Pricing Strategies and Customer's Loyalty in Aviation Industry: Microeconomic Analysis of Air-Peace Pricing Model

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Abstract- This research work examined pricing strategies as a way of eliciting brand loyalty. (A study of Airpeace-Nigeria.) The aim of the study is to examine the extent to which pricing strategies can be used as a vehicle for sales growth and profitability which ultimately leads to brand loyalty. Primary data were collated through self- designed and well – structured questionnaire. The sample size was drawn from one hundred and ten (120) loyal customers and employees of Air peace Nigeria. Three hypotheses were drawn from the research questions, formulated and tested using simple percentage % and chi-square (x2) statistical method at 0.05 level of significance. Based on the findings, the study recommends that firms particularly airlines should introduce different pricing strategies to different segments particularly promotional pricing as this will help the firms retain their customers' loyalty and gain a large market share for long term growth and profitability of the company.

Indexed Terms- Brand loyalty, business sustainability, pricing strategy and profitability

I. INTRODUCTION

Pricing strategy is a key component in driving profitability, customer's loyalty and business sustainability. Pricing is also a major variable in microeconomic price allocation theory; it is a fundamental aspect of the four (4) Ps of the marketing mix. The other three aspects are product, promotion, and place. Price is the only revenue generating element amongst the four Ps, the rest being cost centers. These costly activities are undertaken to create value for the consumers.

Essentially, price performs the function of determining a company's turn over level, profitability, growth and long term sustainability. Therefore, company needs to set prices that will simultaneously make it competitive within its own market and grow its revenue. Setting the right price for products or services can be one of the most challenging decisions any company can face, especially in the aviation industry.

Appropriate pricing strategy necessitates matching the product and the current market conditions to gain market share or price premium that will in turn enhance the company's revenue and profitability. It follows that any organization that fails to embrace the pragmatic paradigm shift introduced by globalization will soon go out of business since it persists in adopting the ad-hoc and rule of thumb methods in setting their prices which marketing experts have seen as crude and uninformed pricing decision methods.

The importance of pricing is an important part of the marketing mix that generates revenue for a company (Asamoah and Chovancova, 2011). It is a flexible variable that can be adjusted based on market demand (Zhang et al 2017) states that price determines the amount buyers are willing to pay for a product or service based on their decision. Price is one of the four P's of the marketing mix that consumers consider before making a purchase decision (Kotler et al 2022). When determining the pricing strategy, it is essential to consider three critical factors, including the perception of the product's value by buyers, the number of buyers in the market, and their price sensitivity (Azad and Subrah2022).

Furthermore, understanding how buyers will respond to prices requires research and analysis. Price elasticity, or the sensitivity of buyers to price changes, impacts the demand for products. The degree of change in demand in response to a change in price is known as price elasticity. In contrast, when demand

for a product remains relatively stable and buyers are not sensitive to price changes, the demand is price inelastic (Collado et al 2017).

Different pricing models are analyzed after considering these factors, and considerations are given to their effective implementation, balancing price levels, and their impact on consumer behavior. Despite efforts of financial experts to understand pricing and estimation methods, reliable pricing models remain elusive (Chen *et al.*, 2016).

It is imperative to mention that price is a major determinant of any business growth and sustainability. Importantly, pricing can impede or improve brand/customer loyalty. It is on this premises that this study is strictly aimed at examining, pricing strategies as a way of eliciting customers loyalty- a microeconomic analysis of Air peace pricing model, a major player in the aviation industry in West Africa
Statement of Problem

In the aviation industry attracting and retaining customers in a competitive environment has been a great burden facing many airlines. This can be realizable only when airlines offer prices that can elicit purchase, repurchase as well as brand loyalty. The airline industry is a highly competitive market, and as a result, airlines must adopt specific pricing strategies to be successful. It is on this premises that an attempt will be made in this study to go beyond the façade of pricing strategies as a way of eliciting Customer's Loyalty and to closely examine such pertinent questions as stated below of Air peace, Nigeria.

Has the price insensitivity/discrimination to Loyalty Customer of Airpeace leads to poor customer's patronage?

- Is there any missing link with the Sales force and the pricing department that also lead to poor customers' patronage?
- Lack of training of Salesforce on pricing theory or decisions in the field leads to the poor Customers patronage of Air peace
- The main purpose of this study is anchored on pricing strategy, as a way of eliciting brand loyalty.
- The sub-objectives of the study are: To appraise the effectiveness of the pricing methods used by Air peace-Nigeria. To ascertain the effect of price insensitivity to loyal customers of Air peace
- To determine the ways Air peace can train their sales force on pricing strategies
- The following hypotheses will be tested:
- Ho_1: There is no significant relationship between pricing methods used and brand loyalty of Air-peace's customers.
- Ho_2: Price insensitivity does not impact on the degree of loyalty of Airpeace customers.
- Ho_3: Training of sales force does not significantly affect the degree of loyalty of Air peace customers?

