behavior

Prices set just below the nearest ringed (whole) number led to customers reading them slightly lower and treated it lower than the actual price. According to Dholakia (2017) the basic premise of psychological pricing is that prices set just below the nearest ringed number elicit stronger demand than predicted at that level. This means that the purchasing likelihood for just-below-price items was to the right of predicted demand curves, causing the demand curves to kink at these places. With its effects on various customer groups, price policy is a critical component of the marketing mix. Psychological pricing influenced consumers' decision-making processes over time. The result agrees with Husemann-Kopetzky (2018) who avers that psychological pricing

was a marketing or pricing approach based on the idea that certain prices have psychological effects on customers' price perception, attitude, and purchasing behavior. This method has been used by marketers and organizations to influence consumers' decision-making processes over time, particularly in the retail sector and in price advertising.

4.10.4. Competitive Pricing and Consumer Purchase Decisions

Competitive pricing involves setting prices based on the prices of competitors, and it is a commonly used strategy in highly competitive retail environments. The results of this study indicate that competitive pricing has a moderate relationship with consumer purchase decisions in Addis Ababa selected supermarkets. This finding aligns with existing research, such as that by Kotler and Keller (2016), which suggests that competitive pricing is particularly effective in markets with high competition and price-sensitive consumers. Unlike larger or more developed retail markets, where price wars are common and consumers frequently compare prices, the Ethiopian market may not exhibit the same level of competitive intensity. According to studies by Muthoni and Onyango (2019), competitive pricing tends to have a greater impact in markets where multiple competitors offer similar products, and consumers are more price-conscious.

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CHAPTER FIVE

5.0. SUMMARY, CONCLUSION AND RECOMMENDATION

The main aim of this study was to investigate the influence of pricing strategies on consumer purchase decisions among major supermarkets in Addis Ababa, Ethiopia. Pricing strategies are a crucial element of supermarket marketing, and understanding their impact can help improve sales, customer loyalty, and competitive positioning in the market. The study specifically focused on four key pricing strategies Discount pricing, Bundle pricing, Psychological pricing, Competitive pricing The study sought to determine how each of these strategies influences consumer behavior, with the ultimate goal of providing actionable insights for supermarkets to enhance their pricing strategies.

5.1 Summary of the finding

The research investigated the influence of four pricing strategies discount pricing, bundle pricing, psychological pricing, and competitive pricing on consumer purchase decisions in supermarkets in Addis Ababa. The findings reveal that all four pricing strategies significantly influence consumer is buying behavior, with discount pricing showing the most substantial effect. Each pricing strategy contributed uniquely to influencing consumer perceptions of value and affordability.

- ❖ The study revealed that most of the respondents were Female. This shows that women's have better experience behind men in buying products from supermarkets which may also influence consumer purchasing decision.
- ❖ Majority of the respondents were within 21-40 years old
- ❖ Most of the customers were educated so that important to deliver different pricing strategy.
- ❖ Most of the respondents were government employees.

- ❖ The total grand mean value 3.9 indicates that that respondents level of agreement on price discount pricing strategy lies on agreement state. Therefore, generally one can conclude that sampled respondents willing and prefer to buy products which have low prices supermarkets, and mostly influenced by psychological bundle pricing and competitive pricing to buy product from supermarket.
- ❖ The constructed Purchasing Decision factors (such as Discount Pricing, Bundle Pricing, Psychological Pricing, Competitive pricing) are good explanatory variables of the factors influencing customers purchase decision.
- ❖ The ANOVA analysis result shows the statistically significant relationships between the Four independent variables (Discount Pricing, Bundle Pricing, Psychological Pricing, Competitive pricing) and Consumer purchasing Decision at 5% significance level.
- ❖ Generally, from the hypothesis testing result all hypothesis such as H1,H2,H3 and H4 are accepted, and therefore one can conclude that all factors(pricing strategies) has statistically significant correlation and effect on Consumer purchasing decision of selected supermarket in Addis Ababa

5.2 Conclusion

The results of the study confirmed that pricing strategies occupy a pivotal role in influencing the buying behavior of consumers in supermarkets in Addis Ababa. Out of four pricing strategies discount pricing, bundle pricing, psychological pricing, and competitive pricing each showed significant positive influences on consumer behavior. Of these, discount pricing left a mark with a more pronounced effect, followed closely by psychological pricing; bundle pricing and competitive pricing also influenced purchase decisions positively but to a lesser extent. This regression analysis explicitly confirmed that all the pricing strategies have a positive relationship with consumer buying decisions, stressing on the fact that the consumers are sensitive toward price cuts, perceive bundle value in pricing based on competitors, and highlight and appreciate psychological points of pricing that focus on cognitive biases. The paper confirms that he supermarkets located in Addis Ababa can improve the sales and customer relationships using the above mentioned pricing strategies. If discount pricing is made the primary focus, psychological pricing is incorporated to the mix, bundle offers made, and competitor's pricing policies constantly monitored, supermarkets stand a better chance at meeting customer's requirements

and improving their place in the marketplace. The retailer is expecting to open new supermarkets in Addis Ababa while earning over the existing models of pricing strategies that are arguing for Ankara and the rest of the country improving consumers' needs and habits since. This research is useful not only to supermarkets, but also to other retailers wishing to penetrate into the complexities of the pricing strategies and consumers decision making in developing countries like Ethiopia.

