

Global Scientific and Academic Research Journal of Economics, Business and Management
ISSN: 2583-5645 (Online)
Frequency: Monthly
Published By GSAR Publishers
Journal Homepage Link- https://gsarpublishers.com/journals-gsarjebm-home/

Influence of Pricing Strategies on Firm Performance of Motor Vehicle Insurance: A Case of Selected Companies in Mwanza City, Tanzania

By

Abdul Farahani[1] , Dr. Gerry Batonda[2] & Sr. Dr. Deusdedita Lutego[3]
[1,2,3]Saint Augustine University, Faculty of Business and Economics, Marimbe, Mwanza 307, Tanzania

Article History

Received: 15/10/2026
Accepted: 22/10/2026
Published: 24/10/2026

Vol –5 Issue –10

PP: -52-59

Abstract

This study examined the influence of pricing strategies on the performance of motor vehicle insurance companies in Mwanza City, Tanzania. Specifically, the study assessed the influence of value-based pricing strategies, behavioural-based pricing strategies, and regulation-based pricing strategies on firm performance. The study was guided by Contingency Theory and adopted a quantitative research approach using a cross-sectional research design. Data were collected from 136 respondents using structured questionnaires and analysed using descriptive statistics, Pearson correlation analysis, and multiple linear regression analysis. The descriptive findings indicated a high level of agreement regarding the application of the three pricing strategies. Pearson correlation results revealed positive and statistically significant relationships between behavioural-based pricing strategies and firm performance ($r = 0.224$, $p = 0.009$), regulation-based pricing strategies and firm performance ($r = 0.360$, $p < 0.001$), and value-based pricing strategies and firm performance ($r = 0.339$, $p < 0.001$). The regression results further showed that regulation-based pricing strategies had the strongest positive and statistically significant influence on firm performance ($B = 0.364$, $\beta = 0.260$, $p = 0.004$), followed by value-based pricing strategies ($B = 0.268$, $\beta = 0.236$, $p = 0.007$). Behavioural-based pricing strategies also recorded a positive coefficient ($B = 0.152$), although the reported significance statistic requires verification from the original SPSS output. The study concludes that pricing strategies are important determinants of the performance of motor vehicle insurance companies, particularly when pricing practices are aligned with customer value, behavioural considerations, regulatory requirements, and prevailing market conditions. The study contributes to the existing literature by providing empirical evidence on the relative influence of different pricing strategies on firm performance within the motor vehicle insurance sector in Tanzania, an area that has received limited context-specific empirical attention. More specifically, the identification of regulation-based pricing as the strongest predictor demonstrates that compliance-oriented pricing is not merely a regulatory requirement but also an important strategic factor associated with firm performance. The findings further extend the application of Contingency Theory by demonstrating that the effectiveness of pricing decisions depends on their alignment with customer characteristics, regulatory requirements, and market conditions. Practically, the study provides evidence that can guide insurance managers and regulators in developing pricing approaches that balance customer value, regulatory compliance, market competitiveness, and organisational performance. The study recommends that insurance companies strengthen transparent, fair, customer-oriented, and technology-supported pricing practices, while regulators should promote pricing frameworks that balance consumer protection, market stability, innovation, and firm competitiveness.

Keywords: *Pricing Strategies, Value-Based Pricing, Behavioural-Based Pricing, Regulation-Based Pricing, Firm Performance, Motor Vehicle Insurance, Tanzania.*

*Corresponding Author: **Abdul Farahani.**

© Copyright 2026 GSAR Publishers All Rights Reserved
This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

1.0 Introduction

1.1 Background of the Study

Pricing strategies are important managerial tools because they influence customer attraction, customer retention, competitiveness, profitability, and overall firm performance. In motor vehicle insurance, pricing decisions must reflect customer value, driving behaviour, regulatory requirements, and prevailing market conditions. This study focused on value-based pricing, behavioural-based pricing, and regulation-based pricing strategies (Venkataraman & Petersen, 2022; Hinterhuber, 2023a, 2023b).

Globally, motor vehicle insurers have increasingly shifted from traditional premium-setting methods towards customer-oriented and data-driven pricing approaches. Li et al. (2024) reported that driving-pattern-adjusted pricing improved customer loyalty and firm performance, while telematics-based pricing has also emerged in African markets such as South Africa and Kenya to reward safer driving and improve customer retention (Sadowski et al., 2024).

