



**ADDIS ABABA UNIVERSITY  
COLLEGE OF BUSINESS AND ECONOMICS  
SCHOOL OF COMMERCE  
GRADUATE STUDIES**

**THE EFFECT OF PRICING STRATEGIES ON CUSTOMER RETENTION  
IN ETHIO-TELECOM IN CASE OF ADDIS ABABA CITY**

**Abebe Kebede**

**June, 2023**

**Addis Ababa, Ethiopia**

**The effect of pricing strategies on customer retention in Ethio-Telecom in case  
of Addis Ababa City**

**By  
Abebe Kebede**

**Advisor  
Mesfin Workineh (PhD)**

**A Research Project submitted to School of Graduate Studies of Addis Ababa  
University for the partial fulfillment of the requirements for the degree of  
Master of Arts in Business Leadership**

**June, 2023  
Addis Ababa University  
Addis Ababa, Ethiopia**

## Declaration

I, Abebe Kebede, hereby declare that this study entitled “**The effect of pricing strategies on customer retention in Ethio-Telecom in case of Addis Ababa City**” is my original work and has not been presented to any other higher learning institutes and that all the materials used for the project have been properly acknowledged.

Abebe Kebede \_\_\_\_\_

Signature and Date

## **Certification**

This is to certify that Abebe Kebede has completed his project work entitled “**The effect of pricing strategies on customer retention in Ethio-Telecom in case of Addis Ababa City**”. His project is appropriate to be submitted as a partial fulfillment of the requirements for the award of Master of Arts Degree in Business Leadership.

Dr. Mesfin Workineh (Advisor): \_\_\_\_\_

Signature and Date

## Approval

This is to Certify that the thesis prepared by Abebe Kebede by the title “**The effect of pricing strategies on customer retention in Ethio-Telecom in case of Addis Ababa city**” submitted in partial fulfillment of the requirements for the Master of Arts in Business Leadership complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

Abebe Kebede (Author) \_\_\_\_\_

Signature Date

Dr. Mesfin Workineh (Advisor) \_\_\_\_\_

Signature Date

Dr. Zegeye Muluye (Internal Examiner) \_\_\_\_\_

Signature Date

Dr. Geleta (External Examiner) \_\_\_\_\_

Signature Date

**School of Commerce  
Addis Ababa University**

## **Acknowledgment**

First of all, I would like to give my glory and praise to the Almighty GOD for his invaluable cares, supports throughout the course of my life and helped me since the inception of my education to its completion and enabled me to achieve my career.

Secondly, I have to thank my advisor Mesfin Workineh (PhD) for his attention to correct this paper and advising me for the better improvement of the study. I would also like to extend my gratitude to Dr. Geleta for his invaluable contribution as examiner that helped a lot to bring the thesis to its comprehensive flavor and some amendment and Dr. Zegeye Muluye for his fruitful suggestion of the paper

Thirdly, I am very grateful to thank my family for everything they have done for me up to this moment and also my heart-felt thanks should also go to my dear friends Samson Shimelis and Belete Birhanu. Lastly, my dear friends who have been contributing a lot for the entire work deserve to be acknowledged, all had enormous role in supporting and inspiring me throughout my study.

**Thank you all!**

June 2023

Abebe Kebede

## Table of Contents

Declaration.....	iii
Certification .....	iv
Approval .....	v
Acknowledgment .....	vi
List of Abbreviation.....	ix
<i>ABSTRACT</i> .....	ix
CHAPTER ONE .....	1
1. INTRODUCTION .....	1
1.1. Background of the Study .....	1
1.2. Statement of the Problem .....	3
1.3. Research Questions.....	3
1.4. Objective of the Study.....	4
1.4.1. General Objective.....	4
1.4.2. Specific Objective .....	4
1.5. Significance of the Study .....	5
1.6. scope of study.....	5
1.7. Limitation of the Study .....	5
1.8. Organization of the Study.....	6
1.9. Definition of key Terms .....	6
CHAPTER 2 .....	7
2. REVIEW OF RELATED LITERATURE .....	7
2.1. Empirical Review.....	7
CHAPTER THREE .....	17
3. RESEARCH METHODOLOGY .....	17
3.1. Introduction.....	17
3.2. Research Design.....	16
3.3. Data Types and Data Sources .....	17
3.4. Target Population.....	18
3.5. Sample size .....	19

