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Influence of pricing strategies on sales performance in Telecommunication companies in Tanzania: A Case of Telecommunication Companies in Mwanza City

BY

Magreth Kileo[1] Tibuhinda Ngozi[2] Gerry Batonda[3]

[1,2,3]Masters of Business Administration Faculty of Business Administration of St. Augustine University of Tanzania.

Abstract

The study aimed to examine the influence of pricing strategies including value-based pricing, competition-based pricing, and cost-based pricing on sales performance of Telecommunication Companies. This study deployed quantitative approach and descriptive survey design in order to attain its purpose. The was conducted in telecommunication companies including Vodacom, Tigo, Airtel, Halotel, and TTCL in their branches located in Mwanza City and the 169 staffs including sales officers and marketing officers were sampled using stratified sampling method. Krejcie and Morgan Table, (1970) aided the researcher to determine the optimum sample size for the study. Data were collected through questionnaires and analyzed using descriptive statistics and inferential analysis (correlation, ANOVA, and multiple regression analysis) with the help of Statistical Package for Social Science (SPSS Version 21.0). The key findings of this study through multiple regression analysis indicated that the pricing strategies including value-based pricing, competition-based pricing, and cost-based pricing have positive and significant effect on sales performance of telecommunication. In respect to Beta coefficients, value-based pricing contributes to sales performance by 10.9% at a significance level of 0.050, competition-based pricing strategy contribute to sales performance by 32.5% at a significance level of 0.000 and cost-based pricing contributes to sales performance by 53.0% at significance level of 0.000. This study recommends that the companies should continue using the mentioned pricing strategies as they are crucial in improving sales performance of telecommunication companies.

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1.0 INTRODUCTION

The pricing element of the marketing mix is a highly flexible component that directly impacts a company's short-term profitability and customer retention (John, 2018). Determining pricing policies should be based on internal capabilities and a comprehensive, systematic comprehension of customer needs and preferences to enhance businesses' economic and financial performance. Market conditions such as economic, environmental forces and the competition level should also be considered (Goodie-Okio, 2022). According to Junior et al. (2018), price is a crucial element in the market mix as it directly generates revenue and is considered the most sensitive component. Due to its manipulable nature, a significant emphasis is placed by numerous businesses on this particular element of the marketing mix. A slight alteration in pricing might elicit a substantial reaction from consumers. Therefore, it is imperative for a corporation to carefully select the pricing strategy it will adopt throughout its business activities.

The phrase "pricing strategy" refers to a company's many methods for deciding how much to charge for its goods while considering variables including market structure, consumer characteristics, the nature of the product or service, and firm structure (Kar, 2019). According to Kar (2019), various pricing strategies exist, such as value-based pricing strategy, competition-based pricing strategy, cost-based pricing strategy, flat rate pricing strategy, discount pricing strategy, bundle pricing strategy, skim pricing strategy, penetration pricing strategy, and cooperative pricing strategy. Goodie-Okio (2022) further suggests that pricing strategies are linked to an organization's sales performance, particularly in the context of businesses operating in the communications sector. According to Kar (2019), there is a connection between adopting a value-based pricing strategy and the ensuing effect

*Corresponding Author: **Magreth Kileo** .

on sales performance. Similarly, Wangari and Wagoki (2018) found a link between Airtel, a Kenyan telecommunications operator, adopting a competition-based pricing strategy and the subsequent impact on its sales performance.

Furthermore, Tanzania Telecommunication Company Limited (TTCL) uses a cost-based pricing strategy to increase sales and keep a competitive edge in the market, according to a study by Wimmo (2020). This research implies a connection between the effectiveness of sales and the application of a cost-based pricing strategy. Value-based, competition-based, and cost-based pricing strategies were chosen for this study because the telecoms sector has historically used them to boost sales performance.

The telecommunications industry is seeing global expansion. The availability of telecommunications services, such as mobile phones, broadband internet, and landline telephones, is steadily increasing daily. The significance of this sector is growing in importance for developing countries' economies as they allocate greater resources towards it. The success of the industry attracts new entrants, hence intensifying competition. To achieve success in the market, it is imperative for enterprises operating in the telecommunications industry, as well as other sectors, to exert considerable effort in preserving their competitive edge (Wangari & Wagoki, 2018). Historically, the telecommunications sector was perceived as a natural monopoly.

Consequently, the state was ultimately bestowed exclusive control over telecommunications services (Kar, 2019). Nevertheless, during the 1980s, there was a prevailing belief that introducing competition may facilitate the growth of this particular industry and hence enhance overall social well-being (Junior et al., 2018). Consequently, the demand for differentiation and a highly competitive approach in the telecommunications industry was ignited.

The global telecommunications industry has garnered significant attention due to the growing use of telecommunications. The emergence of novel parallel markets in the United Kingdom, including digital data services and mobile communications, has prompted inquiries into the underlying factors contributing to British Telecommunications PLS (BT)'s competitive edge. British Telecommunications PLS has tried to redefine its identity and safeguard its market position, establishing itself as a prominent domestic telecommunications provider with a widespread international footprint (John, 2018). The deregulation of the telecommunications business in Nigeria led to a growth in the number of telecommunication service providers and subscribers, expanding the consumer base. The aforementioned circumstances incited a sense of rivalry among the service providers, prompting them to employ strategic measures to secure their respective portions of the market, ensuring their success and longevity (Wangari & Wagoki, 2018). The increased focus on pricing strategies by service providers has been prompted by the need to enhance sales performance.

The telecom industry in Tanzania has experienced rapid expansion, as evidenced by the data provided by URT (2018). This growth is reflected in the significant increase in telecom subscribers, with a 40% rise observed between July 2008 and July 2011 and a 90% growth between August 2011 and July 2015, as Salwa (2019) reported. The increase in the number of customers has led to the emergence of additional telecommunications service providers in the market. Their presence has intensified competition, leading to competition for infrastructure to accommodate a larger customer base and the adoption of assertive marketing strategies to gain a larger market share (Wimmo, 2020). As a result, telecommunication companies have prioritized the development of effective pricing strategies to improve their sales performance and establish a strong market position. Regrettably, a shortage of empirical studies has shed light on the pricing methods employed by telecommunication providers in Tanzania and their impact on sales success. Hence, the present study aims to investigate the impact of pricing strategies on the sales performance of telecommunication firms operating in Tanzania. The present study centered on Telecommunication Companies operating in Mwanza City, including Vodacom, Tigo, Airtel, TTCL, and Halotel.