The study is structured into four session- Introduction, Literature review, methodology, interpretation of result, conclusion and recommendation

II. LITERATURE REVIEW

A business can use a variety of pricing strategies when selling or providing service. The price can be set to maximize profitability for each unit sold or from the market overall. It can be used to defend an existing market from new entrants to increase market share within a market or enter a new market.

Pricing strategy
Pricing strategy is defined as an activity aimed at finding a product's optimum price, typically including overall marketing objectives, consumer demand, product attributes, competitors, market and economic trends. According to Rick Suttle, pricing strategy refers to method companies use to price their products or services. Almost all companies, large or small base the price of their products and services on production labor and advertising expenses and then add on a certain percentage so they can make a profit. There are several different pricing strategies namely discount pricing, product life cycle pricing and even competitive pricing.

Pricing strategy is an important part of a company's marketing mix as it directly affects the company's profitability and its competitiveness in the market. Before choosing an appropriate pricing strategy for its product or service, a company must consider several factors such as customer demand, production costs, and competition (Kotler *et al.*, 2022).

Businesses can use a variety of pricing strategies, including cost-plus pricing, value-based pricing, and penetration pricing. Cost-plus pricing involves adding a price to the cost of producing a product to determine the selling price. On the other hand, value-based pricing focuses on the perceived value of a product in the eyes of customers rather than the cost of production. Penetration pricing is often used to enter a new market, where a company sets a low price to attract customers and gain market share.

In summary, pricing strategy plays a vital role in a company's marketing efforts, and a well-designed pricing strategy can help a company achieve its sales and revenue targets. However, market conditions, customer behavior and competition should be considered when selecting an appropriate pricing strategy for a product or service.

Customers Loyalty

Customers Loyalty encourages consumers to Shop more consistently spend a greater amount of Money and feel positive about their shopping experience helping attract consumers to familiar brands in the face of a Competitive environment. Smart Pricing Strategies That Inspire Customer Loyalty. It's all very well and good to have found customers willing to part with their money for your products or services - but how do you keep those customers coming back for more?

What is brand loyalty, in marketing? It consists of a consumer's commitment to re-purchase or otherwise continue using the brand and can be demonstrated by repeated buying of a product or service or other positive behavior such as word of mouth advocacy.

Customer Loyalty is seen as a key determinant of Firm's profitability. However, your goal should be to make your Customers feel good about shopping with you-and want to return.

III. THEORETICAL REVIEW

Theories of Pricing

It is imperative to mention here that a lot of theories have been propounded by management and economic experts with respect to price. According to Investopedia, theory of price is an economic theory that contends that the price for any specific good/ service is the relationship between the forces of supply and demand. The theory of price says that the point at which the benefit gained from those who demand the entity meets the seller's marginal costs is the most optimal market price for the good/ service.

Karin et al (2004) and Dana Griffin from Demand media agreed that pricing is either cost-based, demand-based or competition based. But Karin et al (2004) added profit-based.

Demand oriented Approaches:	Cost oriented approaches:	Profit oriented Approaches:	Competition oriented Approaches:
- Skimming - Penetration - Prestige - Odd even	-Standard markup - Cost plus	- Target profit -Target return on sales -Target return on	- Customary - Above at or below

Four approaches for selecting an approximate price level adopted from Karin et al (2014)

Pricing Strategies In Airline Industry

There are many different types of airline pricing strategies, but not all of them are equally effective. In order to get the best results, you need to choose the right strategy for your particular route and destination. Here are some of the most common types of airline pricing strategies:

- Yield Management

This strategy is based on the premise that airlines can get more revenue by varying their prices according to demand. For example, during peak travel times, such as holidays, prices will be higher than they are during off-peak times.

- Fare Families

This approach involves grouping together similar tickets into "families" based on factors like destination, class, and price point. This makes it easier for customers to compare apples to apples when they're shopping for airfare.

- Dynamic Pricing

This approach uses automated systems to constantly adjust prices based on a number of factors, including demand, competition, and even weather conditions. Dynamic pricing can be very beneficial for airlines, but it can also be confusing for customers if they don't understand how it works.

- Combination Of Pricing Strategies

Finally, some airlines use a combination of these different strategies to come up with the best possible prices for their customers. No matter what type of approach you take, it's important to keep in mind that price is only one factor that customers consider when choosing an airline. Other factors like customer service, flight times, and amenities also play a role in their decision-making process.

This study adopts combination of pricing strategies giving the peculiar nature of the airline industry that is driven by customers' demand

IV. EMPIRICAL REVIEW

Empirical literature abounds with respect to pricing strategies, however few will be reviewed in this study. Ali B and Anwar G (2021) examined pricing strategies as a determining factor in influencing consumer behavior. The results revealed that penetration pricing and price skimming have significant positive influence on consumer behavior at 5% level.