In Tanzania, motor vehicle insurance companies operate under increasing competition, changing customer expectations, technological developments, and regulatory requirements. However, limited empirical evidence exists on how value-based, behavioural-based, and regulation-based pricing strategies influence firm performance in the motor vehicle insurance sector. This gap is particularly evident in Mwanza City, where the influence of these pricing strategies on motor vehicle insurance company performance remains insufficiently examined.

1.2 Statement of the Research Problem

Pricing strategies influence customer retention, policy uptake, profitability, and overall firm performance in the motor vehicle insurance sector. Previous studies have associated behavioural-based pricing with improved risk assessment and customer loyalty (Fersini, 2023; Li et al., 2024), value-based pricing with customer trust and willingness to pay (Hinterhuber, 2023), and regulation-based pricing with fairness and market stability (Pertiwi, 2024).

Despite this evidence, most previous studies were conducted outside Tanzania or focused on sectors other than motor vehicle insurance. Consequently, limited empirical evidence exists on the influence of value-based pricing, behavioural-based pricing, and regulation-based pricing strategies on firm performance among motor vehicle insurance companies in Mwanza City. Therefore, this study examined the influence of the three pricing strategies on firm performance among selected motor vehicle insurance companies in Mwanza City, Tanzania.

1.3 Theoretical Review and Relevance to the Study

The study was guided by Contingency Theory. The theory was developed from the work of Fred Fiedler and was later strengthened through contributions from scholars such as Burns and Stalker. Contingency Theory explains that organisational success does not depend on a single universally applicable strategy but rather on how well organisational strategies are aligned with prevailing internal and external environmental conditions.

The theory emphasises that organisations operating in dynamic environments must continuously adjust their strategies according to situational factors. In the context of motor vehicle insurance, the effectiveness of a pricing strategy depends on market competition, customer behaviour, regulatory requirements, technological capabilities, and organisational resources (Hinterhuber, 2023; Vaszkun & Koczkás, 2024).

Several assumptions underpin Contingency Theory. The theory assumes that there is no one best way of managing an organisation, that organisational decisions depend on situational conditions, and that organisational effectiveness results from achieving an appropriate fit between strategy and environmental circumstances. Organisations are therefore considered open systems that need to adjust continually to changing internal and external conditions.

In the context of this study, motor vehicle insurance companies in Mwanza City operated in a competitive environment characterised by changing customer expectations, regulatory requirements, and technological development. Therefore, insurers had to continuously adjust their pricing practices to maintain competitiveness and improve firm performance.

The theory was appropriate for this study because it explained how different pricing strategies could influence firm performance depending on the conditions under which they were applied. Value-based pricing required alignment between premiums and customer perceptions of value, behavioural-based pricing required alignment between premiums and individual risk behaviour, while regulation-based pricing required insurers to operate within regulatory requirements while maintaining competitiveness and customer trust.

Relevance and Application of Contingency Theory to the Study

Contingency Theory was highly applicable to the study because motor vehicle insurance companies operated in a changing business environment where customer expectations, driving behaviour, competition, technology, and regulatory requirements continuously influenced premium-setting decisions. Therefore, insurers had to adapt their pricing strategies to prevailing market circumstances rather than relying on a single fixed pricing approach.

The theory directly explained how the three pricing strategies influenced firm performance. Value-based pricing enabled insurance firms to align premiums with customers' perceived value, thereby strengthening willingness to pay and customer retention. Behavioural-based pricing enabled insurers to adjust premiums according to actual driving behaviour and risk characteristics, which could improve risk classification and reduce claims.

*Corresponding Author: **Abdul Farahani.**
© Copyright 2026 GSAR Publishers All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

Regulation-based pricing represented the need for insurers to adapt to external institutional requirements. Insurance firms had to ensure that premiums complied with regulatory guidelines while remaining fair, competitive, and acceptable to customers. The theory therefore suggested that motor vehicle insurers that effectively aligned their pricing strategies with customer, market, regulatory, and organisational conditions were more likely to achieve improved firm performance.

In this study, firm performance was reflected through customer retention and sales-related outcomes. Therefore, motor vehicle insurance companies that effectively aligned value-based, behavioural-based, and regulation-based pricing strategies with prevailing conditions were expected to achieve stronger performance.