Despite how crucial price is in deciding how well a corporation performs, academics and marketing experts have not considered this component of the marketing mix (Kasiso, 2017). Creating new items, distribution methods, and communication tactics has received the most attention (Wimmo, 2020). According to Cowles *et al.* (2018), this has resulted in pricing decisions being made without sufficient consideration of the market and related cost variables in a particular industry.

Studies such as Goodie-Okio (2022), John (2018), and Kar (2019) have highlighted the association between pricing strategies and sales performance. According to Kar (2019), price connects the supply and demand of goods and services and efficient pricing options are cost-based, demand-based, and competition-based. Goodie-Okio (2022) indicated that value-based and cost-based pricing positively link market effectiveness and sales performance. John (2018) added that consumers are willing to pay a high price if they perceive the value of a brand of Safaricom in Kenya is high because they feel pride to do so and have a positive feeling about the service provided by the telecommunication industry. This implies that value-based pricing is associated with sales performance if customers perceive a brand's strong value.

To the researchers' knowledge, little research has been done on the impact of pricing strategies on sales performance in Tanzanian telecommunications companies. Due to differences in contextual factors between Tanzania and other countries where the same studies have been conducted, it is vital to conduct a study in Tanzania to validate the available baseline data on the topic under study. These differences include variations in the price of telecommunication services, telecommunication companies operating in other countries that are not the same as those operating in Tanzania, differences in telecommunication legal and policy framework,

*Corresponding Author: **Magreth Kileo** .

and variations in sales performance (Kar, 2019). Due to this oversight, examining the influence of pricing strategies on sales performance in Tanzanian Telecommunication Companies was unavoidable. In this case, this study specifically examined the influence of value-based pricing, competition-based pricing, and cost-based pricing on sales performance in the telecommunication industry.

2.0 LITERATURE REVIEW

2.1 Theoretical framework

There are various theories which are related to the current study. These theories include Van Westerdrop's price sensitivity theory, Price life cycle theory, and Adaptation-level theory. Van Westerdrop's price sensitivity theory will lead this study since it offers a theoretical framework that connects pricing strategies, including value-based pricing, competition-based pricing, and cost-based pricing, and their impact on sales performance.

2.1.1 Van Westerdrop price sensitivity theory

The present investigation was guided by Van Westerdrop's notion of price sensitivity. The price sensitivity theory was proposed by Van Westerdrop in 1976. This approach centres around identifying a price point that signifies a satisfactory level of quality. The underlying premise of this theory posits that within each consumer category, a range of prices can be considered appropriate. Furthermore, consumers make their price decisions by weighing the perceived value of a product against its price, considering different levels of quality within a given category. It is also postulated that there are both upper and lower limits to the price that a consumer is willing to pay for a particular product. The VW theory focuses on substandard quality issues, specifically highlighting bad quality and excessively expensive costs.

The theory is relevant to this study as it reminds organisations of the significance of prioritizing their pricing strategies. This allows telecommunication enterprises to effectively identify and implement appropriate pricing strategies tailored to their target demographic, resulting in improved sales success. This study expands upon the prior research undertaken by Goodie-Okio (2022) that examined the correlation between pricing tactics and the marketing performance of telecommunication businesses in Port Harcourt. The research conducted by Goodie-Okio revealed a positive association between several pricing strategies, namely value-based, cost-based, and competitive-based pricing, and the effectiveness of marketing efforts.

2.1.2 Price life cycle theory

According to the life cycle theory, there are four stages. Phase I of a product's launch: Consumer acceptance of a product typically takes time. Sales are thus low, and the product market is steadily expanding. It has low profitability because of its high cost and high distribution and communication (advertising and promotion) costs. The product is progressing in the growth phase (II), and sales are increasing. Now is a good time to discuss building a true market. The business will begin to turn its first profit. Although its profitability rises and its cost price drops, competitors begin to retaliate. The third stage of maturation: Since every possible customer has bought the product, the market is beginning to stabilize. Since fixed expenses are mostly covered, the corporation can make the entire manufacturing system profitable. The greatest earnings will result. The competitors' response is observed. But saturation is starting to set in because all possible customers have been impacted. Only a product upgrade preventing the product from disappearing could win over new customers. The corporation has a decline in revenues during the Decline (IV) phase because its products become dated, are no longer tailored to consumer tastes, and substitute products enter the market. However, if the corporation maintains good control over its production costs (learning effects), it can continue to turn a profit. The business will need to explore the potential of substitute products and think about disinvesting or reconversion.

2.1.3 Adaptation-level theory

The adaptation-level theory has been employed to clarify how consumers perceive and assess various pricing strategies. Monroe (1990) and Lee (1999) conducted a comprehensive study to consolidate principles related to price perception. The objective was to advance the understanding of numerical processing among individuals and improve customers' interpretation of various pricing methods.

The initial premise stated posits that perceptions of price are contingent upon comparisons with other prices.

According to the second principle, customers possess varying reference prices for different product categories, which are determined by their ability to detect quality levels.

According to the third principle, it is posited that a reference price is accompanied by a region of indifference, wherein alterations in price within such region do not elicit any perceptual changes in the subject.

An average of several prices for comparable goods may be used as a reference price rather than a single real price. These guidelines clarify how customers interpret various pricing techniques merchants or service providers use. This helps with the study's aims since it will clarify how pricing tactics affect customer purchasing behaviour, affecting sales performance across various industries, including the telecommunications industry.

The frequency of various values for a given category determines the adaption level for that category for any given person (Kalyanara & Winer, 1995). For instance, price, brand, locality, and advertising affect how adaptable a consumer's purchase is. Nevertheless, given that price is a determinant of value for items and consumers make their choices based on perceived value, pricing significantly influences consumer buying behaviour. In fact, current research findings indicate that the prices consumers paid for previously acquired goods may indirectly influence how those consumers evaluate those things by changing their reference price (Chandrashekaran, 2011).