Aguwu (2018) maintained that buyers are highly sensitive to price changes, they buy more of a product at lower prices and less of it when the price is higher. This indicates that the demand for the product is elastic with respect to price. Buyers are more likely to purchase products when their prices decrease and less likely to purchase them when their prices increase.

Research by Del Rio Olivares *et al.* (2018) shows that a 5% increase in customer retention can lead to increase of profit of 20% to 90%. Therefore, companies need to manage their customers throughout their lifecycle, from suspect to partner or defender.

Wang and Chaipoopirutana (2015) studied the factors influencing customer loyalty: A case study of Thai airways. The study revealed that service quality significantly related with customer satisfaction and loyalty; complaint handling significantly related with passenger satisfaction and loyalty; corporate image significantly related with customer satisfaction and loyalty; and passengers' satisfaction significantly related with customer loyalty.

Gures, Inan, and Arslan (2018) Determinants of customer loyalty: A filed research in aviation industry This is quantitative research with sample size equal to 350 respondents. Structural equation modeling was employed. It found that perceived value and trust significantly influenced customer loyalty in airline business.

Lembana and Valucy (2018) Could satisfaction on the airline's service quality (AIRQUAL) make lion air's customers trust and become loyal to the airline company? 252 questionnaires were used for this quantitative study and structural equation modeling was performed. The findings found that (1) service quality significantly affected customer satisfaction but did not affect customer loyalty; (2) customer satisfaction significantly influenced customer loyalty; and (3) customer satisfaction also mediated the relationship between service quality and customer loyalty.

Rai and Srivastav (2014) Customer loyalty in the Indian aviation industry: An empirical examination Quantitative research with sample size equal to 100 respondents. Customer loyalty drives repeat purchases and airline profitability. Therefore, aviation organizations should focus on the loyalty of the passengers.

Namukasa (2013) The influence of airline service quality on passenger satisfaction and loyalty: The case of Uganda airline industry 303 passengers on international flights were sample size in this quantitative study. Multiple regression analysis was performed. It found that (1) service quality had a significant effect on passenger satisfaction and (2) satisfaction significantly affected passenger loyalty. Sakdaar and Chaiwongkeat, (2020) Measuring Customer Loyalty for Airline Business Literature review on customer loyalty in airline business. It found that passenger loyalty is a key factor of airline success and customer retention.

Ganiyu (2016) Perceived service quality and customer loyalty: The mediating effect of passenger satisfaction in the Nigerian airline industry 503 questionnaires were used for statistical analysis in this quantitative research. Multiple regression analysis was employed. The findings showed that (1) service quality significantly affected customer satisfaction; (2) service quality significantly affected customer loyalty;

and (3) customer satisfaction significantly influenced customer loyalty.

Moghadam, Tabriz, Khorshidi, and Menhaj (2014) Investigating the influence of relationship quality on passengers' loyalty in airline industry 500 passengers were sample of this quantitative research and structural equation modeling was performed. The findings indicated that (1) service quality significantly influenced customer loyalty; (2) trust significantly affected passenger loyalty; (3) customer commitment significantly influenced customer loyalty; and (4) passenger satisfaction significantly influenced passenger loyalty.

It is imperative to point out that this current study focus on the microeconomic impact of the pricing strategy adopted by Air peace in capturing market shares, increase profitability, and importantly in penetrating the highly competitive and lucrative international route (Lagos- London route)

In the fiercely competitive market of international air travel, Air Peace's recent market penetration into the Lagos-London route signifies a bold step towards reshaping customer expectations and industry standards. The unveiling of competitive fare offerings has already garnered significant patronage, prompting a reduction in prices by major carriers..

It should be mentioned that Air peace adopted a combination of pricing strategies including dynamic and promotional pricing strategies to gain market share. Air Peace market penetration into the Lagos-London route with the unveiling of N1.2 million, N1.4 million, and N4 million fare offerings for its round trip on the economy, business, and first-class cabins, received great customer' patronage. Before now, major carriers, including British Airways, Virgin Atlantic Airways, Lufthansa German Airlines, and others, were charging as much as N3 million for economy seats. Air Peace market entry into the Lagos-London route forced most of the foreign carriers to reduce their fares to as low as N841,732 (Business day April 2024).

V. RESEARCH METHODOLOGY

The study adopts descriptive survey method in collecting the data. This will involve the administration of questionnaires to selected respondents. Questionnaire were administered for about 122 staff and customers.

The area of study for this research is mainly Lagos the commercial center of Nigeria, where Air peace's headquarter is located. Data for the study will be gathered through the primary and secondary data sources. Primary data sources involve the generation of original data specifically for this study. This will be achieved through the administration of questionnaires to respondents. In addition, personal interview will also be carried out to support the information gathered through responses to questionnaires. Secondary data sources on the other hand, are data elicited from existing records. Hence these data include those gotten from professional journals, relevant text books, newspapers, magazine, periodicals, the internet and related publication.

