

## Analysis and Determination of the Most Efficient Pricing Approach in the UTEX Co

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**Abstract:** The purpose of this paper is to determine the most appropriate pricing approach in order to gain customer satisfaction. For this purpose a random sample 369 of appliance consumers (LCD TV) have been chosen as the statistical society and the tool of study in the present research are questionnaires which includes 6 hypothesis. The variables for this matter are pricing approach with discount, high pricing approach, discrimination pricing, psychological pricing, influential pricing and commercial pricing. The data analysis shows that the only effective strategy for customer satisfaction is influential strategy.

**Key words:** Influential pricing strategy % Pricing with discount strategy % Discriminating pricing strategy % Psychological pricing strategy % Commercial pricing strategy % High pricing strategy

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### INTRODUCTION

Pricing decision making of industrial goods is the core of every business plan. It has a direct influence on the company's marketing strategy. All the institutions including profit or non-profit are obliged to price their goods and services. This will be affected by internal and external factors of the company [1].

Providing better goods in comparison with other competitors and making the right choices in picking strategies to gain utilized situation are some of the important principles in achieving profit. Thus, a firm must be able to price its goods in a way that yields relative revenue to the value provided for the costumer and so stabilize its position according to the costumers, complementary products, competitors and new potential incomers. Now a days, producers consider costumer's satisfaction as an important measure for estimating of the quality of their work and this trend is increasing [2].

The price is the amount a consumer pays for the advantage of owning or using a good [3]. It must be noted that pricing has a high priority; because it pays the expenses of the company and it forms the revenue of the company. It is also an important factor in determination of the amount of sale.

Choosing the way to determine the price depends on so many factors such as costs of production, cost, competition or monopoly, financial regulations, distribution costs [4], choice of the costumers, middlemen, suppliers of the raw materials and etc [5]. To determine a suitable price for a good or service is both a science and an art.

Pricing is one of the most complicated decisions that every company faces. Within the cultural lack in pricing concept, this complication aids the formulas related to the price in the time of pricing. This paper provides a different approach. Furthermore, it provides an experimental method.

**Aims of the Study:** the purpose of this study is to determine the most appropriate pricing approach in order to influence costumer's satisfaction from the products (LCD TVs).

- C Study of the pricing method with discount and its relation with the costumer's satisfaction of the products (LCD TVs) of the UTECHs company.
- C Study of the high pricing method and its relation with the costumer's satisfaction of the products (LCD TVs) of the UTECHs company.

- C Study of discriminative pricing method its relation with the costumer's satisfaction of the products (LCD TVs) of the UTECHs company.
- C Study of psychological pricing method and its relation with the costumer's satisfaction of the products (LCD TVs) of the UTECHs company.
- C Study of commercial pricing method and its relation with the costumer's satisfaction of the products (LCD TVs) of the UTECHs company.
- C Study of influential pricing method and its relation with the costumer's satisfaction of the products (LCD TVs) of the UTECHs company.

#### Hypothesis:

- C There is a meaningful relation between the pricing method with discount and the costumer's satisfaction.
- C There is a meaningful relation between the high pricing method and the costumer's satisfaction.
- C There is a meaningful relation between the discriminative pricing method and the costumer's satisfaction.
- C There is a meaningful relation between the psychological pricing method and the costumer's satisfaction.

- C There is a meaningful relation between the commercial pricing method and the costumer's satisfaction.
- C There is a meaningful relation between the influential pricing method and the costumer's satisfaction.