This theory's ability to describe how consumers evaluate various costs and how that affects how they decide what to

*Corresponding Author: **Magreth Kileo** .

buy is one of its main advantages. The idea goes further by proposing that consumers decide whether or not to purchase by evaluating their prior knowledge of the price against the present price. Hence, marketers must ensure comprehensive disclosure of pricing information pertaining to their products, aiming to alleviate client apprehensions. The aforementioned hypothesis holds significance in the realm of research as it provides insights into how customers perceive pricing strategies and the subsequent impact of these strategies on consumer expenditure patterns and sales outcomes.

2.2 Empirical literature review

This part presents a review of previous studies related to this study. This includes the studies conducted in Tanzania and overseas. This part is organized into three sections based on the study's specific objectives.

2.2.1 The effect of value-based pricing strategy on sales performance

In this study, undertaken by Goodie-Okio (2022), the objective was to investigate the correlation between pricing strategies and marketing effectiveness within the Telecommunication sector in Port Harcourt. The study utilized a secondary data source, an extensive literature analysis examining the factors being investigated. According to the results of the study, incorporating a pricing strategy that considers the organisation's objectives and the perspectives and sensitivities of the target consumers has the potential to improve the overall efficacy of the organization's marketing efforts. The study's results indicate a statistically significant positive correlation between the implementation of values-based pricing methods and the achievement of marketing performance outcomes. This research study posits that implementing a value-based pricing strategy exerts a favourable and statistically significant impact on sales performance, as evidenced by the data gathered.

In a research undertaken by Wimmo (2020), the objective was to evaluate the marketing techniques employed by public telecommunications firms in Tanzania, specifically focusing on Tanzania Telecommunication Company Limited (TTCL). The study employed purposive and convenience sampling methods to determine a sample size comprising 323 participants. Moreover, the research employed a combination of questionnaire and interview techniques for data gathering, utilising thematic and descriptive statistical analyses for data analysis and interpretation. The research revealed that TTCL has employed many marketing strategies, such as promotion, pricing, product, and placement strategies, to enhance the level of service and value offered to its customers. TTCL has a value-based pricing strategy, effectively augmenting the company's sales volume.

Gankema (2018) undertook a study to examine the adoption of value-based pricing strategies in the manufacturing sector of SMEs in the Netherlands. The primary aim of this research was to investigate the pricing strategies utilised by SMEs in the Netherlands, as well as their perceptions regarding the benefits and difficulties associated with value-based pricing. The research approach utilised in this study involved the administration of a questionnaire to collect data, which was afterwards analysed using the Statistical Package for the Social Sciences (SPSS) software. The primary emphasis of the analysis was predominantly placed on descriptive statistics. The pricing tactics employed by SMEs in the Netherlands have been primarily impacted by cost-related issues. The issues faced by the organisation in implementing value-based pricing can be linked to a limited understanding of the concept and the external pressure customers exert to maintain prices at a minimum level. The findings of this study suggest that SMEs may not derive the greatest benefits from implementing value-based pricing as their pricing strategy. The constraints and criteria that have been highlighted can be utilised in future research endeavours to develop a framework that assists SMEs in identifying the optimal pricing strategy for their business operations.

The objective of the research undertaken by Toni et al. (2017) was to examine the influence of pricing strategies and levels on the financial performance of corporations. The present study examined a sample of 150 metal-mechanic enterprises located in the northeastern section of Rio Grande do Sul State, Brazil. The investigation included examining different pricing techniques, encompassing customer value-based, competition-based, and cost-based pricing. Furthermore, the investigation considered various pricing levels, encompassing high and low ranges, alongside profitability performance. The results indicate that the organisations examined experience enhanced profitability through utilising a value-based pricing strategy and incorporating elevated price levels. Conversely, it has been discovered that using low price levels yields adverse consequences. The findings of this research demonstrate the impact of pricing strategies on the financial outcomes of a company, underscoring the importance for managers to prioritise a comprehensive and strategic evaluation of their pricing approaches.

2.2.2 The effect of Competition-based pricing strategy on sales performance

Kar (2019) did a study that examined pricing practices in the mobile telecommunication market. The study's findings demonstrate the significant influence of pricing on customers' purchase decisions and its position as a main source of revenue for suppliers. Furthermore, the price is a crucial connection between the supply and demand dynamics for different goods and services. The study findings indicate that mobile communications enterprises should consider the pricing methods their competitors employ when formulating their own pricing strategies. Therefore, adopting a competition-based pricing strategy plays a crucial role in influencing consumers' buying behaviour, thereby contributing to improving a company's sales performance in the telecommunication sector.

A study by John (2018) investigated the correlation between pricing tactics and consumer behaviours in the telecommunication industry, specifically emphasising Safaricom Kenya Limited as the subject of analysis. The current research has successfully identified the implementation of psychological pricing strategies by

*Corresponding Author: **Magreth Kileo** .

Safaricom in its product portfolio, positively impacting the overall market performance of a substantial number of these offers. The importance of Safaricom researching to involve customers in the pricing process was reiterated, as studies have demonstrated that such initiatives may significantly improve customer loyalty. The study provided evidence to support the need to integrate competitors' pricing information into pricing strategies to enhance the organisation's sales volume and income. The survey findings also indicated that improving the organization's brand image will provide benefits in sustaining market competitiveness.

The primary aim of the research undertaken by Wangari and Wagoki (2018) was to examine the impact of product pricing strategies on the competitive position of Airtel. This telecoms service provider focuses on voice network services within the market of Kenya. The sample for this study consisted of 48 persons holding middle-level management roles and 140 operational staff members who Airtel Kenya employed. Therefore, the sample consisted of 188 individuals employed as staff members at Airtel Kenya. A random sampling technique was utilised to choose a target population of 98 employees. The data collection technique was conducted by employing questionnaires. The evaluation of the questionnaires' validity and reliability was carried out via rigorous testing procedures. The data analysis was performed utilising the Statistical Package for the Social Sciences (SPSS). The data underwent descriptive and inferential statistics analysis, and the ensuing results were later provided tabularly. The study's results suggest that implementing competition-based pricing methods significantly enhances the company's competitive standing within the communications market.