Sample Size

Since it is practically impossible to study the entire population the need to select a Sample is very important. Sample is a part of the population. The size of the sample will be based on pre-specified level of accuracy.

For this study, the level of accuracy will be 95% confidence interval or a maximum allowance error of 5%. Taro Yamare the formular was adopted to get the sample size.

Sampling Method

The random sampling method will be adopted for this study. This method will have the advantage of given every member of the population an equal chance of being chosen.

Data Collection Instrument

The instruments for collecting data for this study are the questionnaire and interview. The questionnaire that will be administered on respondents will be divided into two sections. The first sections will contain background information of respondents, while the second section will be made up of research related

questions. Most of the questions will be close-ended and effort will be made to keep the question short and simple.

Method of Data Analysis

Data collected for this study will be analyzed using tables, average and chi-square (x^2).

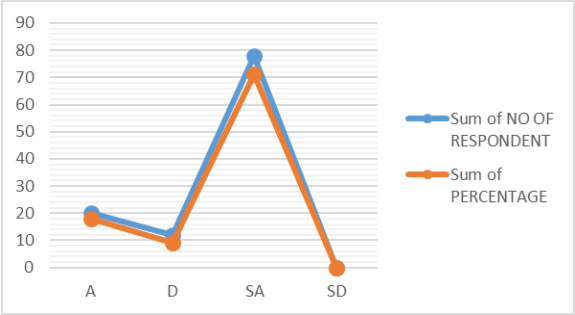
VI. PRESENTATION AND ANALYSIS OF DATA

From the 120-questionnaire administered to clients and staff, only 110 were returned which represents 91.7% return rate. The responses of the management and junior staff are recorded, and necessary efforts were made to compare answers given by the different staff as shown below.

Analysis of Data Tabulation

Table 4.1: Does pricing methods used increase customers' loyalty

OPTIONS	No of	Percentage (%)
SA	78	71
A	20	18
D	12	9
SD	0	0
Total	110	100

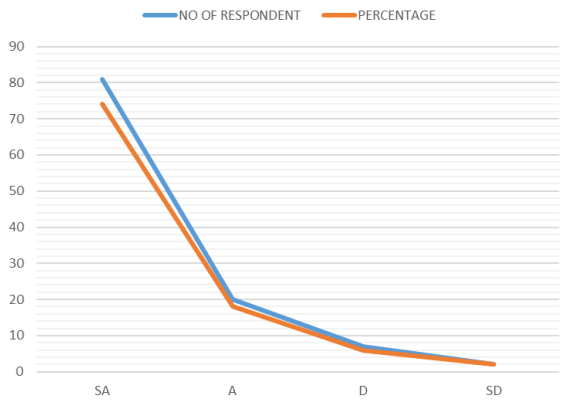


Source: Field Survey 2024

Table 4.2.1 revealed how pricing method used increase customers loyalty. Out of a total of 110 respondents studied, 98 representing 91% of the total respondents agreed that pricing method used increases customer brand loyalty while only 12 respondents which represent 9% of the total respondents were of the opinion that pricing method does not affect brand loyalty. Based on the above, it can be concluded that pricing method used has a lot to do with the brand loyalty of customers.

Table 4.2: Promotional pricing effective for customers' loyalty

Options	No of Respondents	Percentage (%)
SA	81	74
A	20	18
D	7	6
SD	2	2
Total	110	100

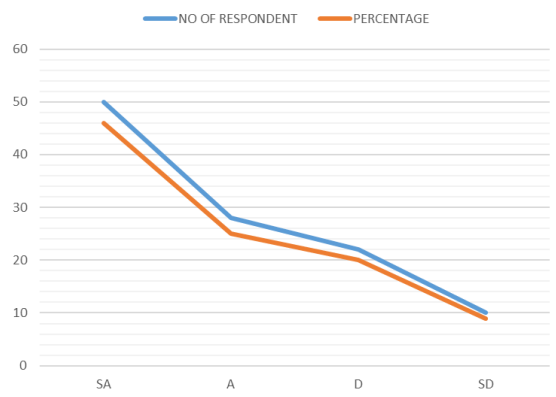


Source: Field Survey 2024

Table 4.2.2 revealed whether promotional pricing method increase customers loyalty. Out of a total of 110 respondents studied, 101 representing 92% of the total respondents agreed that promotional pricing method increases customer brand loyalty while only 9 respondents which represent 8% of the total respondents were of the opinion that promotional pricing method does not increase brand loyalty. Based on the above, it can be concluded that promotional pricing method increase the brand loyalty of customers.

