

PRICING STRATEGIES AND MARKETING PERFORMANCE OF THREE STAR HOTELS IN PORT HARCOURT

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ABSTRACT

This study investigated pricing strategies and marketing performance of three star hotels in Port Harcourt. The study adopted descriptive survey research design. The population of the study comprised entire 19 registered three star hotels in Port Harcourt, and census study carried out. Three research questions and three hypotheses guided the study. Questionnaire was the major instrument in data collection validated by two marketing experts, with reliability index of 0.89. Data collected were analyzed using descriptive statistics and the hypotheses tested using Karl Pearson product moment correlation statistics with the aid of SPSS version 21. In course of the study, it was found and held that there is significant relationship between skimming price and customer retention of three star hotels in Port Harcourt. There is significant relationship between penetration pricing and market share of three star hotels in Port Harcourt. There is significant relationship between parity pricing and sales volume of three star hotels in Port Harcourt. Consequently, the study recommended among others that business organizations, irrespective of its category, should seek for the expertise of notable marketers or marketing firms when trying to determine the price or value of products, this is important as the marketers has better understanding of the nature of the market or consumers of such product. It takes expertise to know when to apply skimming or penetration pricing as the case may be. It is strongly recommended that business owners, hoteliers in particular with marketing skills should periodically review their pricing strategy, and most importantly considers the nature of the products, its target market and the competitors when determining price.

Key words: Pricing Strategies, Marketing Performance, Three Star Hotels

INTRODUCTION

Background of the Study

It is worth mentioning that if you want a career in hotel management, you'll need to be familiar with many aspects of overseeing a hospitality venue, including hotel pricing strategy. You might think this is a simple case of aiming to sell a room for as much as possible. However, there are various factors to be considered when pricing and, if you want to maximize revenue, it's essential to know all about effective hotel pricing strategies. Pricing strategies in the hotel industry are an integral part of overall hospitality management. They are designed to help make sure the hotel gets the maximum revenue it can, while also ensuring customer satisfaction stays high. Since customer satisfaction is often generated partially by offering a good deal for services.

The main aim with hotel pricing is to ensure that you maximize revenue each night. This means aiming for a high occupancy rate, but also ensuring that rooms are sold at the best price possible. Even if your occupancy rate is high, if you've sold rooms too cheaply, you might not be making enough money. Some of the key activities and factors to consider when pricing hotel rooms are: Analysis of demand and supply factors in the market that will influence hotel pricing. Identifying target guest segments and their preferences, as well as the average spend amount in your target demographic. Evaluating competitors and their pricing strategies, such as similar hotels in terms of services offered or hotels in nearby locations and utilizing market research and data analysis to make informed pricing decisions. As with most products and services, hotel pricing is affected by supply and demand. This generally means the number of hotel rooms available weighed against

how many guests want to make bookings. Another important factor is how much competitors charge for their rooms. Competitor analysis and benchmarking can help provide a valuable guide for the price of hotel rooms. It is worth noting that different types of hotels offer a range of options to guests. For example, one of the top hotel brands in the world would not be in competition with a budget hotel. There is also customer segmentation, which involves looking at different groups of customers based on demographics and characteristics. Discrete customer segments will have different preferences and be willing to pay differing amounts.

Some of the most common and effective pricing strategies used in revenue management at hotels include these tactics. Cost-based pricing: This approach is all about balancing costs and profit margins. Typically, this means adding a fixed percentage to the running costs per hotel room, meaning you can get a set profit from each room. Value-based pricing: This means setting the price based on the perceived value of the room. Competitive pricing: This looks at how competitors are priced and pricing your properties to ensure more sales. Often, this means lower pricing than competitors. Last-minute sales: We've already mentioned that when you want to aim for a high occupancy rate, while still ensuring rooms are sold at the best price possible. However, an empty room won't gain any revenue, so it can be worthwhile to promote unoccupied rooms at last-minute, discount rates to ensure some income from them.

Successful hospitality firms like hotels pay attention to personalization and customization in their pricing strategies. This is one of the more effective ways of improving pricing in hotels, the prominent strategies used for this are: Tailoring prices based on customer preferences and perceived value. Loyalty programs that encourage repeat direct bookings from customers. Dynamic pricing for personalized offers to make sure customers are likely to book or patronize the hotels as indices of the hotel business marketing performance amidst already mentioned profitability. Furthermore, pricing strategy is a pivotal component of an organization's management focus that can elevate or deter a company's performance. As such it is extremely important that hospitality businesses particularly hotels get their pricing strategies absolutely right (Kotler & Armstrong, 2011; Chukundah & Kalio, 2024).