1.4 Empirical Literature Review

1.4.1 Influence of Value-Based Pricing Strategies on Firm Performance

Existing studies generally showed that value-based pricing positively influenced business performance by aligning prices with customers' perceptions of value. Oke et al. (2016) found that pricing strategies significantly influenced company performance in the Nigerian beer industry. Brimah (2024) similarly reported that value-based pricing significantly influenced consumer buying behaviour in the FMCG sector. In Tanzania, Chodota (2025) found that value-based pricing contributed significantly to profit, revenue, and customer growth among furniture fabricators in Mwanza City. Simon, Kisawike, and Ndekwa (2025) also found that value-based pricing strengthened customer trust, loyalty, willingness to pay, and purchase decisions.

Despite these positive findings, most previous studies focused on tangible consumer products, manufacturing, FMCGs, and customer purchase behaviour rather than motor vehicle insurance services. Limited evidence existed on how value-based pricing influenced firm performance within the Tanzanian insurance sector. Therefore, this study addressed this contextual gap among motor vehicle insurance companies in Mwanza City.

1.4.2 Influence of Behavioural-Based Pricing Strategies on Firm Performance

Empirical studies indicated that behavioural-based pricing could improve risk classification, customer retention, claim management, and financial performance. Zhang et al. (2022) found that insurers using telematics data on speed, braking, and mileage achieved more accurate risk classification and reduced claim frequency. Fersini (2023) reported that behavioural-based premiums enhanced revenue predictability and underwriting performance while encouraging customer retention. Li et al. (2024) similarly found that driving-pattern-adjusted pricing increased customer loyalty and improved firm performance. In African markets, Sadowski et al. (2024) reported increasing adoption of telematics-based insurance programmes that rewarded safer drivers through adjusted premiums.

However, most available studies were conducted outside Tanzania, while local evidence on telematics and usage-based insurance remained limited. Although Wambura (2024) indicated increasing interest in behavioural and usage-based insurance approaches in Tanzania, limited empirical evidence existed on their effect on customer retention and firm performance. Therefore, this study examined the influence of behavioural-based pricing strategies among motor vehicle insurance companies in Mwanza City.

1.4.3 Influence of Regulation-Based Pricing Strategies on Firm Performance

Previous studies showed that regulation-based pricing could influence customer trust, satisfaction, retention, and firm performance through pricing fairness and transparency. Singh and Yadav (2022) found that transparent pricing enhanced customer trust and satisfaction. Das and Sanyal (2023) reported that government price controls, taxation policies, and industry regulations influenced firms' pricing decisions. Batchelor (2023) found that insurance pricing regulations in the United Kingdom reduced customer switching and improved perceptions of pricing fairness. Pertiwi (2024) also reported that regulatory emphasis on transparency and fairness strengthened customer trust, while Badmus (2024) found that regulatory compliance could enhance market confidence and policyholder loyalty.

Nevertheless, most previous studies were conducted in developed economies and industries with relatively mature regulatory frameworks. Limited empirical evidence existed on whether regulation-based pricing influenced firm performance within Tanzania's motor vehicle insurance sector. Therefore, this study examined the influence of regulation-based pricing strategies on firm performance among motor vehicle insurance companies in Mwanza City.

1.5 Conceptual Framework

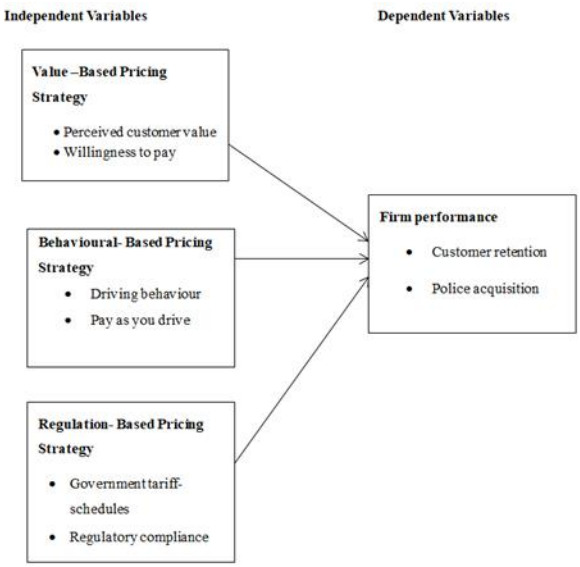
The conceptual framework of this study explained the relationship between pricing strategies and firm performance among motor vehicle insurance companies in Mwanza City.