The objective of this study, conducted by Osano (2022), was to examine the impact of pricing strategies on customer retention within small-scale metals mechanics and fabricators in Mwanza City, Tanzania. The research employed a mixed methods approach. A survey was conducted among a specific cohort of 570 individuals engaged in small-scale metalwork operations, yielding a response rate 228. Moreover, the research methodology encompassed the execution of interviews with seven individuals who were owners or operators. The researchers employed multivariate regression analysis to examine the association between the independent and dependent variables. The study's findings indicate that the implementation of competition-based pricing strategies significantly impacts customer retention rates within the small-scale metal mechanics and fabricators sector in Mwanza City. Hence, this research posits that implementing competition-based pricing exerts a favourable and substantial impact on sales performance.

In a study by Salwa (2019), the author examined the techniques corporations employ to influence customer purchase behaviour. The research study encompassed four distinct research aims. The primary aim of this study was to analyse the pricing tactics employed by Halotel. The second aim entailed an assessment of the product strategies implemented by Halotel. The third purpose of this study pertained to the critical examination of the putting tactics implemented by Halotel. The fourth objective of this study sought to investigate the broader effects of Halotel's promotional strategies on consumer purchasing behaviour. The survey encompassed a sample size of 120 participants, carefully selected to ensure a representative portrayal of the broader community of employees at Halotel Tanzania Headquarters in Dar es Salaam. The research findings indicate that Halotel employs competition-based pricing as a key pricing strategy to influence customer purchasing behaviour. Hence, the present study posits that implementing competition-based pricing exerts a favourable and statistically significant impact on sales performance.

2.2.3 The effect of Cost-based pricing strategy on sales performance

The research conducted by Kasiso (2017) sought to examine the impact of marketing strategies on sales outcomes. The main objective of this study was to examine the impact of pricing tactics, a specific marketing strategy, on the sales performance of SMEs in Kenya. The data analysis was conducted using the Statistical Package for Social Science (SPSS). The data was acquired by administering a questionnaire given to a representative sample of 50 individuals. The research findings indicate that adopting cost-based pricing as a pricing strategy has a positive and statistically significant influence on sales performance. In their study, Goodie-Okio (2022) examined the relationship between pricing approaches and marketing effectiveness among telecommunications companies in Port Harcourt. The study utilised a secondary data source, namely a comprehensive literature analysis that examined the factors of interest. The study's findings support the assertion that integrating a pricing strategy that considers the goals of the organisation and the viewpoints and sensitivities of the target clientele can significantly enhance the overall efficacy of the organization's marketing efforts.

Moreover, the research uncovers a favourable correlation between pricing methods grounded in expenditures and the efficacy of marketing endeavours. Adopting cost-based pricing strategies significantly impacts market dynamics and sales outcomes. Hence, the present study posits that adopting cost-based pricing has a favourable and statistically significant impact on sales performance.

In a study conducted by Hyginus et al. (2019), the primary aim was to assess the influence of pricing strategy on the sales performance of consumable items. The study employed the survey design methodology. The study's sample comprised 32 individuals selected from six distinct firms situated in Wukari. These companies have a specific focus on the sale of consumer goods in the retail sector. The researchers employed purposive sampling as a selection approach, selecting enterprises recognised as the primary providers of consumable goods in the designated area.

Furthermore, the researcher chooses to employ the entire population as the sample size due to the manageable scale of the corporate community. The data-gathering instrument

*Corresponding Author: **Magreth Kileo** .

employed in this experiment was a questionnaire. The confirmation of the validation and dependability of the data collection instrument has been established. The researcher employed descriptive and inferential statistics in their analysis, utilising tables to present the data regarding frequencies and percentages. In addition, the Pearson Product Moment correlation coefficient was employed to assess the provided hypotheses. The statistical analyses were conducted using the Statistical Package for Social Scientists (SPSS). The findings derived from the study of the data indicate that the price strategies employed by competitors influence the sales performance of consumable products. However, previous research has indicated that implementing a cost-plus pricing strategy, mark-up pricing strategy, or the absence thereof does not significantly impact the sales performance of perishable commodities. The study's findings suggest that dealers should exercise caution in consumable items when implementing the cost-plus pricing approach, as there is little empirical data to support its significant impact on sales performance.

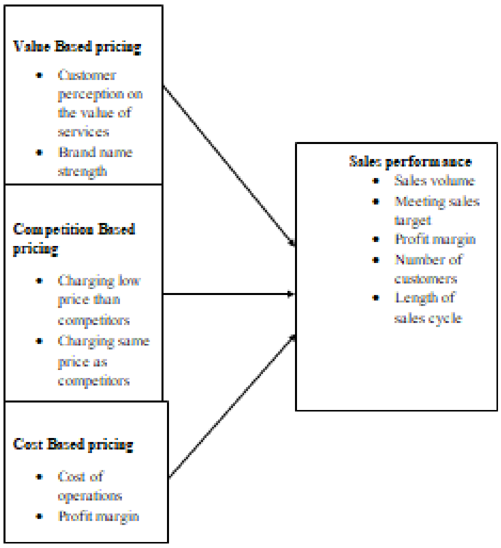
Faisal and Khan (2021) conducted a study examining the impact of production costs on pricing strategies within the strategic decision-making framework. The decision to rely on secondary sources in this study was primarily motivated by their focus on historical and descriptive aspects. The research utilised a historical and descriptive approach, mostly relying on secondary sources of information entirely. The data collected suggests that customers possess a level of consciousness regarding fair pricing, as seen by their assessment of the value of the company's products. The researcher employed analytical and descriptive approaches to align with the prevailing academic research landscape, which commonly depends on theoretical frameworks and empirical studies. The results indicate that enterprises' incorporation of cost data for manufactured goods produces substantial and reliable insights. This information significantly impacts the decision-making process on pricing. Furthermore, the implementation of pricing strategies is significantly dependent on the acquisition of data derived from cost systems.