3.6	Sampling Technique .....	20
3.7	Data Gathering Instruments .....	20
3.8	Data Analysis Technique.....	20
3.9	Reliability and Validity.....	20
3.10	Ethical Considerations .....	22
CHAPTER FOUR .....		23
4	DATA ANALYSIS AND INTERPRETATION .....	23
4.1	Response Rate of Respondents .....	23
4.2	Reliability Test Result .....	23
4.3	The Demographic Characteristics of Respondents .....	24
4.4	Descriptive Result and Discussion on Influence of Pricing Strategy .....	25
4.5	Perception of the Respondents towards Customer Retention.....	30
4.6	Correlation Analysis .....	31
4.6.1	Linearity Test .....	33
4.6.2	Normality Test .....	35
4.6.3	Regression model output .....	35
4.7	Hypothesis Testing.....	38
4.8	Summary of Hypothesis Result.....	40
CHAPTER FIVE.....		43
5	Summary, Conclusion, and Recommendation .....	43
5.1	Summary.....	43
5.2	CONCLUSION .....	45
5.3	Recommendation.....	46
Reference's .....		47
APPENDICES .....		53
Appendix: 1 .....		53
Appendix: 2 .....		56
Appendix: 3 .....		59

## **List of Abbreviation and Acronyms**

<b>PP</b> .....	<b>Premium price</b>
<b>PS</b> .....	<b>Price skimming</b>
<b>PD</b> .....	<b>Price discount</b>
<b>CR</b> .....	<b>Customer retention</b>
<b>FDRE</b> .....	<b>Federal Democratic Republic of Ethiopia</b>
<b>ETA</b> .....	<b>Ethiopian Telecommunication Authority</b>
<b>ANOVA</b> .....	<b>Analysis of Variance</b>
<b>SPSS</b> .....	<b>Statistical package for social science</b>

## ***ABSTRACT***

*This study's goal is to investigate how Ethio Telecom's pricing approach affects customer retention. A price discount, a premium price, and price skimming were all employed to assess the impact on customer retention. Both a descriptive and an explanatory research design were selected to meet the study's goal. Additionally, a quantitative research approach was used, 113 clients were chosen using convenience sample procedures to participate in the study as responders. According to the correlation result, all price strategies and client retention have a favorable and significant association. Additionally, the results of the multiple regression analysis showed that every variable had a favorable and significant impact on customer retention. Additionally, it was discovered that price reduction has the highest influence on Ethio Telecom's ability to retain customers. According to the analysis, the researcher advises Ethio Telecom to give the price discount component of its pricing strategy priority implementation over other variables because it has the greatest impact on customer retention. Based on the conclusions of this study, Ethio Telecom may think about providing various discounts targeted at everyone. The business also suggested using dynamic pricing to draw in their loyal customer base. Finally, Ethio Telecom consistently and effectively apply its most essential pricing strategy as a key instrument for creating a competitive edge, which in turn promotes customer retention.*

***Keywords:*** *Customer retention, premium price, price skimming price discount, Ethio- Telecom*

## **CHAPTER ONE**

### **1. INTRODUCTION**

#### **1.1 BACKGROUND OF STUDY**

With the ultimate objective of meeting consumer wants, marketing is the act of organizing and carrying out market conception, pricing, promotion, and distribution of goods and services. Price, or the value that customers place on the company's products and services, is seen as one of the marketing mix's more malleable Ps (Lancioni, 2005). Companies in the business world invest a lot of effort and money into determining the optimum pricing strategy for their goods. Because doing so could cost them customers, money, and ultimately market share

Pricing strategies are a technique used by businesses to establish prices for the goods and services they offer when they enter a market. (Yan.R. 2008). There are tactics, as Forman and Hunt (2005) note. Leader Pricing, Complementary Pricing, Penetration Pricing, Price Skimming, and Premium Pricing are some of those mentioned in the Low Price Supplier Strategy experience curve. According to Hinter Huber (2008), pricing has a significant impact on a company's rate of profitability and customer retention levels. He places focus on how different pricing methods can be used by taking into account variables such as the industry, location, clients, and product and service values that affect productivity into account.