Statement of the Problem

Hotel room pricing strategies are all about making sure a business maximizes revenue by charging the right amount for each room. This is a common principle in consumer-based businesses. If you charge too little, you could be missing out on revenue. If you charge too much, the product or service might go unsold and you can lose out on revenue, this can be hard to balance. The hospitality industry is highly competitive and it is important for a hotel revenue manager to strike this balance effectively. Of course, when the product is a hotel room, there are many elements to consider. The demand for hotel rooms can fluctuate rapidly and is affected by a range of factors, such as the day of the week and the season. Hotel pricing strategies need to accommodate many different variables to establish the best hotel room rates. It is dangerous to assume that customers perceive a particular pricing strategy as fair; furthermore it is also out of place to state that customers believe that whatever price is set is a reflection of the cost of producing a product. Managers of hotels in Port Harcourt fail to understand that its hotel pricing strategy that motivates guest's choice of a hotel. Variety of research has been devoted to investigating hotel attributes that motivates consumer's choice of a hotel over others (Zeithaml & Bitner, 2003). To the best of our knowledge, very limited empirical studies had reported indicators of hotel choice from the viewpoints of the customers in respect to hotels pricing strategies in Port Harcourt. Premise on this, the current study aims to determine the relationship between hotel pricing and customer's choice behavior in terms of patronage of three star hotels in Port Harcourt.

Conceptual Framework

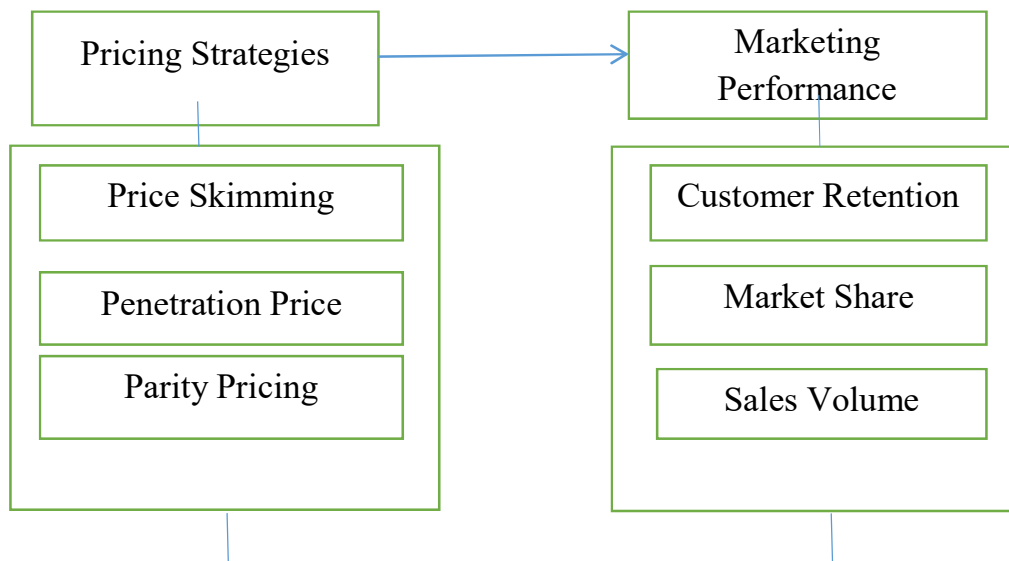


Figure 1.1: Conceptual framework showing pricing strategies and marketing performance of hotels in Port Harcourt

Source: (Morris, 2013; Subrahmanyam, & Arif., 2022)

Aim/Objectives of the Study

The primary aim of this study was to investigate pricing strategies and marketing performance of three star hotels in Port Harcourt. The specific objectives are to:

1. Determine the extent to which price skimming price enhance customer retention of three star hotels in Port Harcourt.
2. Investigate the extent to which penetration pricing strategy enhance market share of three star hotels in Port Harcourt.
3. Determine the extent to which parity pricing enhance sales volume of three star hotels in Port Harcourt.

Research Questions

The study was guided by the following research questions:

1. To what extent does skimming price enhance customer retention of three star hotels in Port Harcourt?
2. To what extent does extent penetration pricing strategy enhance market share of three star hotels in Port Harcourt?
3. To what extent does parity pricing enhance sales volume of three star hotels in Port Harcourt?