In this framework, pricing strategies were treated as the independent variable and were measured through three dimensions, namely value-based pricing strategies, behavioural-based pricing strategies, and regulation-based pricing strategies. Firm performance was treated as the dependent variable.

The framework assumed that effective implementation of pricing strategies enhanced the ability of motor vehicle insurance companies to respond to customer value expectations, individual risk behaviour, regulatory requirements, and prevailing market conditions, which in turn led to improved firm performance. This relationship formed the basis for the empirical analysis of the study.

*Corresponding Author: **Abdul Farahani.**
© Copyright 2026 GSAR Publishers All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.



Source: Researcher (2026)

Figure 2.1 Conceptual Framework

2.0 Research Methodology

2.1 Research Design

The study adopted a positivist philosophy and a quantitative cross-sectional descriptive survey design to examine the influence of pricing strategies on firm performance among motor vehicle insurance companies in Mwanza City, Tanzania. The positivist philosophy was appropriate because the study focused on objectively measurable variables and statistical analysis of the relationships between pricing strategies and firm performance. The quantitative approach enabled numerical data to be collected and analysed statistically, while the cross-sectional design allowed data to be collected from respondents at a single point in time (Saunders, Lewis, & Thornhill, 2023; Creswell & Creswell, 2023).

The design was appropriate because the study examined the influence of value-based pricing strategies, behavioural-based pricing strategies, and regulation-based pricing strategies on firm performance using structured numerical data. It also enabled the application of descriptive statistics, correlation analysis, and multiple linear regression analysis to determine the relationships among the study variables.

2.2 Study Area, Population and Sampling Technique

The study was conducted in Mwanza City, Tanzania. Mwanza City was selected because it is a major commercial centre in the Lake Zone, characterised by growing motor vehicle ownership, expanding road networks, and increasing demand for motor vehicle insurance services. The presence of several motor vehicle insurance companies operating in a competitive environment made the area appropriate for examining the influence of pricing strategies on firm performance.

The target population consisted of 268 employees from 18 selected motor vehicle insurance companies operating in Mwanza City. The population comprised 47 sales managers, 181 sales personnel, and 40 independent sales representatives. These categories were considered relevant because they were directly involved in insurance sales, customer interaction, pricing-related activities, and customer service.

The sample size was determined using Yamane's formula and resulted in a sample of 160 respondents. The sample was proportionately distributed among the three respondent categories, comprising 28 sales managers, 108 sales personnel, and 24 independent sales representatives. Stratified random sampling was employed to ensure appropriate representation of each respondent category, followed by simple random sampling within each stratum to minimise selection bias (Iliyasu & Etikan, 2021; Creswell & Creswell, 2023). A total of 136 respondents ultimately participated in the study.

2.3 Data Collection and Measurement of Variables

Primary data were collected using a structured questionnaire consisting mainly of closed-ended questions. The questionnaires were distributed to selected sales managers, sales personnel, and independent sales representatives using the physical drop-and-pick method. This method allowed respondents adequate time to complete the questionnaires and supported the collection of standardised quantitative data suitable for statistical analysis.

The study measured pricing strategies through three dimensions: value-based pricing strategies, behavioural-based pricing strategies, and regulation-based pricing strategies. Value-based pricing was measured through indicators related to perceived customer value and customers' willingness to pay. Behavioural-based pricing was assessed through indicators relating to telematics utilisation, driving patterns, risk behaviour, and usage-based premium determination. Regulation-based pricing was measured through compliance with regulatory tariffs and government-mandated pricing requirements (Hinterhuber, 2017; Zhang et al., 2022; Li et al., 2024; Pertiwi, 2024; Badmus, 2024).

Firm performance, the dependent variable, was measured using customer retention and policy uptake. Customer retention reflected the ability of insurance companies to maintain existing policyholders and reduce customer switching, while policy uptake reflected growth in the number of motor vehicle insurance policies sold (Venkataraman & Petersen, 2022; Weerakkody & Nissanka, 2024). All variables were measured using a five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree.

Validity was enhanced by developing the questionnaire from relevant theoretical and empirical literature and ensuring that the measurement items reflected the study variables and context. Reliability was assessed using Cronbach's Alpha coefficient through SPSS, with a coefficient of 0.70 or above considered acceptable for internal consistency.