In their study, Agbaeze et al. (2020) investigated to assess the effects of three distinct pricing strategies on a range of moderating variables, such as relative product advantage and competition intensity. Out of the complete sample of 100 supermarkets, 48 participated by providing responses to the survey. The study's hypothesis was examined by employing a multiple regression analysis. The present research examines the efficacy and durability of urban supermarkets in Enugu, with a specific emphasis on three pricing strategies employed by management: value-based pricing, competition-based pricing, and cost-based pricing. The study's findings indicate that the introduction of value-informed pricing practise did not result in a statistically meaningful impact on the profitability and sustainability of supermarkets. Conversely, the incorporation of competitive-informed pricing methods exerted a significant impact, potentially yielding favourable or unfavourable outcomes concerning the aforementioned results. Furthermore, the study's results suggest that the three pricing strategies' impact on supermarkets' performance and sustainability in the metropolitan region of Enugu State may vary significantly when considering the moderating factors of relative product advantage and competition intensity. This study argues that shop management must assess a product's internal and external environmental characteristics before selecting the most suitable pricing strategy for that product, in addition to considering other pertinent considerations.

2.3 Conceptual framework

Figure 2.1 presents a conceptual framework that elucidates the correlation between pricing methods, specifically value-based pricing, competition-based pricing, and cost-based pricing, and the attainment of sales success in telecommunication firms. Sales performance was measured by several indicators such as the creation of new customers, repeat purchases, number of subscribers, and profit margin.

Figure 2:1 Conceptual Framework



Source: Researcher (2023)

3.0 METHODOLOGY

This investigation was conducted using a quantitative technique. With this strategy, the researcher was able to make greater use of quantitative approaches like questionnaires for data collecting and inferential statistics for data analysis, which helped the study accomplish its goal. A descriptive survey design was used in this study. This design enabled the researcher determine the influence of independent variables (value-based pricing strategy, competition-based pricing strategy, and cost-based pricing strategy) on dependent variables (sales performance). This study was carried out in telecommunication companies at their branches located in Mwanza City. This study was specifically based on telecommunication companies that have offices situated in Mwanza City including Vodacom, Airtel, Tigo, Halotel, and TTCL. Mwanza city was preferred in this study because the same study has not yet being conducted in the area and it is the fast growing city in Tanzania with high consumption of telecommunication services. This study targeted marketing officers and sales officers of telecommunication companies. The stratified random sampling approach was utilized in this

*Corresponding Author: Magreth Kileo .

study to choose the respondents who were part of this study. The chart from Krejcie and Morgan (1970) was used to determine the ideal sample size for this study. The ideal sample size for the study as determined by the table was 169 respondents out of the population size of 310. Since this is a quantitative study, questionnaire method was used for data collection, whereby the study included closed-ended questions with 5-point Likert scale responses (1=strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=strongly agree).

Statistical Package for Social Science (SPSS Version 21.0) was used in this study to examine the quantitative data that were gathered through questionnaires. A computer program helped in determining measures for the central tendencies and frequencies of the data once the data have been filtered, coded, and entered. The program was used for regression analysis to examine the relationship between independent variables (value-based pricing strategy, competition-based pricing strategy, and cost-based pricing strategy) and the dependent variable which is sales performance as shown in multiple regression equation:

Multiple regression analysis equation

$Y= \beta 1X1 + \beta 2X2 + \beta 3X3 + e$

Where: Y= Sales performance

β1, β2, and β3 are constants or unknown parameters

X1= value-based pricing

X2= competition based pricing

X3= cost-based pricing

e = Error term

3.1 Description of the characteristics of respondents

In this study, male participants who took part in the research comprised 91 individuals, accounting for 53.8% of the total sample. Additionally, the research encompassed 78 female participants, constituting 46.2% of the total responses. About the age of respondents; a large frequency of respondents which is 75, which is equivalent to 44.4%, constituted respondents aged 29-39 years old, followed by those aged 40-50 31.9% (54). The rest of the respondents were aged 18-28, 13.6% (23), followed by those above 50 years 10.1% (17). On the side of respondents' education level, 53 respondents, equivalent to 31.4%, had a diploma level, followed by that % a bachelor's degree 26.0% (44). The rest of the respondents had a postgraduate degree level of 16.6% (28), followed by those with a certificate level of 15.4% (26) and a secondary level of education of 10.7% (18). In this study, 117 respondents, equivalent to 69.2%, were sales officers, while 52 respondents, equivalent to 30.8%, were marketing officers. Respondents from Vodacom were 39, equivalent to 23.1%, followed by those working at Tigo 21.9% (37) and Airtel 20.1% (34). The rest of the respondents were working at TTCL (18.9% (32) and Halotel 15.9% (27). Additionally, a cohort of 71 individuals, constituting 42.0% of the sample, disclosed working experience spanning from 6 to 10 years. This was followed by those with work experience of 0 to 5 years, comprising 25.4% (43) of the respondents. Among the remaining participants, 23.7% (40 individuals) possessed job experience ranging from 11 to 15 years, while 8.9% (15 individuals) had accumulated work experience exceeding 15 years.

4.0 RESULTS

This section presents the findings on the effect of predictor variables such as value-based pricing strategy, competition-based pricing strategy, and cost based pricing strategy, and the outcome variable which is sales performance. The study will presents the findings obtained through descriptive statistics, correlation analysis, and multiple regression analysis.

4.1 Descriptive statistics

4.1.1 Value-based pricing strategy on the sales performance of Telecommunication Companies

The first objective of this study was to assess the effect of a value-based pricing strategy on sales performance of Telecommunication Companies. The study runs descriptive statistics and inferential analysis using SPSS to achieve this objective. The findings of this study through descriptive statistics indicated that the highest frequencies and percentage of respondents agreed that the price of telecommunication services set by their company is relative to the value derived [92(54.4%)], the price of telecommunication services set by their company is appropriate as the services provided meet customer expectations [97(57.4%)]. The value of services provided by their company is better than other companies. Hence the price set is relevant to the value of their services [102(60.4%)]. It was also revealed that the highest frequencies and percentage of respondents agreed that the company invested in building a strong brand. As a result, the value of their brand influenced them to purchase more goods from the company; as a result, the company attained good sales performance [108(63.9%)], and their value-based pricing strategy increased sales performance [99(58.6%)]. These findings are presented in detail in Table 4.1.