Research Hypotheses

The study hypotheses are stated in null form acceptance or rejection of which helped to reinforce the findings of the study.

HO₁: There is no significant relationship between skimming price and customer retention of three star hotels in Port Harcourt.

HO₂: There is no significant relationship between penetration pricing and market share of three star hotels in Port Harcourt.

H0₃: There is no significant relationship between parity pricing and sales volume of three star hotels in Port Harcourt.

LITERATURE REVIEW

Concept of Pricing

According to Kotler & Armstrong (2008) pricing is determining the value that must be provided by a customer in return for a product or service. Pricing is the process whereby a business sets the price at which it will sell its products and services, and may be part of the business's marketing plan (Dibb, Simkin, Pride & Ferrell, 2013). Price is the amount a customer pays for a product or the sum of the values that consumers exchange for the benefits of having or using a product or service (Bearden, et al., 2004). Price is the amount a customer pays for a product or the sum of the values that consumers exchange for the benefits of having or using a product or service (Bearden, Ingram & Lafforge, 2014).

Price means different things to different people; it is interest to lenders, COT or service charged by the banker (lenders), premium to the insurer, fare to the transporter, honorarium to the guest lecturer etc, (Kotler et al., 2008). According to Rosa et al (2011), the importance of price as a purchase stimulus has a key role in price management since not only does it determine the way prices are perceived and valued, but it also influences consumer purchase decisions (Rosa, 2001; Vanhuele & Dreze, 2002). Studies have shown price as an important factor in purchase decision, especially for frequently purchased products, affecting choices for store, product and brand (Rondan, 2004). Choosing a pricing objective and associated strategy is an important function of the business owner and an integral part of the business plan or planning process. It is more than simply calculating the cost of production and adding a markup (Roth 2007). Therefore, assigning product prices is a strategic activity and the price or prices assigned to a product or range of products will have an impact on the extent to which consumers view the firm's products and determine its subsequent purchase.

Hotel tariff denote the price that customers pay in exchange for hotel goods and services especially accommodation, drinks and food. It is important to both the operators of hotel business and customers alike. For operators of hotel business, hotel tariff represents the returns on efforts (Igbojekwe, 2002). Aside, hotel tariff is considered as relative to the extent of satisfaction the hotel wishes to give to its customers. This implies that it denotes customer's satisfaction measurement indicator. It is pertinent to state that hotel tariff is not only important to the hotel business operators, it is also important to hotel customers as it represents the value that customers assigned to the satisfaction of needs and wants (Bello, 2018). Hotel guests expect higher level of service when they pay more (Parasuraman, et al., 1991). Hence, always perceive that the tariff charged should commensurate with the quality of services offered as well as the total satisfaction gained. This confirms hotel tariff as important determinant of customer's satisfaction and repurchase intention. Bojanic (1996) opined that there is a significant and positive relationship between hotel tariff and hotel choice. Al-Sabbahy, et al. (2004) have also classified hotel tariff as an influencing factor of customers' future hotel choice. Mohsin & Lockyer (2010) have identified that customer of hotels associate high importance to value for money. Kashyap & Bojanic (2000) in their study noted that hotel tariff is significant in explaining ratings and intention to choose a hotel over others by business guests. Chu & Choi (2000) in their research on Hong Kong hotels found that business guests stressed value for money in making their hotel choices. Ramanathan (2010) in his study of UK hotels opined that value for money is classified as a critical attribute in business guest accommodation choice. Kwenga (2012) in his study of the hotel choice criteria in church guest houses in Nairobi, Kenya, found out that fair hotel prices influence the customers in purchase of accommodation in these guest houses. Oh (1999) opined that hotel tariff exerts a significant influence on perceived service quality and subsequently their hotel choice decision. The implication of this review is the consistencies in literature regarding the influence of hotel tariff on customers' choice decision.

Strategy: Strategy is the framework which guides those choices that determine the nature and direction of an organization (Tregoe, 2010). A business can use a variety of pricing strategy when selling a product or service (Kotler & Armstrong, 2008).

Okefor (1996) Kalu (1998) classified pricing objectives into sales, profit and status quo based.

Sales Based: Here a company may desire to maximize its sales volume as well as its market share. In maximizing sales, a company may regularly update its product and offer competitive prices, and in achieving higher market share, the company may appeal to price sensitive buyers and utilize economies of scale such that production and distribution costs may decrease as output rises.