2.4 Data Analysis and Model Specification

The collected data were coded, cleaned, entered, and analysed using IBM SPSS Statistics Version 26. Descriptive statistics, including frequencies, percentages, means, and standard deviations, were used to summarise the data and describe respondents' perceptions of value-based pricing, behavioural-

*Corresponding Author: **Abdul Farahani.**
© Copyright 2026 GSAR Publishers All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

based pricing, regulation-based pricing, and firm performance.

Pearson correlation analysis was used to determine the direction and strength of the relationships between the pricing strategies and firm performance. Multiple linear regression analysis was subsequently employed to determine the individual and combined influence of value-based pricing, behavioural-based pricing, and regulation-based pricing strategies on firm performance.

The multiple linear regression model was specified as:

$$Y=\beta0+\beta1X1+\beta2X2+\beta3X3+\varepsilon$$

Where:

Y = Motor Vehicle Insurance Firm Performance

X_1 = Regulation-Based Pricing Strategies

X_2 = Behavioural-Based Pricing Strategies

X_3 = Value-Based Pricing Strategies

β_0 = Constant term

β_1, β_2, β_3 = Regression coefficients

ε = Error term

The model was used to determine the extent to which each pricing strategy influenced firm performance while controlling for the effects of the other pricing strategies.

2.5 Ethical Considerations

Ethical principles were observed throughout the study. Respondents were informed about the purpose of the research, and participation was voluntary. Informed consent was obtained before data collection, and respondents were informed of their right to withdraw from the study without any adverse consequences.

Confidentiality, privacy, integrity, and anonymity were maintained by avoiding unnecessary personal identifiers and securely storing the collected data. Information obtained from respondents was used strictly for academic purposes. The study also maintained academic integrity by properly acknowledging all sources used and avoiding plagiarism (Hasan et al., 2021; Akdeniz et al., 2021).

3. Data Analysis and Discussion

This section presents and discusses the findings on the influence of value-based pricing strategies, behavioural-based pricing strategies, and regulation-based pricing strategies on firm performance among motor vehicle insurance companies in Mwanza City. The analysis covers response rate, descriptive statistics, reliability, Pearson correlation analysis, multiple regression analysis, and discussion of findings in relation to the study objectives, empirical literature, and Contingency Theory.

3.1 Response Rate

A total of 160 questionnaires were distributed to the targeted respondents, of which 136 were successfully completed and returned for analysis. This represented a response rate of 85%, while 24 questionnaires, equivalent to 15%, were not returned.

Table 3.1 Response Rate

Questionnaire	Frequency	Percentage
Response	136	85.0%
Non-response	24	15.0%
Total	160	100%

Source: Researcher, 2026

The response rate of 85% was considered adequate for statistical analysis and provided sufficient data for examining the influence of pricing strategies on firm performance.

3.2 Descriptive Statistics

Descriptive statistics were used to summarise respondents' perceptions of behavioural-based pricing, regulation-based pricing, value-based pricing, and firm performance. Mean scores and standard deviations were used to assess the level of agreement regarding the study variables.

Table 3.2 Summary of Descriptive Statistics

Variable	Mean Range	Interpretation
Behavioural-Based Pricing Strategies	4.13–4.33	High
Regulation-Based Pricing Strategies	4.19–4.54	High
Value-Based Pricing Strategies	4.35–4.50	High
Firm Performance	4.24–4.63	High

Source: Researcher, 2026

The descriptive findings indicated high levels of agreement across all study variables. Behavioural-based pricing recorded mean scores ranging from 4.13 to 4.33, suggesting that respondents generally agreed that adjusting premiums according to driving patterns, claims history, risk profiles, and telematics information was important for customer retention and firm performance. Regulation-based pricing recorded means ranging from 4.19 to 4.54, with particularly strong agreement regarding transparency, fairness, consumer protection, and regulatory compliance. Value-based pricing recorded means ranging from 4.35 to 4.50, indicating strong agreement that customer-perceived value, service quality, and customer-specific premium setting contributed to loyalty and retention. Firm performance items recorded means ranging from 4.24 to 4.63, showing that respondents perceived the pricing strategies as important contributors to customer retention and firm growth.

3.3 Reliability Test

Cronbach's Alpha was used to assess the internal consistency of the measurement items. A coefficient of 0.70 or above was considered acceptable.