Table 4.1: Respondents' opinions on the effect of value-based pricing on sales performance (N=169)

Statements	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%	F	%
The price of telecommunication services set by our company is relative to the value derived	-	-	7	4.1	16	9.5	92	54.4	54	31.9

*Corresponding Author: Magreth Kileo .

The price of telecommunication services set by our company is appropriate as the services provided meets customer expectations	4	2.4	11	6.5	8	4.7	97	57.4	49	28.9
The value of services provided by our company is better than other companies, hence the price set is relevant to the value of services we provide	-	-	-	-	23	13.6	102	60.4	44	26.0
The company invested to build a strong brand, as a result the value of our brand influence to purchase more goods from us, as a result, we attain good sales performance	-	-	-	-	10	5.9	108	63.9	51	30.2
Our value-based pricing strategy increases sales performance	-	-	-	-	6	3.6	99	58.6	64	37.9

4.1.2 Competition-based pricing strategy on sales performance of Telecommunication Companies

The second objective of this study was to examine the effect of competition-based pricing strategy on sales performance of Telecommunication Companies. The findings of this study through descriptive statistics indicated that the highest frequencies and percentage of respondents agreed that the prices of their company are fair compared to their competitors, which is vital in improving sales performance of the company [85(50.3%)] and the competition-based pricing has enabled them to get repeat customers [101(59.8%)]. Additionally, the findings indicated that most respondents (72.2%, n=122) agreed with the notion that customers perceive their competition-based pricing to be considerably cheaper than that of their competitors. Implementing a competition-based pricing policy has been found to significantly enhance sales performance, as indicated by a 96% increase in sales. The findings above are displayed in Table 4.2.

Table 4.2: Respondents' opinions on the effect of competition-based pricing on sales performance (N=169)

Statements	**Strongly Disagree**		**Disagree**		**Neutral**		**Agree**		**Strongly Agree**	
	F	**%**	**F**	**%**	**F**	**%**	**F**	**%**	**F**	**%**
Our prices are fair compared to our competitors, which is vital in improving sales performance of the company	-	-	-	-	11	6.5	85	50.3	73	43.2
The competition-based pricing has enabled us to get repeat customers	-	-	-	-	5	2.9	101	59.8	63	37.3
Customer view our competition-based pricing as being significantly lower than our competition	-	-	-	-	3	1.8	122	72.2	44	26.0
Our competition-based pricing policy increases sales performance	-	-	-	-	2	1.2	96	56.8	71	42.0

4.1.3 Cost-based pricing strategy on sales performance of Telecommunication Companies

The third objective of this study was to determine the effect of a cost-based pricing strategy on sales performance of Telecommunication Companies. The findings of descriptive statistics indicated that the highest frequency and percentage of respondents agreed that the price of their company is based on the cost of operation plus a percentage of profit margin [83(49.1%)]; cost-based pricing strategy is important in their operations since that the profit gained is used to improve quality of services [106(62.7%)] and the cost their incur as an organization makes them determine the price that is fair in the market, in turn, it increases sales performance [99(58.6%)]. It was also revealed that the highest frequencies and percentage of respondents agreed that transportation costs, taxes, rent, and other operational expenses are also considered in determining price [92(54.4%)], and their cost-based pricing policy increases sales performance [84(49.7%)]. These findings are presented in Figure 4.3.

*Corresponding Author: **Magreth Kileo** .

Table 4.3: Respondents' opinions on the effect of cost-based pricing strategy on sales performance

Statements	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%	F	%
Our price is based on cost of operation plus a percentage of profit margin	-	-	-	-	8	4.7	83	49.1	78	46.1
Cost cost-based pricing strategy is important in our operations since that the profit gained is used to improve quality of services	-	-	4	2.4	8	4.7	106	62.7	51	30.2
The cost we incur as an organization makes us determine the price that is fair in the market, in turn, it increases sales performance	-	-	7	4.1	6	3.6	99	58.6	57	33.7
The transportation costs, taxes, rent, and other operational expenses are also considered in determining price	3	1.8	5	2.9	4	2.4	92	54.4	65	38.5
Our cost-based pricing policy increases sales performance	-	-	1	0.6	3	1.8	84	49.7	81	47.9

4.2 Correlation analysis results

This section presents the results of the correlation analysis conducted on the study's independent variables, namely the value-based pricing strategy, competition-based pricing strategy, and cost-based pricing strategy. These variables are examined in relation to the study's dependent variable, which is sales performance. Wileman and Jary (1997) proposed a taxonomy to assess the magnitude of a correlation coefficient (rs) to enhance its interpretability. The researchers established the classification system for the correlation coefficient. According to this system, correlation coefficient values ranging from 0.00 to 0.1 were categorised as very weak, values between 0.20 and 0.39 were classified as weak, values ranging from 0.4 to 0.59 were deemed moderate, values between 0.6 and 0.79 were considered strong, and values ranging from 0.8 to 1.0 were labelled as extremely high.

The primary objective of this study was to evaluate the correlation between the implementation of a value-based pricing strategy and its subsequent impact on sales performance. The analysis results suggest a significant association between a value-based pricing strategy and the resulting sales performance. The current investigation unveiled a modest association level in the observed relationship, as indicated by a correlation coefficient 0.548. Additionally, the statistical analysis yielded compelling evidence suggesting that the observed correlation is highly unlikely to have occurred by chance alone, as evidenced by a p-value of 0.000. This study's results suggest a moderate and statistically significant association between value-based pricing and sales performance.

The primary objective of Objective 2 was to evaluate the relationship between adopting a competition-based pricing strategy and subsequent sales performance. The study's results revealed a statistically significant and positive relationship ($r = 0.665$, $p < 0.001$) between the implementation of a pricing strategy based on competition and the level of sales achievement. This research demonstrates a robust and statistically significant association between the implementation of a pricing strategy centred around competition and the level of sales success.