Different 'price strategies' from different industries can be used by a corporation. It is a pricing strategy when a company charges a high beginning price, frequently in conjunction with a large promotion, according to Lamb (2004). According to other academics, it involves "setting the highest initial price that customers really desiring the product are willing to pay" (Kevin, Hartley, and Rudelius, 2004). According to Kotler (2008), there are three justifications for price reductions. Price reductions are a first line of defense against competition. Additionally, many businesses lower their costs in order to successfully compete in established industries. The nature of offense is a second justification for the price reduction.

According to Subrahmanyam and Azad's definition from 2022, "premium pricing" refers to a retailer continually raising the price of a company's product in order to gain a competitive

advantage. Frequently branding, marketing, and message are resonating with their clientele. When a business has a strong and reliable brand, it functions as a strategy. Products with premium prices are frequently distinctive, have a strong brand image, and contain a lot of cutting-edge features.

In 1894, Emperor Menelik II started building a telephone line from Harar to the capital city, Addis Abeba. This facilitated long-distance communication, with the assistants or operators at intermediate stations frequently acting as verbal human repeaters between the distant calling parties. This service is now known as Ethio Telecom. in 2010 (Rajasekhra Mouly Polturi).

Ethio Telecom has through various rounds of renewal and restriction over this time. First, Menelik II, the imperial count, and the "Central Administration of Telephone and Telegraph" were in charge of running the service Ethiopian System" from 1890 to 1907. Since 1907–1909, the service has been known as the Central Office of Post, Telegraph, and Telephone System of Ethiopia, and a Swiss man named Mr. Alferd has been in charge of running it. In 1910, the organization's name was changed to Ministry of Post, Telegraph, and Telephone.

Following the country's liberation from Italian rule, the newly constituted ministry of PT and T assumed responsibility for managing radio, telegraph, and telephone operations and therefore repaired the whole nation's network.

The Federal Democratic Republic of Ethiopia (FDRE) government undertook a comprehensive restructuring program to transform the previously centralized command economy into a free market-oriented one after the fall of the Dergue Regime in the transitional period (1991). By Proclamation No. 49/1996, which was issued in November 1996, the Ethiopian Telecommunications Authority (ETA) and the Ethiopian Telecommunications Corporation were founded. On November, 2010, Ethio telecom was born from this ambition to support the steady growth of our country, within the Growth Transformation Plan (GTP). The organization currently has 1.1 million fixed line subscribers, around 70 million mobile phone subscribers in Ethiopia.

## **1.2 Statement of Problem**

Today's companies face fierce competition in the market which is not only local but also global. There are many retailers in the market who all aim at attracting the same customer base and therefore for an organization to have a competitive advantage, it has to come up with good strategies that will ensure that it has a competitive advantage. One of the strategies that many organizations have to focus on is the pricing strategies. Many organizations do not understand how price influences consumer purchase decision. In his Question to explain the nature of relationship between price and consumer purchase decision, Smith, (2000) argues that creating a price perceived by the consumer to be too high may lead the consumer to a competitor. On the other hand, pricing too low may bring the wrong type of consumer. Shoemaker (2000), an organization should consider other factors when coming up with a pricing strategy because the pricing strategy an organization chooses must blend with the goals, culture, and market of the organization. Choosing a pricing objective and associated strategy is an important function of the business owner and an integral part of the business plan or planning process. It is more than simply calculating the cost of production and adding a markup (Roth 2007). Therefore, assigning product prices is a strategic activity and the price or prices assigned to a product or range of products will have an impact on the extent to which consumers view the firm 's products and determine its subsequent purchase.