*Corresponding Author: **Abdul Farahani.**
© Copyright 2026 GSAR Publishers All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

Table 3.3 Reliability Test Results

Variable	Number of Items	Cronbach's Alpha
Behavioural-Based Pricing (BP)	5	0.752
Regulation-Based Pricing (RP)	5	0.734
Value-Based Pricing (VP)	5	0.821
Firm Performance (FP)	3	0.842

Source: Researcher, 2026

All Cronbach's Alpha coefficients exceeded 0.70, confirming satisfactory internal consistency of the measurement scales and their suitability for further statistical analysis.

3.4 Correlation Analysis

Pearson correlation analysis was conducted to determine the direction and strength of the relationships between behavioural-based pricing, regulation-based pricing, value-based pricing, and firm performance.

Table 3.4 Correlation Matrix

Variables	BP	RP	VP	FP
Behavioural-Based Pricing (BP)	1			
Regulation-Based Pricing (RP)	.420**	1		
Value-Based Pricing (VP)	.307**	.349**	1	
Firm Performance (FP)	.224**	.360**	.339**	1

Source: Researcher, 2026

Note: ** Correlation is significant at the 0.01 level (2-tailed). N = 136.

Behavioural-based pricing had a positive and statistically significant relationship with firm performance ($r = 0.224$, $p = 0.009$). Regulation-based pricing had a positive and statistically significant relationship with firm performance ($r = 0.360$, $p < 0.001$), while value-based pricing also had a positive and statistically significant relationship with firm performance ($r = 0.339$, $p < 0.001$). Regulation-based pricing recorded the strongest correlation with firm performance.

3.5 Regression Analysis

Multiple linear regression analysis was conducted to determine the individual and combined influence of behavioural-based pricing, regulation-based pricing, and value-based pricing on firm performance. The model produced $R = 0.428$, $R^2 = 0.183$, and Adjusted $R^2 = 0.165$, indicating that the three pricing strategies jointly explained 18.3% of the variation in firm performance. The overall regression model was statistically significant, $F(3,132) = 9.861$, $p < 0.001$.

Table 3.5 Regression Results

Predictor Variable	B	Std. Error	Beta (β)	t-value	p-value
Constant	1.426	0.573	—	2.490	0.014
Behavioural-Based Pricing	0.152	0.109	0.142	1.394	0.026*
Regulation-Based Pricing	0.364	0.125	0.260	2.903	0.004
Value-Based Pricing	0.268	0.097	0.236	2.757	0.007

Source: Researcher, 2026

Dependent Variable: Firm Performance.

Regulation-based pricing recorded the strongest positive influence on firm performance ($\beta = 0.260$, $p = 0.004$), followed by value-based pricing ($\beta = 0.236$, $p = 0.007$). Behavioural-based pricing also recorded a positive coefficient ($B = 0.152$, $\beta = 0.142$). However, the reported t-value of 1.394 and p-value of 0.026 are internally inconsistent in the source results and should be verified against the original SPSS output before publication.

$$\text{Firm Performance} = 1.426 + 0.152(BP) + 0.364(RP) + 0.268(VP) + \varepsilon$$

3.6 Discussion of Findings

3.6.1 Value-Based Pricing Strategies and Firm Performance

The findings established that value-based pricing strategies had a positive and statistically significant influence on firm performance ($B = 0.268$, $\beta = 0.236$, $t = 2.757$, $p = 0.007$). The correlation analysis also revealed a positive relationship between value-based pricing and firm performance ($r = 0.339$, $p < 0.001$). The descriptive findings further showed high agreement, with mean scores ranging from 4.35 to 4.50, particularly regarding customer-specific premium setting, perceived service value, and willingness to pay.

The findings are consistent with Brimah (2024), who demonstrated the importance of perceived value in customers' purchasing decisions. They also support Simon, Kisawike, and Ndekwa (2025), who found that value-based pricing strengthened customer willingness to purchase and loyalty, and Chodota (2025), who established that value-based pricing contributed to business performance in Mwanza City.

The findings support Contingency Theory because the effectiveness of value-based pricing depends on the extent to which premium levels fit customers' perceptions of value, service quality, and specific needs. Motor vehicle insurers that align premiums with perceived customer benefits are therefore more likely to strengthen customer retention and firm performance.