Profit Based: This is when a company prices its products in order to maximize its profit. In this case a company may plan to be efficient in the use of its resources, update and standardize its products and reduce its operating costs.

Status Quo Based: A company may price its product to meet competition. The company could equally price to prevent competitor using low prices, derive low profit to discourage competitors. The company could equally price its product to stabilize price with that of the leader.

Price skimming: Price skimming is a pricing strategy in which a marketer sets a relatively high initial price for a product or service at first then lowers the price over time. It is a temporal version of price discrimination/yield management (Kotler & Armstrong, 2008). It is a pricing policy whereby a firm charges a high introductory price, often coupled with high promotion (Lamb et al., 2004). It refers to setting the highest initial price that customers really desiring the product are willing to pay (Kerin, Hartley & Rudelius, 2004). Customers involved here are not price sensitive instead the quality and ability of the product to satisfy their needs appeal to them. It involves setting high prices for new products in order to skim maximum revenues layer by layer from the segments that are willing to pay the price allowing for the company to make fewer but more profitable sales (Kotler et al., 2001). Agwu (2013) argued that the firm could combine high prices with high promotion whereby it seeks to maximize profits as much as possible. The heavy promotion is to develop product acceptance even at a high cost. This strategy is recommended when potential buyers are sizeable enough to justify the efforts. The firm could also adopt the high price and low promotion strategy.

Penetration Pricing: Penetration pricing is a pricing strategy where the price of a product is initially set low to rapidly reach a wide fraction of the market and initial word of mouth (Kelly & William 2014). According to (Kerin Hartley & Rudelius 2004; Lamb, Hair & McDaniel, 2004) it is referred to as setting a low initial price on a new product to appeal immediately to the mass market. It is the opposite of skimming. The company could penetrate the market with low price and high promotion. This strategy brings the fastest market awareness and results in increased or large market share. For a firm to enjoy this strategy it must have manufacturing or a sustainable competitive advantage that would result in company's unit. The firm can also penetrate the market with low price combined with low promotion (Lamb, et al., 2004). It works better in high price elastic market. It also works better in minimum promotion elastic and a competitive market. When the aim of the company for its new product is to set a low price so as to attract large number of buyers and a large market share, it is using penetration pricing (Kotler, Armstrong, Saunders & Wong, 2001).

Parity Price: Rate parity (sometimes also called price parity) in the hotel business means maintaining the same price for the same room type across all public distribution channels, such as the hotel's own website, and parity price describes a price level in two or more assets that represent equal or equivalent value. Depending on the type of asset that it is used to price, parity prices can be used in a variety of different contexts.

Marketing Performance

Considering the complexity of competitive markets, hotels are directed towards improving performances in order to attempt for an improved competitive advantage (Matix, 2015). The sales process is an area that can provide the desired advantage by improving efficiency of the expected outcomes (Ehrenthal, et al., 2014). Sales process effectiveness is defined as the ability to interpret and analyze opportunities (Reicher, et al., 2006). This process allows a more precise sales prediction

and managers are skilled to provide support when important opportunities require increased attention (Robertson, et al., 2018). In order to reach success in the sales process, hotel managers need to understand the fundamentals of measurements. Otherwise, if they cannot measure, they cannot either improve (Kaydos, 2008). By measuring pipeline size, win/loss ratios and close rates, the supermarkets could identify trends, both positive and negative, in their sales activity processes (Zeelenberg, et al., 2014). Thus, sales metrics are important for hotels, as it allows measuring, understanding, controlling and improving their marketing performance. The intricacy of the market increases due to the fact that supermarkets are affected to a high degree by political, security drivers and the implications for global peace, security and development factors (Yin, 2013). Its size structure is determined by government policy, as the national government is the main customer and regulates exports. A nations defense spending is impacted by its underlying economic strength alongside with geopolitical complexities (Jordan, et al., 2011). This upswing depends mainly on growth in the global economy, and it is expected to grow by an annual average of 2 percent between 2016 and 2020 Isenberg, (2008). On the area of marketing performance, Condit (2004) explained it as the outturn of a large scale supermarket involved with the business of buying and selling transaction. Marketing performance according to Casison (2013) could be gauged in terms of sales growth, market share and profitability. In this very study, marketing performance is thus gauged in terms sales growth, profit growth and cash flow of the large scale supermarkets.. In a study that was carried out, performance gauges in literature, Condit (2004) described the aspect of marketing performance that is luring both managerial and academic attention at an enhanced rate. The achievement of a profit making large scale supermarket is not only examined by financial measure but is also guided by its operational efficiency, which is usually a powerful predictor in the supermarket pursuant for superiority and sustenance in a very competitive markets. Marketing performance of large scale supermarkets actuates how far it is selling goods and services in the most successful and productive way and the magnitude to which the services of the large scale supermarkets satisfy the needs and demands of customers (Chaffey, 2013). The large scale supermarket has been around for some time in the world. Study has proved that the coming of mechanization, industrialization, technology advancement and modernization have had a huge effect on large scale supermarkets. Recently, large scale supermarkets act as a huge role in serving the prospective customers of the large scale supermarkets. They are the places where most of the customers would shop for their goods. In this sweepstakes and disorder business environment, it turns out primeval for large scale supermarket managers to maintain business growth and enhance customers trust by keeping good virtualization practices in their operations (Matix, 2015).