Studies that have examined the impact of pricing tactics on customer purchasing decisions in the past have employed a variety of approaches. For instance, Jung (2014) examined the effects of pricing schemes using time series approaches. Although the study was unable to show how consumer behavior influences pricing strategies, Ongache (2015) should highlight the competitive tactics being used by Airtel Kenya Limited in Kenya to combat competition as well as the difficulties encountered in implementing the strategies. Similar to this, Njoroge (2015)'s analysis outlined the competitive techniques Telkom Kenya (Orange) was using to acquire an advantage over rivals and boost its earnings over time. In general, when we see the conceptual gap, even if in different parts of the world various research studies have been conducted on the subject matter ("The effect of pricing strategy on customer retention"); it is difficult to generalize and apply the finding of the study in the Ethiopia Ethio-Telecom context without empirical testing. Besides, as per the investigation of the researcher, virtually there is a little bite direct related research undertaken on "The effect of pricing strategy on customer retention" in Ethiopia

context especially in telecommunication services. Nearly none of the study is conducted on pricing strategy on customer retention in Ethio-Telecom, the extent to which pricing strategy influence customer retention is not empirically observed.

Due to the aforementioned problems and other factors researcher motivated on how Ethio-Telecom's premium pricing, price skimming, and discount price strategies affected customer. This study therefore, seeks to fill the research gap by assessing the effect of pricing strategy on customer retention in Ethio-Telecom by using these independent variables/ premium price, price skimming and price discount and dependent variable customer retention.

### **3 Research Questions**

1. To what extent does premium pricing affect customer retention in Ethio-Telecom?
2. To examine the influence of price skimming strategies on customer retention in Ethio-Telecom?
3. How does price discount strategy influences pricing strategy on customer retention in Ethio-Telecom?

## **1.4 Objective of the Study**

### **1.4.1 General Objective**

Investigating the effect of various pricing strategies on customer retention for Ethio-Telecom is the overall goal of this study.

### **1.4.2 Specific objective**

- i. To determine the extent to which Premium Pricing strategy effect on customer retention in Ethio-Telecom.
- ii. To examine Price Skimming strategy influences on customer retention in Ethio-Telecom.
- iii. To determine the influence of Price discount pricing strategy on customer retention in Ethio-Telecom.

## **1.5 Significance of The Study**

Because it will advance strategic understanding of how pricing tactics affect customer retention, this study will be helpful to Ethio-Telecom. They will also be able to position themselves competitively by seeing how one recently entered competitor, Safaricom, adopts similar pricing techniques.

The study will help to telecom administrator and marketing department with information about how regular pricing strategies affect customer retention, enabling them to choose the best pricing approach for their target market. By comprehending the numerous price options available, customers and the general public are likely to gain from the research as well. This will be also helpful for customer when they are choosing the goods and services they wish to acquire.

This study will provide insight to the future researchers as they pursue additional research in this area, on which other excluded variables rather than the following: premium price strategy, price skimming strategy, and price discount price strategy on customer retention from the theoretical study. Other price strategy factors will be left out of this analysis.

## **1.6 The Scope of the Study**

Pricing strategy is affecting the customer retention in various forms of variable prices strategy. This research focuses on three variables that effects pricing strategy on customer retention in Ethio-Telecom at Addis Ababa city, these are premium price, price skimming and price discount. The study targeted population were customer of Ethio-Telecom in Addis Ababa city to collect their views regarding questionnaire distributed.

## **1.7 Limitation of the study**

There are many factors affecting while conducting research paper which are out control of the researcher. Hence those which factors uncovered by researcher during work are said limitation of the study. The study's target population were restricted to customer of Ethio-Telecom living in Addis Abeba city only. Therefore, there is a chance for taking sample from those customers since, the number of Ethio-Telecom number is uncontrollable by researcher. Acceptable error of sampling including the methodology applied can occur since the researcher uses connivance sampling among non-probability and descriptive statistical techniques and etc. limits the study.