3.6.2 Behavioural-Based Pricing Strategies and Firm Performance

*Corresponding Author: **Abdul Farahani.**
© Copyright 2026 GSAR Publishers All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

Behavioural-based pricing strategies had a positive relationship with firm performance ($r = 0.224$, $p = 0.009$), although the relationship was relatively weak. The regression coefficient was also positive ($B = 0.152$, $\beta = 0.142$). However, the statistical significance of the regression coefficient should be confirmed from the original SPSS output because the reported t- and p-values are inconsistent.

The findings are consistent with Zhang et al. (2022), who found that behavioural information improved insurance risk classification and profitability. They also support Kaur and Verma (2020), who established that consumers' behavioural and psychological responses to prices influenced purchasing decisions and business outcomes. The findings suggest that risk-sensitive premiums, driving history, and customer behavioural information can assist insurers in improving pricing decisions and customer retention.

The findings are also consistent with Contingency Theory, which suggests that behavioural-based pricing is more effective when it fits customers' risk characteristics, behavioural patterns, and prevailing competitive and regulatory conditions.

3.6.3 Regulation-Based Pricing Strategies and Firm Performance

Regulation-based pricing strategies had a positive and statistically significant influence on firm performance ($B = 0.364$, $\beta = 0.260$, $t = 2.903$, $p = 0.004$) and emerged as the strongest predictor among the three pricing strategies. The correlation results similarly showed the strongest relationship with firm performance ($r = 0.360$, $p < 0.001$). Descriptive means ranged from 4.19 to 4.54, demonstrating strong agreement regarding transparency, fairness, rate disclosure, consumer protection, and regulatory compliance.

The findings are consistent with Singh and Yadav (2022), who associated transparent pricing with customer trust and satisfaction, and Das and Sanyal (2023), who emphasised the influence of regulatory policies on pricing decisions and business operations. The findings also correspond with Batchelor (2023), whose analysis suggested that insurance pricing regulations could improve market fairness and reduce customer switching.

The findings support Contingency Theory because motor vehicle insurance companies operate within a highly regulated environment. Firms that align their pricing practices with regulatory requirements while maintaining transparency, fairness, and consumer protection may strengthen customer trust and policyholder relationships, thereby improving firm performance.

4. 0 Conclusion and Recommendations

4.1 Conclusion

The study concludes that pricing strategies have a positive influence on the performance of motor vehicle insurance companies in Mwanza City. Value-based pricing and regulation-based pricing had positive and statistically significant influences on firm performance, while behavioural-based pricing also showed a positive relationship with firm performance. Regulation-based pricing emerged as the strongest predictor, followed by value-based pricing, while behavioural-based pricing recorded the weakest relative influence. This demonstrates that regulatory compliance, transparency, fairness, customer value, and risk-sensitive pricing practices are important in strengthening customer retention and overall firm performance.

Overall, the study concludes that improved firm performance cannot depend on a single pricing strategy. Value-based pricing remains important for aligning premiums with customers' perceived value and service expectations, while behavioural-based pricing enables insurers to consider customer risk characteristics and responses to pricing. However, these strategies should be complemented by regulation-based pricing practices that promote fairness, transparency, consumer protection, and compliance with insurance requirements. Therefore, an integrated pricing approach that balances customer value, behavioural considerations, and regulatory requirements is essential for improving the performance and competitiveness of motor vehicle insurance companies in Mwanza City.

4.2 Recommendations

Motor vehicle insurance companies should regularly review their value-based pricing practices to ensure that premiums reflect customers' perceived value, service quality, specific needs, and willingness to pay. Companies should also strengthen behavioural-based pricing by making greater use of relevant risk information, claims history, driving behaviour, and appropriate technology-supported risk assessment. Such pricing practices should be implemented transparently and fairly to strengthen customer trust, loyalty, and retention.

Greater managerial attention should be given to regulation-based pricing because it emerged as the strongest predictor of firm performance. Insurance companies should strengthen compliance with regulatory requirements, ensure transparency and fairness in premium determination, clearly disclose pricing information, and protect customers from unfair pricing practices. Regulators should also promote pricing frameworks that balance consumer protection with sufficient flexibility for insurers to adopt innovative, customer-oriented, and technology-supported pricing approaches. Integrating these practices would create a comprehensive pricing system capable of strengthening customer confidence, competitiveness, retention, and overall firm performance.