Customer Retention: customer retention refers to the activities and actions companies and organizations take to reduce the number of customer defections (Naver & Slater 2010). Guests are considered loyal when they choose one hotel (or hotel brand) over others in a similar price range. In the hospitality industry, this loyalty is cultivated through rewards programs, a dedication to customer service, and a customer-first mentality. Sharma & Patterson (1999) suggests that face recognition and name recall help create a sense of belonging to the organization. The sense of belonging in turn fosters closer customer hotel relationship and leads to improved business image and improved loyalty.

Jobber (2001) states that for many years marketing activities in hospitality organization aimed to acquire as many new customers as possible. As the hotel industry matures and competitions intensify, this conquest marketing fails to suffice. Thus hotels shift their marketing strategy away from customer acquisition and towards customer retention and loyalty. According to Kotler & Armstrong (2006), hospitality industry recognizes that superior quality of service is one of the crucial factors within its control that can add value to its image and amicably will lead into customer retention and loyalty, then good image as well as the quality of service have become the key to hoteliers ability to differentiate itself from its competitors and retain its loyal customers and gain their loyalty.

Market Share: Firm's Market Share: Market share represent the percentage of an industry or market total sales that is earned by a particular company over a specified time period. It is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period (Kelly & Williams 2014). Market share is the percentage of revenue one hotel makes as compared to the overall competitive market. It is calculated by taking your hotel room nights sold and dividing that by the total market room nights sold.

In the Hospitality Industry, all hotels should strive to capture maximum revenue at all times. And, sometimes, comparing revenue levels with other hotels can provide a valuable insight. This can help to establish a hotel's Market Share: the percentage of business it is getting within the hotel market overall. A hotel should try to discover how it is performing in comparison to other neighbouring hotels, and even to several hotels within a competitive set (or 'comp set'), to gain a wider perspective. Based on this knowledge, they can consider how to perhaps adjust their business strategy, to improve performance and work towards maximizing revenue more efficiently.

Sales Volume: Sales volume: Sales volume is the number of unit sold within a reporting period. This figure is monitored by investors to see if a business is expanding or contracting. Within a business, sales volume maybe monitored at the level of the product, product line, customer, subsidiary, or sales region (Kotler & Armstrong 2008). Sales growth is a measure of growth embedded in the adoption of a particular marketing strategy adopted by a hotel, expressed in unit or quantity of what is sold. Total revenue per available room (TrevPAR) takes a more meaningful look at the profitability of the hotel by taking into account the total revenue of the property including the bar, room service, breakfast etc. It is calculated by dividing total revenue by the number of available rooms. A hotel sale is the practice of selling hotel rooms and services to guests. Generally, hotels have dedicated sales teams that focus on implementing tactics to improve hotel room sales and boost revenue.

Customer Retention: Customer retention is a hotel's ability to turn customers into repeat buyers and prevent them from switching to a competitor. Customer retention indicates whether your product and the quality of your service please your existing customers.

Market Share: An examination of various literatures shows that studies were undertaken on pricing, pricing strategies, and organization performance (Allender & Richards, 2012) Moore, Kenney and Fairhurst (2003), Rowley and Dawes (1999), Shipley and Jobber (2001), with different modes. In their studies, Ambler & Roberts (2008), Ambler, Kokkinaki, & Punting (2014) pointed that pricing strategies are root causes of performance in industries. Anderson, Kumar, & Narus (2007), Pfeifer (2015) stated that pricing policy is a reliable tool necessary for the coordination of decision across all channels of marketing so as to maximize profitability. The performance of any organization may be obstructed by the type of marketing strategies adopted and these are influenced by the forces of pricing strategies. Penetration pricing works by offering a lower price when launching a product. The low price helps the business gain market share and builds a foothold in the market. Once the product is established, the business gradually increases the price.