The purpose of Objective 3 was to evaluate the correlation between implementing a cost-based pricing strategy and its subsequent impact on sales performance. The study's results revealed a statistically significant correlation ($r = 0.756$, $p < 0.001$) between implementing a pricing strategy based on costs and the degree of sales performance. The results of this study demonstrate a robust and statistically significant association between the implementation of a cost-based pricing strategy and sales performance.

*Corresponding Author: **Magreth Kileo** .

Table 4.4: Correlation results

		Sales performance	Value based pricing	Competition based pricing	Cost based pricing
Sales performance	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	169			
Values based pricing	Pearson Correlation	0.548	1		
	Sig. (2-tailed)	0.000			
	N	169	169		
Competition based pricing	Pearson Correlation	0.665	0.542	1	
	Sig. (2-tailed)	0.000	0.000		
	N	169	169	169	
Cost based pricing	Pearson Correlation	0.756	0.497	0.530	1
	Sig. (2-tailed)	0.000	0.000	0.000	
	N	169	169	169	169

4.3 Multiple regression analysis results

Multiple regression analysis is a prevalent approach in examining the association between a solitary dependent variable and numerous predictor components (Kothari, 2014). This study primarily centres on the dependent variable of sales performance, specifically emphasising the independent components of value-based pricing, competition-based pricing, and cost-based pricing. Based on the research conducted by Pallant (2005), it can be inferred that if the p-value of an independent variable is below .05, the variable is deemed to possess a statistically significant and noticeable impact on the prediction of the dependent variable. When the p-value is greater than 0.05, it suggests that the variable does not provide a statistically significant and unique contribution to the prediction of the dependent variables. Moreover, within the regression analysis framework, a positive Beta coefficient indicates that the predictor variable positively influences the dependent variable. In contrast, a negative Beta value implies the opposite. The subsequent table presents the results of the multiple regression analysis.

. Table 4.5: Multiple regression analysis results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.279	.261		1.072	.045
	VBP	.170	.086	.109	1.977	.050
	CBP	.431	.075	.325	5.763	.000
	CBP	.616	.063	.530	9.697	.000

Dependent Variable: SP

Keywords: VBP= Value based pricing, CBP= Competition based pricing, CBP= Cost based pricing & SP= Sales performance

*Corresponding Author: **Magreth Kileo** .

Table 4.5 above shows the final regression results of the three independent variables that measure sales performance in telecommunication companies in Mwanza City. The following is the summary of the regression equation.

$\hat{Y} = \alpha + \beta 1XVBP + \beta 2XCBP + \beta 3XCBP + \acute{\varepsilon}$

SP= 0.279 + .170VBP + .431CBP + .616CBP + έ

Where:

$\hat{Y}$	= Sales Performance
β	= Partial regression coefficients
VBP	= Value-Based Pricing
CBP	= Competition Based Pricing
CBP	= Cost-Based Pricing
α	= Error term
$\acute{\varepsilon}$	= Constant

The model suggests that the three independent variables (value-based, competition-based, and cost-based pricing) are positively and significantly related to the dependent variable (Sales performance). Furthermore, the relationship is significant for the two variables with a sig value of .000 but one value-based pricing variable with a moderate coefficient of .050. In brief, the result indicates that value-based pricing influence sales performance of telecommunication companies by r=0.109 at a significant level of 0.050, competition-based pricing influence sales performance by r=0.325 at a sig level of 0.000, and cost-based pricing influence sales performance by r=0.530 at sig level of 0.000.

5.0 Discussion of the Findings

5.1 Value-Based Pricing

The findings derived from the correlation analysis indicated a moderate and statistically significant association (r=0.548, p<0.001) between adopting a value-based pricing strategy and the level of sales success, as illustrated in Table 4.4. The findings derived from a multiple regression analysis suggest that adopting a value-based pricing strategy has a statistically significant and positive influence on the sales performance of telecommunications companies. The empirical findings suggest that the implementation of value-based pricing substantially influences sales performance, as substantiated by the Beta coefficients. The study findings indicate that value-based pricing significantly impacts sales performance, accounting for approximately 10.9% of the variance. This result is reported in Table 4.5, with a significance level of 0.050.

The findings above align with previous studies undertaken by Goodie-Okio (2022), Wimmo (2020), Kar (2019), John (2018), and Wangari and Wagoki (2018). The research above reached similar conclusions, indicating that implementing value-based pricing favours and statistically significantly influences sales performance. In a study conducted by Wangari and Wagoki (2018), it was found that Airtel Company incorporates the value of their product into their pricing strategy to enhance client purchase intent. Consequently, this will improve the company's sales performance, thereby enabling it to maintain its competitiveness within the market. Furthermore, according to John (2018), the significance of a company's brand holds considerable sway over consumers' inclination to pay a premium price. In their respective studies, Goodie-Okio (2022) and Kar (2019) have demonstrated the significance of enhancing service delivery to enhance a firm's perceived value in the eyes of its customers. Consequently, the implementation of value-based pricing strategies becomes feasible, leading to the potential for increased sales performance. This is due to the customers' willingness to pay for services that are deemed valuable.

5.2 Competition-Based Pricing

The findings from the correlation analysis demonstrated a statistically significant and positive association between competition-based pricing and sales success (r = 0.665, p < 0.001; refer to Table 4.4). The findings derived from a multiple regression analysis indicate that adopting a competition-based pricing strategy has a statistically significant and positive influence on the sales performance of telecommunications companies. Based on the results outlined in Table 4.5, it can be shown that the Beta coefficients indicate a statistically significant and positive relationship between competition-based pricing and sales performance. This relationship accounts for approximately 32.5% of the variance. The reported significance level of this connection is 0.000.