Additionally, the study focus is only the customer of Addis Ababa, which mean including customers out of the city. Even though the target population is on customer of Ethio-Telecom in Addis Ababa it assumed that the need of customer of Ethio-Telecom is similar.

## **1.8 Organization of the Study**

There will be five chapters in the study. The first chapter will be devoted to a general introduction outlining the purpose of the study, the problem statement, the objectives, significance, scope, and limitations, as well as how the research would be structured. Chapter 2's primary focus will be the analysis of relevant research on the impact of price strategy on customer retention. The third chapter outlines the technique, including the primary data and method of analysis, that will be used to accomplish the research objectives. The analysis and display of data will be covered in chapter four. The results that were collected in accordance with the study questions will be discussed in this chapter. The findings' conclusions and suggested solutions are discussed in chapter five.

## **1.9 Definition of Terms**

**1.9.1 Pricing:** it is the amount of money charge for a product or service, or the sum of the vales, that consumer exchange for the benefits of having or using the product.

**1.9.2 Pricing Strategy:** establishing the right price for an item while ensuring the producer maintain the cost of production as well as profit in the long run.

**1.9.3 Customer Retention:** is a method which makes customers trustworthy towards definite company and repurchase product from this company.

## **CHAPTER TWO**

### **2 REVIEW OF RELATED LITERATURE**

#### **2.1 Empirical Review**

##### **2.1.1 Empirical Findings at International Level**

Businesses employ a variety of pricing techniques according to their plans, objectives, market positioning, and commitment to satisfying customers' requirements. According to researchers' findings, a well-executed pricing strategy could direct decision-makers to set prices that are consistent in organizations goals (Agbaeze et al., 2020). Buying on credit and paying as you go is the suggested business model. Purchasing airtime or using business credit are two ways to pay for telecom services like SMS sending.

##### **2.1.2 Pricing Strategy**

Price is the worth of component in payment for obtaining goods and/or services, according to Achroll & Kotler (2014), is an opportunity cost. It is the cost associated with receiving or making use of a good or service. Price is the standard by which the client assesses the worth of an item, and it has a significant impact on brand selection among competing alternatives. Pricing plays a key role in promoting customers' items' genuine value in a cutthroat market. The only element of the marketing mix that generates profits for the company is pricing, which is also the element with the greatest degree of adaptability due to the ease with which pricing decisions can be made in response to changes in the external or internal environment of a business (Evanschitzky et al., 2017).

The final payment for a commodity or service being supplied is its price. In other terms, this refers to the value or significance attached to a thing or service. Accordingly, pricing strategies are a way for various businesses to set prices for the goods and services they offer both when they first enter a market and when they are already established in one. (Yan.R. 2008).

According to Forman and Hunt (2005), there are numerous pricing techniques, some of which are as follows. Leader Pricing, Complementary Pricing, Penetration Pricing, Price Skimming, and Premium Pricing are all components of the Low Price Supplier Strategy experience curve.

According to Hinter Huber (2008), pricing has a significant impact on a company's rate of profitability and retention levels. He emphasizes that different pricing tactics are used depending on the industry, location, and clients that are available, as well as how businesses present the worth of their goods and services, which will ultimately influence their productivity. Companies can use a variety of pricing techniques, and these strategies vary by industry (Hinter Huber, 2008). Given that it affects both income and purchasing, pricing strategy is important in marketing.

Accordingly, the complete pricing situation is assessed, first from the standpoint of the firm and its systems, and then from the side of the buyers. In any event, it must be remembering that there are other external influences on price, including those of government and business rivals (Chen et. Al. 2015). A buyer could be a company that buys the entire finished product or only a group of finished products. By purchasing certain item or collection of materials, the buyers attempt to satisfy a need of requirement. In order to achieve a given purpose, the client uses a few factors to determine the volume they will use or the price they will charge.