Table 4.2.3: Price skimming enhances the loyalty of customers

Options	No of	Percentage
SA	50	46
A	28	25
D	22	20
SD	10	9
Total	110	100

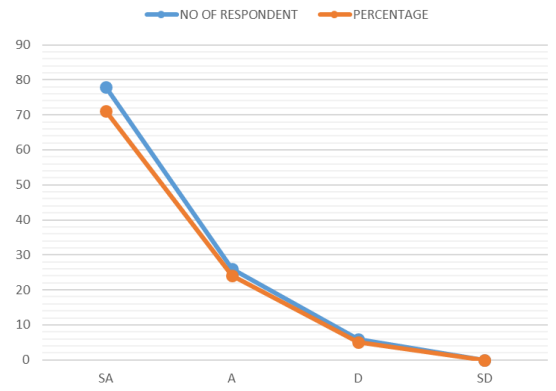


Source: Field Survey 2024

Table 4.2.3 revealed how price skimming increase brand loyalty. Out of a total of 110 respondents studied, 78 representing 71% of the total respondents agreed that price skimming increases customer brand loyalty while only 9 respondents which represent 8% of the total respondents were of the opinion that price skimming does not affect brand loyalty. Based on the above, it can be concluded that the use of price skimming method increases brand loyalty of customers.

Table 4.2.4: Market penetration prices effective for securing customers' loyalty

Options	No of	Percentage (%)
SA	78	71
A	26	24
D	6	5
SD	0	0
Total	110	100

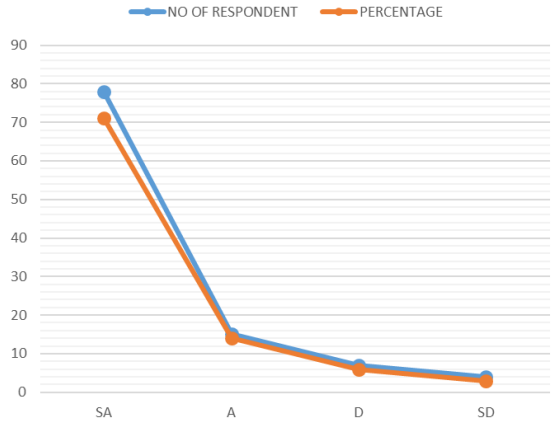


Source: Field Survey 2024

Table 4.2.4 revealed how the use market penetration pricing method increase customers brand loyalty. Out of a total of 110 respondents studied, 104 representing 95% of the total respondents agreed that use of market penetration pricing method increases customer brand loyalty while only 6 respondents which represent 5% of the total respondents were of the opinion that market penetration pricing method does not affect brand loyalty. Based on the above, it can be adjudged that market penetration pricing method can increase the brand loyalty of customers.

Table 4.2.5: Economy pricing an effective method of achieving customers' loyalty

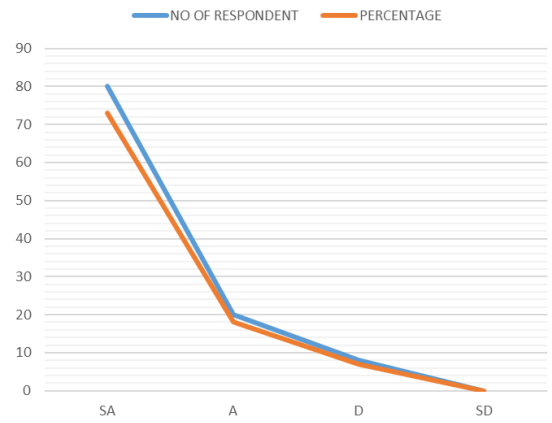
Options	No of	Percentage (%)
SA	78	71
A	15	14
D	7	6
SD	4	3
Total	110	100



Source: Field Survey 2024

Table 4.2.5 revealed how effective economy pricing method is with respect to brand loyalty. Out of a total of 99 respondents studied, 101 representing 91% of the total respondents agreed that pricing method used increases customer brand loyalty while only 11 respondents which represent 9% of the total respondents were of the opinion that economy pricing method does not affect brand loyalty. Based on the above, it can be concluded that economy pricing method is and effective strategy for maintaining brand loyalty.

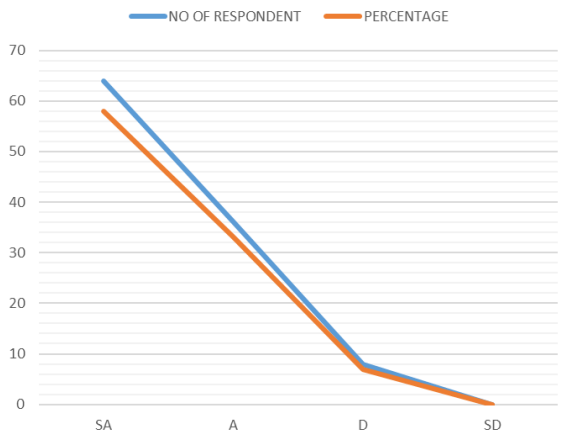
: Does frequent changes in prices affect loyalty of customers