These findings are consistent with the research conducted by Osano (2022), Salwa (2019), Faith and Edwin (2016), and Cant and Sephapo (2016), who similarly reported in their studies that the implementation of a competition-based pricing strategy has a favourable and significant impact on sales performance. According to Salwa (2019), competition-based pricing is identified as a significant pricing strategy employed by Halotel to impact consumer purchasing behaviour. According to Faith and Edwin (2016), it is important for businesses to not solely focus on utilising pricing strategies to communicate value to customers. Instead, they should also pay attention to the pricing strategies employed by their competitors and evaluate the extent to which these strategies impact customers' purchasing decisions. By doing so, businesses can effectively enhance their sales performance. Cant and Sephapo (2016) conducted a study that demonstrated the significance of competitive intelligence in determining a company's pricing strategy. This practice comprises conducting thorough research on rivals' pricing strategies before establishing the price of a company's products or services. The findings of their study indicated that implementing competitive intelligence is crucial for enhancing a company's sales performance. Moreover, a study conducted by Osano (2022) demonstrated that implementing a competition-based pricing strategy had a noteworthy and favourable impact on sales performance.

5.3 Cost-Based Pricing

The results obtained from the correlation study revealed a strong and positive correlation between cost-based pricing and sales success (r = 0.756, p < 0.001; see Table 4.4). The results obtained from a multiple regression analysis suggest that implementing a cost-based pricing strategy has a statistically significant and favourable impact on the sales performance of

*Corresponding Author: **Magreth Kileo** .

telecom firms. The results presented in Table 4.5 demonstrate that adopting cost-based pricing methods has a statistically significant and positive impact on sales performance, as seen by the Beta coefficients. The results demonstrate a significant correlation between cost-based pricing and sales effectiveness, as seen by the Beta coefficients indicating that cost-based pricing accounts for about 53.0% of the variance observed in sales performance. The statistical significance of this association is determined at a significance level of 0.000.

The findings of this study align with prior research conducted by Faisal and Khan (2021), Agbaeze et al. (2020), Hyginus et al. (2019), and Kasiso (2017), which similarly demonstrated that the implementation of a cost-based pricing strategy yielded a favourable and statistically significant impact on sales performance. The scholarly investigations by Faisal and Khan (2021) and Agbaeze et al. (2020) have produced noteworthy discoveries regarding the financial ramifications of company activities. The insights provided above significantly impact pricing decisions, leading to improved sales effectiveness. Furthermore, the study conducted by Hyginus et al. (2019) demonstrated that the utilisation of cost-plus pricing strategies significantly influences sales outcomes. Conversely, it was established that using markup pricing strategies did not yield any discernible impact on sales performance. Additionally, the study conducted by Kasiso (2017) revealed that using cost-based pricing as a pricing strategy has demonstrated a positive and statistically significant influence on sales performance.

6.0 CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

The results obtained from a correlation analysis revealed a strong and positive correlation between cost-based pricing and sales success ($r = 0.756$, $p < 0.001$; see Table 4.4). The results obtained from a multiple regression analysis revealed that implementing a cost-based pricing strategy exerts a statistically significant and favourable impact on the sales performance of telecom firms. The results presented in Table 4.5 demonstrate that adopting cost-based pricing methods has a statistically significant and positive impact on sales performance, as seen by the Beta coefficients. The study's results demonstrate a significant correlation between cost-based pricing and sales success. The Beta coefficients indicate that cost-based pricing accounts for about 53.0% of the observed variability in sales performance. The statistical significance of this association is determined at a significance level of 0.000.

The findings of this study align with previous research conducted by Faisal and Khan (2021), Agbaeze et al. (2020), Hyginus et al. (2019), and Kasiso (2017), which similarly demonstrated that the implementation of a cost-based pricing strategy yielded a favourable and statistically significant impact on sales performance. The scholarly investigations by Faisal and Khan (2021) and Agbaeze et al. (2020) have produced noteworthy discoveries regarding the financial ramifications of company activities. The observations above have a significant impact on pricing decisions, hence leading to improved sales effectiveness. Furthermore, the study conducted by Hyginus et al. (2019) demonstrated that using cost-plus pricing methods significantly influences sales performance. However, it was found that the implementation of mark-up pricing strategies did not yield any discernible impact on sales performance. Additionally, the study conducted by Kasiso (2017) revealed that using cost-based pricing as a pricing strategy has demonstrated a positive and statistically significant influence on sales performance.

6.2 Recommendations

This study suggests the following recommendations based on the study findings:

The study on the first objective concerning the effect of value-based pricing strategy on sales performance of Telecommunication Companies recommends that; the research found value pricing had the lowest effect on sales performance therefore, the product they produce or sell should highlight better, the value of their products to encourage customers to purchase their services based on value perception.

The study on the second objective regarding the effect of competition-based pricing strategy on sales performance of Telecommunication Companies recommends that; the telecommunication companies should always consider the price of their competitors before setting their prices. This will make customers perceive that the price they set is fair, which will increase customer loyalty, repeat purchases, and sales performance will increase significantly.

The study on the third objective concerning the effect of cost-based pricing strategy on sales performance of Telecommunication Companies recommends that; the study suggests that cost-based pricing strategy is vastly important for telecommunication companies as it increases sales performance of the company, at the same time, it ensures profit making of the company. Setting prices based on the cost incurred by an organization plus profit margin is motivated by the study as it is believed that a profit-making company has a big chance of improving the services they provide, which leads to customer satisfaction and, finally, good sales performance through repeat purchases.

In general, telecommunication companies, such as Vodacom, Tigo, Airtel, Halotel, and TTCL, are recommended to implement training and educational initiatives for their sales and marketing personnel. These programs should encompass various pricing strategies, including value-based pricing, competition-based pricing, and cost-based pricing, and their respective effects on sales performance. This will make them provide good feedback and advice to the management in setting good prices that will lead to sales performance.

6.3 Suggestions for future studies

This section describes the area for further study to pave a way for future researchers interested in carrying out studies related to the current study. Researchers can conduct the same study in other sectors apart from the telecommunication sector, for

*Corresponding Author: **Magreth Kileo** .

instance, small and medium enterprises as it is unclear how SMEs price their products and what its impact on their sales performance. Additionally, the same topic can be used in telecommunication companies in different regions in Tanzania apart from Mwanza City. Furthermore, since the current study assessed the effect of pricing strategies on telecommunication companies' sales performance, future researchers can investigate the impact of pricing strategies on customer retention as the companies incur more costs to find new customers than retaining the current ones.

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