After taking these factors into consideration a variety of system are determined and some thought was given to how to effectively implement those tactics, how estimation levels might be balanced and how such strategies really effects customers (Gang et al,2018). Financial elements have made an effort to understand pricing and estimation approaches, yet reliable pricing models continue to be consistent as shown by Chen et al. (2016).

Prices the only component of the marketing mix that generates income according to Kotler & keller (2012), the other component result in costs. Furthermore, they claimed that consumer's perception of pricing and what they want believe the current actual price to be influence their purchasing decision. Price strategies are frequently used when an item moves through its life cycles and frequently occur when organization introduces new product to the market. Before determining the price, they take into account the client happiness for the product or changes in the whole environment. When selling an item, a company can use a variety of pricing strategies. The price might be chosen to reflect the market as whole or to boost productivity for every unit sold. It can be used to defend an existing market against new rivals, to increase the volume of the total industry with in a market. Or to join a variety of market. They take into account which of

the pricing structures might be applicable to their item strategies, such as market-skimming and market entrance estimation.

### **2.1.3 Premium Pricing strategy**

Falahat et al. (2020) assert that as competition sets prices, it is essential to maintaining operations in an industry. More specifically, as the market becomes saturated, higher prices incentivize producers and sellers to offer more goods and services. Consumers have more options when there is a large range of goods and services available on the market. In this situation, rivalry arises as a result of enterprises' inventive methods for gaining and maintaining competitive advantages. Notably, one of the strategies used by businesses to keep ahead of the competition is price. As consumers look for ways to get the most for their money, decreased pricing across the majority of businesses draw a sizable following (Zhang et al.,2018). Lower pricing does not, however, ensure that a company will be able to draw in and keep clients.

Premium cost Premium pricing, differential pricing, and penetrative pricing were among the pricing techniques that were examined. The effects of surge pricing on a company's capacity to retain consumers were examined by Huarng and Yu (2020). The researchers focused more specifically on how satisfied customers were with premium pricing. An analysis of qualitative comparison was used by the researchers. According to the study's findings (Huarng & Yu, 2020), loyal riders were more inclined to put up with surge prices than unroyal ones. The study of Zhao et al. (2021) was grounded on differential pricing. The deployment of differential pricing on ride-sharing platforms was specifically examined by the researchers, with a focus on the experiences and responses of the drivers and customers (Zhang et al.,2011). The researchers discovered that when the number of clients fell below specific criteria, a platform used differentiated pricing.

Customers also grumbled when businesses used differential pricing to lessen competition, the researchers discovered (Zhao et al., 2021). The study by Azad and Sing (2019) concentrated on pervasive pricing. The investigator specially looked at how Kurdistan's pricing policy affected client retention. The researcher used a quantitative analysis analyses the association between pricing strategy and client retention in a number of Kurdish businesses. According to the study's findings, utilizing the appropriate price tactics aided in customer retention Azad and Sing (2019).

In that they emphasize the need to employ the proper price strategy to attract and keep clients, the researcher finding were similar to those of Huarng and Yu (2020) and Zhao et al. (2021)

In their study, Rizwan et al. (2015) examined the factors that have a strong correlation with customer retention in Pakistan's telecom industry. These issues comprised purchaser pleasure, faith, real assurance, calculative assurance, company reput, transferring, price behavior, faithfulness, and insolence faithfulness.

All of the variables, with the exception of switching costs, were shown to be positively correlated with customer retention, according to the results. This is due to the fact that only clients who are content and have faith in the business use products and services. Additionally, switching costs revealed that they have a weaker link to client retention than satisfaction and trust.

Yan (2008) believes that a corporation's selling assembly helps as the important basis for pricing strategies like to non-integrated inexpensive rating. The autumn of 2008 revealed in what way diverse pricing policies are directed in accord through a scarce determination that take into justification the economic, marketable, and psychosomatic issues. David and Simonton (2005) highpoint the detail that the external members of a corporation are never privacy to innovation and positive movement of pricing strategies and their application as observed via the positive ongoing achievement in sales.