Source: Field Survey 2024

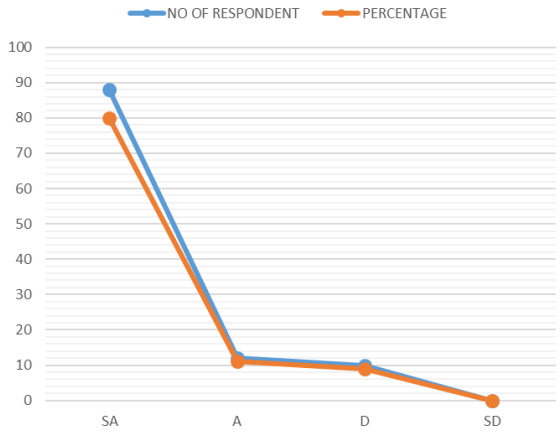
Table 4.2.6 shows whether frequent changes in ticket prices affect customers brand loyalty. Out of a total of 110 respondents studied, 100 representing 92% of the total respondents agreed that frequent changes in product prices affect customer brand loyalty while only 10 respondents which represent 8% of the total respondents were of the opinion that frequent changes in products prices do not affect brand loyalty. Based on the above, it can be concluded that freque

100nt changes in ticket prices affect brand loyalty of a product.



Source: Field Survey 2024

Table 4.2.7 shows whether changes in products prices without prior notice affect customers brand loyalty. Out of a total of 110 respondents studied, 102 representing 93% of the total respondents agreed that changes in product prices without prior notice affect customer brand loyalty while only 10 respondents which represent 8% of the total respondents were of the opinion that changes in products prices without prior notice do not affect brand loyalty. Based on the above, it can be concluded that frequent changes in products prices without prior notice affect brand loyalty of a product.



Source: Field Survey March 2024

Table 4.2.9 shows whether frequent changes in products prices affect customers brand loyalty. Out of a total of 110 respondents studied, 100 representing 91% of the total respondents agreed that frequent changes in product prices affect customer brand loyalty while only 10 respondents which represent 9% of the total respondents were of the opinion that increase in overhead cost and fixed asset maintenance do not affect pricing policy of organization. Based on the above, it can be concluded that increase in overhead cost and fixed asset maintenance affect pricing policy of organization

Test of Hypothesis

Hypothesis One

H_0: There is no significant relationship between pricing methods used and brand loyalty of Air peace customers.

H_1: There is significant relationship between pricing methods used and brand loyalty of Air peace customers.

Options	Question		Total
	2	5	
SA	81	78	159
A	20	15	35
D	7	6	13
SD	2	5	7
Total	110	110	220

Source: Field Survey March 2024

Having obtained the observed frequency, the next step is to compute the expected frequency (EF) which is calculated by multiplying the row total with the column total for the cell and divide the product by grand total. Thus:

E1 = $\frac{159 \times 110}{220}$ = 79.5 E2 = $\frac{35 \times 110}{220}$ = 17.5 E3 = $\frac{13 \times 110}{220}$ = 6.5

E4 = $\frac{7 \times 110}{220}$ = 3.5 E5 = $\frac{159 \times 110}{220}$ = 79.5 E6 = $\frac{35 \times 110}{220}$ = 17.5

E7 = $\frac{13 \times 110}{220}$ = 6.5 E8 = $\frac{7 \times 110}{220}$ = 3.5

Applying this formula $X^2 = \frac{\sum(OF-EF)^2}{EF}$

$X^2 = \frac{(81-79.5)^2}{79.5} + \frac{(20-17.5)^2}{17.5} + \frac{(7-6.5)^2}{6.5} + \frac{(2-3.5)^2}{3.5} + \frac{(78-79.5)^2}{79.5} + \frac{(15-17.5)^2}{17.5} + \frac{(6-6.5)^2}{6.5} + \frac{(5-3.5)^2}{3.5}$

X^2 = 0.28 + 0.66 + 0.04 + 4.5 + 0.28 + 0.66 + 0.4 + 4.5

X^2 = 10.96

The next step is to calculate the degree of freedom (d f) which is given as:

D f = (r-1)(c-1) where r = number of rows and c number of column. From the contingency table above, r = 4 and c = 2

D f = (4-1)(2-1) = 3 × 1 = 3

Using 0.05 level of significance and degree of freedom 3, the value of X^2 from the table of critical value is 7.83

No	Df	Significance level	X^2 calculated	X^2 critical	Remark
110	3	0.05	10.96	7.83	Reject H_0

Decision: Since the X^2 calculated value is 10.96 which is greater than the X^2 critical value of 7.83 at 0.05 level of significance with a degree of freedom of 3, the null hypothesis which stated that there is no significant relationship between pricing methods used and brand loyalty of customers of Air peace was rejected while the alternate hypothesis was upheld. This implies that there is significant relationship between pricing method used in Air peace and brand loyalty of their customers.