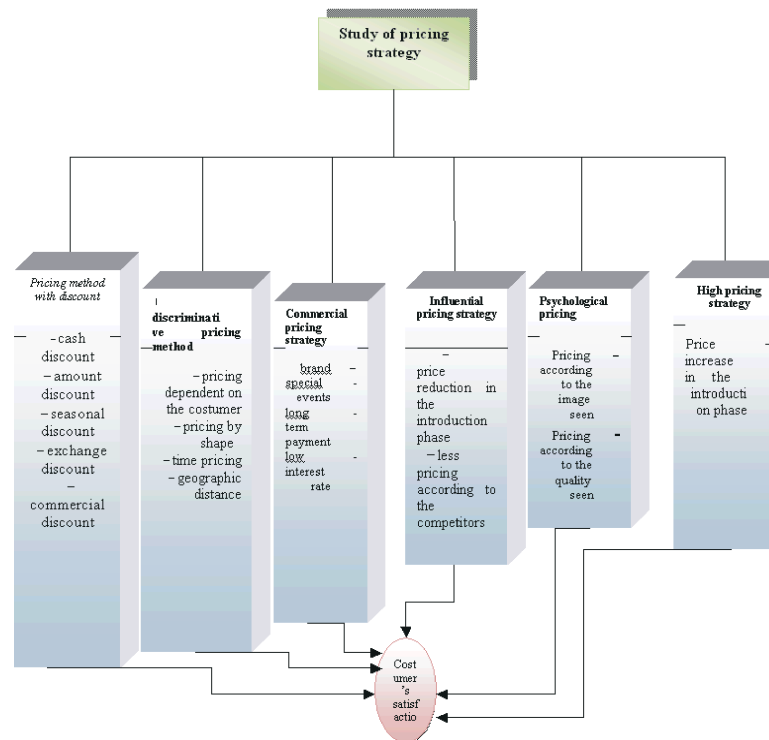
#### Analytical Research Model

##### Graph 1

**Data:** the statistical society used for the study was chosen from a group of appliance consumers that has purchased from the UTECHs company in the period of April to May which are 369. The sample was chosen according to the Morgan table. This study has been held in the branches of Tehran.

In order to gather data for the study, various tools can be used. One of these tools is questionnaire. In this study two tools were developed for the purpose of the research [7]:

- C Analysis of the paperwork provided for this purpose by the UTECHs company.
- C Questionnaire: the questionnaire was filled in the UTECHs branches in Tehran. It has 18 questions and one question considering the dependant variable. The questions were designed to determine the impact



Graph 1

of the pricing strategies on costumer's satisfaction. 190 questionnaires were filled from which only 169 were useable.

In order to test the accuracy of the questionnaires, the Keronbakh method has been used. The credits observed in the two levels were 0.83 and 0.81 that shows a reliable questionnaire.

Tool of study	Number of subjects	Number of questions	coefficient
Cronbach's h Alpha	169	18	830.

The accuracy of the questionnaire has been confirmed by the experts in the matter.

**Data Analysis:** the statistical analysis has been done by the SPSS software[6]. In this study the nonparametric methods of Spearman and Friedman have been applied. The costumer's satisfaction is evaluated by the Spearman test and for the pricing strategies the Friedman method was used [7-9].

According to Likert's variation[10,11] each question will have a different value (very little=1, little=2, average=3, much=4 and very much=5). Thus, the percentage of the subjects who have answered very little are 4.1%, the subject who have answered little are 9.5%, the subjects with the answer of average are 42%, 40% are with the answer of much and 7.7% have answered very much. Therefore, the satisfaction of the LCD TVs is 47.7%.

#### Hypothesis to Be Tested:

- C There is a meaningful relationship between the pricing method with discount and the costumers satisfaction [12].

According to the Table 2-1, P-Value=0.099 in the certainty of 95% which means the  $H_0$  hypothesis is accepted, therefore, there is no relation between the costumer's satisfaction and pricing with discount.

There is a meaningful relationship between the high pricing method and the costumer's satisfaction.

According to the Table 3-1, P-Value=0.217 in the certainty of 0.95; thus the  $H_0$  hypothesis is accepted. Therefore, there is no relation between high pricing strategy and costumer's satisfaction.