Cooper (2000); Noble & Gruca (1999) in their study also gave an affirmation that pricing strategy is positively related to advertisement activities as well as sales strategies needed to improve performance as well as organizational benefits. For a firm to have an increase in market share, it must choose a fast approach of buying market share through an appropriate pricing strategy (Roos, & Krogh, 2004). Pricing and price control must be well considered, as it is a critical factor in marketing and competitive strategy that determines an organization marketing performance (Shipley & Jobber, 2001). Through price, industrial and commercial customers consider the value of a product and this is seen to have a strong impact on the selection of brand among alternatives. According to them, pricing is vital if sales products must grow and expand, because it attracts demand. Nwokah, Ugoji and Ofoegbu (2009) in their view stated that a company's performance

cannot be better than their sales performance, and one key determinant of sales level is the price. Organizations with poor price marketing lose control over them, at the detriment of their sales performance and subsequently, their profitability (Nagle & Hogan, 2007).

Theoretical Review

The Push-Pull Theory

This study will adopt the Push Pull theory. The Push Pull theory was developed by the E. G. Ravenstein, a Fellow of the Royal Geographic Society in the mid-eighteenth century (Baloglu & Uysal, 1996; Bello, 2015). According to Baloglu & Uysal (1996), Ravenstein used the Push Pull theory to explain migration patterns of people both within and between nations hence, proposed the law of migration. The theory holds that travellers embarked on a trip because they are pushed by their internal forces (intrinsic factors) and the external forces (extrinsic factors) of their origin country (Ravenstein, 1889). The theory also holds that travellers are pulled to migrate to a particular destination as a result of attractiveness of the destination as being perceived by them (Ravenstein, 1889). Push Pull theory had been variously applied in the domain of hotel choice decision among customers (Battour, et al. 2014; Kovjanic, 2014). The theory emphasized that travellers chooses a particular hotel over others as a result of the attractiveness and unique attributes of the hotel as being perceived by them (Baloglu & Uysal, 1996; Bashar & Ahamad, 2010) hence, the hotel pull factors. The push factors on the other hand emphasized on guest's internal forces (intrinsic factors) and the external forces (extrinsic factors) of the hotel. The push factors (i.e. guest's personal factors, and hotel external factors) are both out of scope of the current study. This is because, the current study focuses on hotel intrinsic factors (i.e. internal factors) thus, the pull factors that informed hotel choice decision among customers. Given the vital role of customer's satisfaction, it is not surprising that a variety of research had applied the Push Pull theory to explaining hotel choice attribute or attributes that informed consumer's choice of a hotel over others (Zeithaml & Bitner, 2003; Battour & Ismile, 2014; Kovjanic, 2014). Lewis (1985) opined that hotel customers seem to be more concerned with room rates in their initial hotel choice. McCleary, et al. (1993), Taninecz (1990), and Lewis & Chambers (1989) reported that physical environment is an important hotel choice factor attracting customer's choice of hotels.

Empirical Review

Torsten & Jan (2022) in their past reviews of studies concerning competitive pricing strategies lack a unifying approach to interdisciplinary structure research across economics, marketing management, and operations. This academic void is especially unfortunate for online markets as they show much higher competitive dynamics compared to their offline counterparts. We review 132 articles on competitive posted goods pricing on either e-tail markets or markets in general. Our main contributions are (1) to develop an interdisciplinary framework structuring scholarly work on competitive pricing models and (2) to analyze in how far research on offline markets applies to online retail markets.

Dudu, and Agwu, (2014) examined the effect of pricing strategies on the purchase of consumer goods. The research intended to answer questions on the extent to which competitor's price affects purchase of products, how customers perceive the value-based pricing concept of firms and the extent to which online pricing inform customer purchase decision. This paper being descriptive and historical relied heavily on secondary sources of information. The research utilized a descriptive and historical method and relied heavily and solely on secondary instruments as sources of data. Findings from the data obtained indicate that consumers have a perception of value reflected in prices of firms' products. It also shows that competitors price affect the purchase of firm products and that online pricing informs and affects purchase decision. This study contributes to knowledge in series of issues associated with pricing strategies and purchase decision process. This research recommends that as much as firms should focus on communicating value to customers through

prices, firms should also be on the watch for competitor's prices and examine how much it affects purchase of their products.