Hypothesis Two

H_0: Price insensitivity does not impact on the degree of loyalty of Air Peace Company customers

H_1: Price insensitivity has significant impact on the degree of loyalty of Air peace Company customers

Options	Question		Total
	6	8	
SA	80	78	158
A	20	22	42
D	8	10	18
SD	2	0	2
Total	110	110	220

Source: Field Survey March 2024

Having obtained the observed frequency, the next step is to compute the expected frequency (EF) which is calculated by multiplying the row total with the column total for the cell and divide the product by grand total. Thus:

E1 = $\frac{158 \times 110}{220}$ = 79 E2 = $\frac{42 \times 110}{220}$ = 21 E3 = $\frac{18 \times 110}{220}$ = 9

E4 = $\frac{2 \times 110}{220}$ = 1 E5 = $\frac{158 \times 110}{220}$ = 79 E6 = $\frac{42 \times 110}{220}$ = 21

E7 = $\frac{18 \times 110}{220}$ = 9 E8 = $\frac{2 \times 110}{220}$ = 1

Applying this formula $X^2 = \frac{\sum(OF-EF)^2}{EF}$

$X^2 = \frac{(80-79)^2}{79} + \frac{(20-21)^2}{21} + \frac{(8-9)^2}{9} + \frac{(4-1)^2}{1} + \frac{(78-79)^2}{79} + \frac{(22-21)^2}{21} + \frac{(10-9)^2}{9} + \frac{(0-1)^2}{1}$

X^2 = 0.01 + 0.05 + 0.1 + 9 + 0.01 + 0.05 + 0.11 + 1

X^2 = 10.32

The next step is to calculate the degree of freedom (df) which is given as:

Df = (r-1)(c-1) where r = number of rows and c number of column. From the contingency table above, r = 4 and c = 2

Df = (4-1)(2-1) = 3 × 1 = 3

Using 0.05 level of significance and degree of freedom 3, the value of X^2 from the table of critical value is 7.83

No	Df	Significance level	X^2 calculated	X^2 critical	Remark
110	3	0.05	10.32	7.83	Reject H_0

Decision: Since the X^2 calculated value is 10.32 which is greater than the X^2 critical value of 7.83 at 0.05 level of significance with a degree of freedom of 3, the null hypothesis which stated that price insensitivity does not impact on the degree of loyalty of AirPeace customers. This implies that price insensitivity has significant impact on the degree of loyalty of Air Peace customers.

Hypothesis Three

H_0: Company training of their sales force does not significantly affect the degree of loyalty of Air Peace customers

H_1: Company training of their sales force significantly affects the degree of loyalty of Air Peace customers

Options	Question		Total
	11	13	
SA	78	78	156
	15	20	35
D	12	12	24
SD	5	0	5
Total	110	110	220

Source: Field Survey March 2024

Having obtained the observed frequency, the next step is to compute the expected frequency (EF) which is calculated by multiplying the row total with the column total for the cell and divide the product by grand total. Thus:

$E1 = \frac{156 \times 110}{220} = 78$ $E2 = \frac{35 \times 110}{220} = 17.5$ $E3 = \frac{24 \times 110}{220} = 12$

$E4 = \frac{5 \times 110}{220} = 2.5$ $E5 = \frac{156 \times 110}{220} = 78$ $E6 = \frac{35 \times 110}{220} = 17.5$

$E7 = \frac{24 \times 110}{220} = 12$ $E8 = \frac{5 \times 110}{220} = 2.5$

Applying this formula $X^2 = \frac{\sum(OF-EF)^2}{EF}$

$$X^2 = \frac{(78-78)^2}{78} + \frac{(15-7.5)^2}{7.5} + \frac{(5-12)^2}{12} + \frac{(5-2.5)^2}{2.5} + \frac{(78-78)^2}{78} + \frac{(20-17.5)^2}{17.5} + \frac{(12-12)^2}{12} + \frac{(0-2.5)^2}{2.5}$$

$X^2 = 0 + 7.5 + 4.1 + 2.5 + 0 + 0.36 + 0 + 2.5$

$X^2 = 16.96$

The next step is to calculate the degree of freedom (df) which is given as:

Df = (r-1)(c-1) where r = number of rows and c number of column. From the contingency table above, r = 4 and c = 2

Df = (4-1)(2-1) = 3 × 1 = 3

Using 0.05 level of significance and degree of freedom 3, the value of X2 from the table of critical value is 7.83

No	Df	Significance level	X^2 calculated	X^2 critical	Remark
110	3	0.05	16.96	7.83	Reject H_0

Decision: Since the X2 calculated value is 16.96 which is greater than the x2 critical value of 7.83 at 0.05 level of significance with a degree of freedom of 3, the null hypothesis which stated that company training of their sales force does not significantly affect the degree of loyalty of Air peace Company customers was rejected while the alternate hypothesis was upheld. This implies that company training of their sales force significantly affects the degree of loyalty of customers of Air peace.