5.3 Recommendation

Based on the finding of this study, the following recommendations are provided for supermarkets in Addis Ababa to enhance their pricing strategy and positively affect customer buying behavior. The previous analysis had shown that discount pricing has the most significant effect on purchase intention so, supermarkets should make it a point to regularly put products on sale and run promotions/seasonal/timed sales. This works especially well for capturing price-conscious customers and driving foot traffic. And to further encourage more regular shoppers, supermarkets could offer loyalty programs or discounts on return visits. Utilize Bundle pricing, which is proven effective in incentivizing consumer purchase on multiple items further. Supermarkets need to combine products into enticing packages, particularly for items that go together, to increase perceived value. Such as creating bundles of groceries or household essentials you sell for a discounted price to incentivize bulk purchases, thus leading to higher overall sales per customer. Promotions, such as “buy one, get one free” or “discounted bundles,” can further increase consumer interest. Adopt more psychological pricing techniques in various product categories, like setting the price just below a round figure (e.g., 9.99 Birr and not 10.00 Birr). It tends to be more appealing to the psychology of perception on the part of the consumer and makes the merchandise appear less costly. Competitive pricing will bring in those price-sensitive consumers who compare prices at different supermarkets. All supermarkets need to monitor their prices in comparison to their competitors and keep adjusting them to ensure the best value and to keep up the competition. The implementation of price-matching policies or giving exclusive in-store discounts could bring those consumers who are very conscious about prices.

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Appendix 1

Questionnaire

St Mary University

SCHOOL OF GRADUATE STUDIES

Objective of the Questionnaire

Dear Respondents, My name is Mastewal Diriba .I am a prospective graduate of the year 2025 in the field of Marketing Management at St Mary University in Master's program. This questionnaire is designed to collect data on the influence of pricing strategies on consumer purchase decision particularly a case of major supermarket in Addis Ababa. The information gathered will be accessible by the researcher only and remains strictly confidential.

General instruction

- 1) No need to write your name on the questions paper.
- 2) If there is any question please contact the researcher through the following address

Mastewal Diriba Muleta Tel. +25192377621

Thank you for your time and valuable input!

QUESTIONNAIRE

Part I: Personal Information

N.B Please put a "√" mark to all your responses in the space provided to each question (if necessary).

1. Which of the following age groups do you belong to?
 1. Under 20 ☐
 2. 21 – 30 years ☐
 3. 31 – 40 years ☐
 4. 41 – 50years ☐
 - 5.above 50 ☐
2. Gender
 1. Female ☐
 - 2.male ☐
3. Which of the following size of families do you belong to?

1. Single member ☐ 2. Two members ☐ 3. Three members ☐
4. Four members ☐ 5. Above four ☐
4. Educational level 1 .High school & above ☐ 2.Diploma ☐ 3. Degree ☐
4. Masters ☐ 5. Others specify (.....)
5. Work status 1.Student ☐ 2. Private employee ☐ 3. Government employee ☐
6. Level of income per month:
1. < 5,000Birr ☐ 2. (5,000 – 10,000] above ☐
3. (10 – 15,000] ☐ 4. >15,000 ☐
7. Which of the following supermarkets do you frequent?
1. Shewa shopping center ☐ 2. All-Mart ☐ 3.Bambis ☐
4. Fantu supermarket ☐ 5.Garamart ☐
8. On average, how often do you do your shopping?
1. Daily ☐ 2.Weekly ☐ 3. Monthly ☐ 4. Twice-weekly ☐

Part Two: Please indicate your degree of agreement\disagreement with the following statements by putting the tick 1 strongly disagrees, 2 disagree, 3 neutrals, 4 agree, 5 strongly agree

A. Discount pricing and Consumer Purchase Decisions

NO	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree.
1	Discount price motivate me to try new products being offered.					
2	I choose a supermarket based on the discounts it offers.					
3	I feel more satisfied with my purchases when I take advantage of discounts.					
4	I am more likely to visit a supermarket that advertises promotional discounts frequently					
5	Discounts increase the likelihood of me making an unplanned purchase.					

B .Bundle Pricing and Consumer Purchase Decisions

No	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	I find product bundles (e.g., buy two, get one free) attractive when shopping.					
2.	Bundle pricing makes me feel like I am getting a better deal compared to purchasing items separately.					
3.	Bundle pricing helps me save money on purchases.					
4.	I often purchase bundled items to save time and effort during shopping					

C. Psychological Pricing and Consumer Purchase Decisions

No	Description	Strongly Disagree	Disagree	Neutral,	Agree	Strongly Agree
1.	I perceive products priced at \$9.99 as being significantly cheaper than those at \$10.00.					
2.	I prefer products priced with odd pricing (e.g., \$4.95, \$14.99) over those with whole number prices (e.g., \$5.00, \$15.00).					
3	Higher prices make me perceive products as higher in quality.					
4	Psychological pricing makes products appear more affordable to me, influencing my decision to buy.					

D. Competitive Pricing Strategy and Consumer Purchase Decisions

No	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I prefer shopping at supermarkets that offer prices lower than their competitors.					
2	I actively compare prices between supermarkets before making a purchase.					
3	Supermarkets with consistently lower prices influence my loyalty to them.					

E. Consumer Purchase Decisions

No	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	The pricing strategies used by supermarkets significantly influence my decision to choose where to shop.					
2	My overall satisfaction with a supermarket is closely tied to how its pricing strategies meet my expectations.					
3	I avoid supermarkets with significantly higher prices compared to competitors.					