Subrahmanyam, and Arif, (2022) agreed that price plays a significant role in operating the market economies through the linking of services and/or products. Several pricing strategies have been applied and each pricing strategy is according to a distinct set of situations and standards. The study aims to measure the relationship between pricing strategies (penetration pricing) and customer retention in international hotels in Kurdistan. In the current research, the researcher applied a quantitative approach. The researcher distributed the questionnaire to seven international hotels located in Erbil City, Duhok City, and Sulaymaniyah City. The method used in the study was a random sampling method to make sure that each customer will have a chance to contribute to the study. First, the researcher applied reliability analyses to measure the reliability for the independent variable and dependent variable, and then used relationship method to obtain the measure of the association between the independent variable and dependent variable and finally multiple regression analysis to test the developed research hypotheses. Though, based on the findings, the current research confirmed that pricing strategies (penetration pricing) had positively associated with customer retention.

RESEARCH METHODOLOGY

Research Design: The descriptive survey design was used allowing the researcher to draw inference concerning the variables under study. From the submission of Nachmias and Nachmias (1996), this choice is informed by the fact that the researcher does not have perfect control of the variables that may affect the study. Therefore a non-contrived research setting was adopted.

Population of the Study: The population of this study comprised of all the 19 registered 3 star hotels in Port Harcourt Rivers State. Presently, there are nineteen (19) registered 3 star hotels in Rivers State, Nigeria as obtained from the Rivers State Inland Revenue, as at September, 2023. Hence, a census study of the population was carried out.

Methods of Data Collection: The questionnaire was major instrument in collection of data, designed in a simple format to ease administration. Multiple choice methods was adopted in framing the questions and the questions was structured using five-point type Likert scale which solicited information from the staff and customers of the 3 star hotels chosen for the study.

Validity of Instrument: Validity relates to the ability of an instrument to measure what it is supposed to measure. It would be seen as the extent to which a research instrument measures what it was supposed to measure (Nwankwo, 2010). To accomplish this, some copies of the instrument was given to two experts in the department of marketing, ensuring face and content validity for the questionnaire to measure what it was designed to measure.

Reliability of Instrument: Reliability refers to the degree of consistency between two or more measures of the same thing. A reliable instrument relates to that which is consistent in measuring a particular variable it is designed for (Nwankwo, 2010). Reliability is also concerned with estimates of the degree to which a measurement is free of random or unstable error (Cooper & Schindler, 2003). A pilot study was conducted to pre-test the questionnaire. The aim of the pilot testing was to detect reliability in the design of the instrument and address issue of ambiguity as to restructure the instrument in line with observations before executing full study. A Cronbach's Alpha test was conducted on the measurement items to determine the reliability of the study instrument. The output of the result shows that the instrument used in this study was reliable since their coefficient level of 0.89 surpass the benchmark of 0.7 (Nunnally, 1978).

Methods of Data Analysis: In this study, we adopted a combination of descriptive and inferential statistical tools aided by statistical package for social sciences (SPSS) version 21.0 in facilitating the analysis. Charts, frequency tables, means, as well as percentages constituted the descriptive statistical tools used to conduct the necessary demographic and univariate analysis. Bivariate and multivariate analyses were carried out through parametric inferential statistical tools. The Person

product moment correlation (PPMC) was used to analyze the relationship between independent and dependent variables at $P > 0.01$ (two - tailed test).

Data Analysis and Presentation

The data collected was analyzed with person product moment correlation (PPMC) with the aid of (SPSS) version 26. Both the research questions and the hypotheses were interpreted with the aid of the same table.

Research Question one: To what extent does skimming price enhance customer retention of three star hotels in Port Harcourt?

H₀₁: There is no significant relationship between skimming price and customer retention of three star hotels in Port Harcourt.

Table 4.1: Correlations between extent of skimming price and customer retention of three star hotels in Port Harcourt

		skimming price	customer retention
skimming price	Pearson Correlation	1	.734**
Sig.(2-tailed)			0.001
N		5	5
customer retention	Pearson Correlation	.734**	1
Sig.(2-tailed)		0.001	
N		5	5

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

Source: Field Survey, 2023.