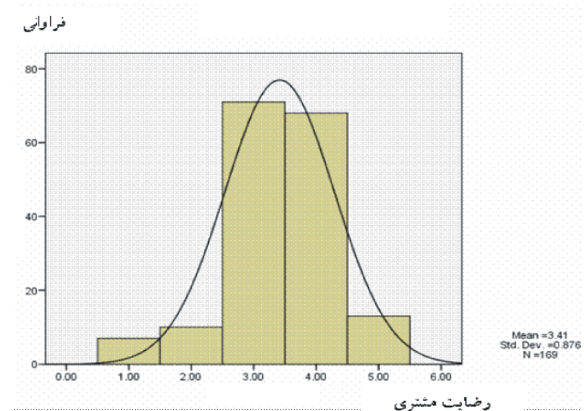


Fig. 1: Costumer's satisfaction histogram

- C There is a meaningful relationship between the discriminative pricing method and the costumer's satisfaction [13].

According to Table 4-1, P-Value=0.628 in the certainty of 0.95; Thus, the  $H_0$  hypothesis is accepted. Therefore, there is no relation between the discriminative pricing strategy and costumer's satisfaction.

- C There is a meaningful relationship between the psychological pricing method and the costumer's satisfaction [14].

According to Table 5-1, P-Value= 0.915 with the certainty of 0.95; thus the  $H_0$  hypothesis is accepted. Therefore, there is no relation between psychological pricing strategy and costumer's satisfaction.

- C There is a meaningful relationship between the commercial pricing method and the costumer's satisfaction.

According to Table 6-1, P-Value= 0.377 in the certainty of 0.95; Thus the  $H_0$  hypothesis is accepted. Therefore there is no relation between commercial pricing strategy and costumer's satisfaction.

There is a meaningful relationship between the influential pricing method and the costumer's satisfaction.

According to Table 7-1, P-Value=0.002 in the certainty of 0.95; thus,  $H_0$  hypothesis is rejected. Therefore, there is a relation between influential pricing strategy and costumer's satisfaction.

Table 2-1: Spearman's correlation coefficient for pricing strategy with discount

	Satisfaction	Discount
Spearman's Co.	1.000	127/0
Meaningfulness exam num	0 169	099/0 169
Correlation Co.	127/0	1.000
Meaningfulness exam num	099/0 169	0 169

Table 3-1: Spearman's nonparametric correlation coefficient for high pricing strategy

	Satisfaction	High price
Spearman's Co.	1.000	095/0
Meaningfulness exam num	0 169	217/0 169
Correlation Co.	095/0	1.000
Meaningfulness exam num	217/0 169	0 169

Table 4-1: Spearman's nonparametric correlation coefficient for discriminative pricing strategy

	Satisfaction	Discriminative
Spearman's Co.	1.000	038/0 -
Meaningfulness exam Num	0 169	628/0 169
Correlation Co.	038/0 -	1.000
Meaningfulness exam Num	628/0 169	0 169

Table 5-1: spearman correlation coefficient for psychological pricing method

	Satisfaction	Psychological
Spearman Co.	1.000	008/0
Meaningfulness exam Num	0 169	915/0 169
Correlation Co.	008/0	1.000
Meaningfulness exam Num	915/0 169	0 169

Table 6-1: Sparkman's correlation coefficient for commercial pricing strategy

	Satisfaction	Commercial
Spearman's Co.	1.000	068/0 -
Meaningfulness exam num	0 169	377/0 169
Correlation Co.	068/0 -	1.000
Meaningfulness exam num	377/0 169	0 169

Table 7-1: spearman's Correlation coefficient for influential pricing strategy

	Satisfaction	Influential
spearman's Co.	1.000	**235/0
Meaningfulness exam Num	0 169	002/0 169
Correlation Co.	**235/0	1.000
Meaningfulness exam num	002/0 169	0 169

## CONCLUSION

According to the results, in this study, since influential pricing strategy has an influence on the costumer's satisfaction, so the company is obliged to find ways to reduce the price. This approach can be from cost price reduction, human resources reduction, commercial cost reduction, pricing according to world prices, competitors prices analysis and prediction of the world prices. Considering the fact that the strategies haven't been applied properly and were not effective, the strategy might not be applicable.

In the present study in order to determine the most suitable strategy and ranking the strategies we also used the Friedman approach beside the spearman's approach; but only the influential strategy was effective on costumer's satisfaction. Therefore, the Friedman method was not used and the influential strategy has a meaningful relation with the costumer's satisfaction [14].

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