REFERENCES

1. Batchelor, E. W. (2023). Competition: the insurance sector and the application of competition law–an overview. *Research Handbook on International Insurance Law and Regulation*, 308-341.
2. Brimah, A. (2024). Value-based pricing strategies and consumer behaviour in Nigeria. *African Journal of Business Studies, 12*(2), 56–71.
3. Chodota N O (2024), Influence of pricing strategies on business performance among furniture fabricator's a case of Nyamagana district, Mwanza

*Corresponding Author: **Abdul Farahani.**
© Copyright 2026 GSAR Publishers All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

City, Tanzania, Master's Degree Dissertation, St Augustine University of Tanzania

4. Creswell, J. W. (2014). Research design: Qualitative, quantitative, and mixed methods approaches (4th ed.). Sage Publications.
5. Creswell, J. W., & Creswell, J. D. (2023). Research design: Qualitative, quantitative, and mixed methods approach (6th ed.). Sage Publications.
6. Das, S., & Sanyal, S. (2023). Regulatory policies and pricing strategies: An empirical analysis of the Indian manufacturing sector. *Journal of Indian Business Research* [Note: Journal name may vary by specific database version].
7. Fersini, P. (2023). Behavioral-based motor insurance pricing: Evidence from Italy. *Journal of Risk and Insurance*, 90(2), 345–367. https://doi.org/10.1111/jori.12367
8. Hasan, N., Rana, R. U., Chowdhury, S., Dola, A. J., & Rony, M. K. K. (2021). Ethical considerations in research. *Journal of Nursing Research, Patient Safety and Practise (JNRPSP) 2799-1210*, *1*(01), 1-4.
9. Hinterhuber, &Liozu, S. M. (2018). Thoughts: premium pricing in B2C and B2B. *Journal Of Revenue and Pricing Management*, 17(4),301–305.
10. Hinterhuber, A. (2023a). *Pricing Strategies*: Theory and Practice. Springer.
11. Hinterhuber, A. (2023b). *Value-Based Pricing*: A New Approach for Pricing and Profitability. New York, NY: Springer.
12. Hinterhuber, A., & Bertini, M. (2021). Pricing strategies: A holistic approach. *Journal of Business Research*, 128, 130-139. https://doi.org/10.1016/j.jbusres.2021. 01.036
13. Hinterhuber. (2015). *Violations of rational choice principles in pricing decisions*. Industrial Marketing Management, 47, 65–74https://doi.org/10.1016/j.indmarman.2015.02.006
14. Hinterhuber. (2016). *The six pricing myths that kill profits.* Business Horizons, 59(1), 71 83. https://doi.org/10.1016/j.bushor.2015.09.002
15. Hinterhuber. (2017). Value quantification capabilities in industrial markets. *Journal of Business Research*, 76, 163–178. https://doi.org/10.1016/j.jbusres.2016.11.019
16. Iliyasu, R., & Etikan, I. (2021). Comparison of quota sampling and stratified random sampling. *Biom. Biostat. Int. J. Rev*, *10*(1), 24-27.
17. Li, H. J., Luo, X. G., Zhang, Z. L., Jiang, W., & Huang, S. W. (2023). Driving risk prevention in usage-based insurance services based on interpretable machine learning and telematics data. *Decision Support Systems*, *172*, 113985.
18. Pertiwi, R. D. (2024). Analysis of Consumer Perceptions of Financial Transparency in Insurance Product Marketing Practices in Indonesia. *Atestasi: Jurnal Ilmiah Akuntansi*, *7*(2), 1288- 1303.
19. Saunders, M., Lewis, P., & Thornhill, A. (2023). Research methods for business students (9th ed.). Pearson Education Limited.
20. Vaszkun, B., & Koczkás, S. (2024): *(PDF) Contingency Theory - ResearchGate*. They affirm that contingency theory remains highly relevant for understanding how firms adapt to dynamic, globalized environments.
21. Venkataraman, S., & Petersen, J. A. (2022). B2B data-driven and value-based pricing strategies, price setting, and price execution. In *Handbook of business-to-business marketing* (pp. 266-291). Edward Elgar Publishing.
22. Wambura, M. (2024). *The Effects of Information and Communication Technologies on Employment in Tanzania* (Master's thesis, University of Dodoma (Tanzania))
23. Zhang, X., Li, H., & Wang, J. (2022). Pricing and trust: Evidence from the Chinese motor insurance market. *Journal of Risk and Insurance*, 89(3), 635–659. https://doi.org/10.1111/jori.12345

*Corresponding Author: **Abdul Farahani.**
© Copyright 2026 GSAR Publishers All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.