Table 4.1 shows a correlation coefficient of 0.734 and probability value of 0.001 which is less than 0.01 significant level. This unveiled that 73.4 percent of customer are on the opinion of retaining their hotels in Port Harcourt as a result of skimming price. While for the hypothesis test, the obtained value of 0.001 which is less than 0.01 significant levels and made the null hypothesis rejected and the alternate hypothesis accepted. Meaning, there is a significant enhanced relationship between skimming price and customer retention of three star hotels in Port Harcourt.

Research Question two: To what extent does penetration pricing strategy enhance market share of three star hotels in Port Harcourt?

H₀₂: There is no significant relationship between penetration pricing and market share of three star hotels in Port Harcourt.

Table 4.2: Correlations between penetration pricing and market share of three star hotels in Port Harcourt

		penetration pricing	market share
penetration pricing	Pearson Correlation	1	0.521**
Sig.(2-tailed)			0.000
N		5	5
market share	Pearson Correlation	0.521**	1
Sig.(2-tailed)		0.000	
N		5	5

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

Source: Field Survey, 2023.

Table 4.2 shows a correlation coefficient of 0.521 and probability value of 0.000 which is less than 0.01 significant level. This revealed that 52.1 percent as a result of penetration pricing strategy enhance market share of hotels in Port Harcourt. While for the hypothesis test, the obtained value of 0.000 which is less than 0.01 significant level led to the rejection of the null hypothesis and the alternate hypothesis accepted. Meaning, there is a significant relationship between penetration pricing and market share of three star hotels in Port Harcourt.

Research Question three: To what extent does parity pricing enhance sales volume of three star hotels in Port Harcourt?

H0₃: There is no significant relationship between parity pricing and sales volume of three star hotels in Port Harcourt.

Table 4.3: Correlations between parity pricing and sales volume of three star hotels in Port Harcourt

		parity pricing	sales volume
parity pricing	Pearson Correlation	1	.5000**
	Sig.(2-tailed)		0.000
	N	5	5
sales volume	Pearson Correlation	.5000**	1
	Sig.(2-tailed)	0.000	
	N	5	5

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

Source: Field Survey, 2023.

The table 4.3 above shows a correlation coefficient of 0.5000 and probability value of 0.000 which is less than 0.01 significant level. This means that, parity pricing strategy enhance 50 percent sales volume of hotels in Port Harcourt. While for test of hypothesis, the value of 0.000 which is less than 0.01 significant level explained that the null hypothesis was rejected and the alternate hypothesis accepted. Therefore, there is a significant relationship between parity pricing and sales volume of three star hotels in Port Harcourt.

SUMMARY OF FINDING, CONCLUSION AND RECOMMENDATION

Summary of Findings

Our study investigated pricing strategies and marketing performance of three star hotels in Port Harcourt. Pricing was considered one of the most effective tools in determining the profits of enterprises. Therefore, businesses that do not have a well-planned price policy and strategy are less likely to be successful in the market. It can be applied as a result of the correct price, correct product/service value analysis, proper market research, and correct interpretation, defining the value of the product in the market, distinguishing the value of the product against its varieties, and promoting the affordability of the product. The study found there is significant relationship between skimming price and customer retention of hotels, as hotels skim price to retain customer that give preference to quality service offered.

It was equally found that penetration pricing enhances market share of hotels in Port Harcourt, from a correlation coefficient of 0.521 and probability value of 0.000 which is less than 0.01 significant level. This revealed that 52.1 percent as a result of penetration pricing strategy enhancing market share of hotels in Port Harcourt. The study also showed a correlation coefficient of 0.5000 and probability value of 0.000 which is less than 0.01 significant level. This means that, parity pricing strategy enhance 50 percent sales volume of hotels in Port Harcourt.

Conclusions

Based on the findings of this study, the researcher concluded that;

1. There is significant relationship between skimming price and customer retention of three star hotels in Port Harcourt.
2. There is significant relationship between penetration pricing and market share of three star hotels in Port Harcourt.
3. There is significant relationship between parity pricing and sales volume of three star hotels in Port Harcourt.

Recommendations

Based on the findings of the study, the following recommendations are proffered.

1. Business organizations, irrespective of its category, should seek for the expertise of notable marketers or marketing firms when trying to determine the price or value of products, this is important as the marketers has better understanding of the nature of the market or consumers of such product. It takes expertise to know when to apply skimming or penetration pricing as the case may be.
2. It is strongly recommended that business owners, hoteliers in particular with marketing skills should periodically review their pricing strategy, and most importantly considers the nature of the products, its target market and the competitors when determining price.
3. The hospitality industry generally and hotels in particular should pay interest on parity pricing as to remain competitive.

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