VII. DISCUSSION OF THE FINDINGS

Research Question 1

How effective is the pricing methods used by Air peace-Nigeria?

The data collected for the study with respect to Research Question One revealed that pricing methods used has direct relationship with customer loyalty. What that means is that the extent to which customers are committed and loyal to a brand of product is determined by the pricing method adopted by that organization. The study revealed that promotional pricing method, market penetration pricing method, economy pricing as well as price skimming are all effective pricing methods that enhances brand loyalty of air peace customers.

The importance of pricing method to brand loyalty cannot be over-emphasized. While highlighting the relation due of price to satisfaction, Zeithaml and Bitner (1996) revealed that the extent of satisfaction was broader than that of service quality assessment and was subject to the factors of product quality, price, situation and personal factors. Andreson et al (1994) also indicated price as an important factor of consumer satisfaction, because whenever consumers evaluate the value of an acquired service, they usually think of the price. This implies that lower monetary price or perceived price does not guarantee higher satisfaction as consumers usually judge price and service quality by the concept of equity.

Similarly, Salt and Wilson (2000) explained that consumers are said to be loyal to a brand of product if the benefits are a consequence of reduced transaction cost, as well as improvement in product quality and performance as a result of price acceptance

Research Question 2
What is the effect of price insensitivity to loyal customers of Airpeace?
The result of the study with respect to Research Question Two revealed that price insensitivity has significant effect on the loyalty of customers. The study specifically revealed that frequent changes in price, increasing prices of air ticket without prior notice and fixing prices without considering the purchasing power of the target consumers are the major indices price insensitivity.

Kerin et al (2014) posited that price insensitivity and result in loss of market share. Market share is the ratio of the firm's sales revenue or unit sales to those of the industry (competitors plus the firm itself) companies often pursue a market share objective when industry sales are relatively flat or declining. Although increased market share is a primary goal of some firms, others see it as a means to other ends: increasing sales and profit. Kotler and Keller (2004) contributed that some companies want to maximize their market share by believing that a higher sales volume will lead to lower unit costs and higher long-run profit. They set the lowest price, assuming the market is price sensitive. The companies that have this type of pricing objective adopt the pricing strategy of market-penetration whereby they set their prices as low as possible win a large market share, experience falling costs and cut their price further as costs fall.

Research Question 3
In what ways can the company train their sales force on pricing theories/ decisions in the field?
The data collected with respect to Research Question Three showed the ways in which company can train their sales force on pricing theories and decisions in the marketing field. The study revealed the use of business seminar, service training, workshop/ symposium, business conferences and higher education programme were effective ways by which sales workforce can be trained and retrained for effective service delivery. Effectiveness of sales workforce will significantly affect the loyalty of consumer to the brand. This finding is in collaboration with Kerin et al (2014) who posited that brand loyalty has a lot to do with the quality of sales force. Brand loyalty according to the author is a favorable attitude toward and consistent purchase of a single brand over time. Brand loyalty results from positive reinforcement. If a consumer is satisfied with a product, consistently purchasing that same brand (Kerin et al 2014).

Similarly, Kotler and Keller (2009) agreed that brands signal a certain level of quality so that satisfied buyers can easily choose the product again. Brand loyalty provides predictability and security of demand for the firm, and it creates barriers to entry that make it difficult for other firms to enter the market. Loyalty also can translate into customer willingness to pay a higher price more than competing brands. Although competitors may duplicate manufacturing processes and product designs, they cannot easily match lasting impressions left in the minds of individuals and organizations by years of product experience and marketing activity. In this sense, well trained and effective sales work force can be a powerful means to secure brand loyalty and competitive advantage.

CONCLUSION

Based on the data analysis the study revealed that pricing strategies as a way of eliciting brand Loyalty is inseparable of the continued survival (sales) and growth of an organization particularly in the airline industry. It therefore becomes necessary for the

adoption of "Promotional Offers" as the best pricing strategy to eliciting Brand Loyalty of an organization.
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Recommendations

For further advancement and improvement on the Pricing strategies as a way of eliciting Brand Loyalty in an organization. Since external business environment are rapidly and constantly changing the following points are recommended:

i. Flexibility should be applied on Pricing Strategies as a way of eliciting brand Loyalty so that the firms objective/goal will be achieved and as well satisfy their consumers.
ii. The firm should also introduce different Pricing strategies to different segment.
iii. Proper notification and awareness before changing prices will help the firm retain their customer and gain a large market share for growth and survival of the Company.
iv. Companies should adequate train their sales workforce as this will no doubt retain customer loyalty boost sales performance.

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