Rendering to Donald (2004), pricing strategy is a difficult and complex component in the marketing environment and is required to demonstrate the associations between supply and demand. The available rating approaches bounce industries a meeker basis from which to accomplish their formerly specified areas, market share and gain index.

***H1: premium pricing is positively affecting Customer retention on Ethio-Telecom.***

### **2.1.4 Price skimming strategy**

The price skimming strategy and penetration pricing strategy are two examples of pricing strategies for new products. According to Lam et al. (2004), price skimming is a pricing strategy when a company charges a high starting prices, frequently accomplished by as significant promotion. Set the greatest early price that clients who truly want the goods are willing to pay, according to Kerin et al.

When consumers are convinced that a product's price is reasonable given its quality and potential worth, they frequently repurchase it. Therefore, goods with higher rates of repurchase are regarded as superior and more valued. Products with a greater rate of repurchase will also make the company more competitive and encourage growth and sustainability. Business analysts use the Net Promoter Score (NPS) to gauge client experiences and satisfaction. An NPS specifically gauges' customer satisfaction and experience in order to forecast business growth and sustainability. An improved customer experience and satisfaction are indicated by a higher score (Fisher and Kordupleski (2019). In addition to fulfillment with the quality of and value of product and services at the right and fair pricing will therefore raise the NPS by enhancing consumer satisfaction and experience.

Kyle (2009) found that industries that provide procedural facilities and goods, where the same perceptible product is sold in more than two shapes or conformation, frequently employ the skimming price strategy. A first test variety of an assembly could be dispersed for free or sold out for a very low price. She also discovered the loss leader pricing approach, which involves using a service or product to draw in a lot of customers who, once in the consumer bag, are willing to purchase the price items, thereby increasing profit. She went on to say that this kind of marketing works best when there are clients that buy in bulk at the same time.

Muzammil (2014) observed into the market skimming in association to cutting edge, dependable, high quality items can use market skimming prices market skimming in relation to cutting-edge technology and products. Corporations that harvest leading-edge, reliable, first-class items can use market-skimming pricing practices. The equipment used must be consumer and market acceptable and have a high value. As a result, the study sought to discover variables linked to market skimming price. Users of personal computers were the intended market, and market

skimming price was combined with considerations of technology, innovation, brand image, and product quality. Questionnaires were used as the data gathering tool in a survey. The results showed that market skimming pricings were significantly influenced positively by technology, innovation, brand image, and product quality. 27% of the market-skimming pricings were explained by the factors. Nyaga and Muema (2017) looked into how Kenyan insurance companies' profitability was affected by their skimming pricing approach. A vivid study project was employed to assess the the variables, with 45 insurance corporation functioning in Kenya as of the end 2012 as the main subject. The study also looked at data from the previous five years. Ninety respondents were selected from the population group of 900sales. There were two person selected on purpose for each insurance company. Both inferential and descriptive statistics were used in the applied and analysis of questionnaire. Skimming pricing tactics were implemented, according to the result of association and regression model to increase that company's profitability.

***H2: Price skimming strategy influences Customer retention on Ethio-Telecom.***

### **2.1.5 Discount price strategy**

In controlling the supplier's financial difficulties, Zhao & Huchzermeir (2019) investigated the efficiency of purchase order financing and advance payment discount. The researchers, specifically Zhao & Huchzermeir (2019), looked at the ease of buyer backed purchasing order and advance payment reduction in pre-shipment. The primary finding was that, under some circumstances, the advance discount scheme was favored. The researcher also discovered that the incentive alignment system significantly decreased the expenditures associated with competition-related fines Zhao & Huchzermeir (2019). The primary result was that, in some cases, the advance discount scheme was favored. The researcher also discovered that the incentive alignment system significantly decreased the expenditures associated with competition-related fines (Zhao & Huchzermeier, 2019).

Customer value-based pricing was deemed to be better to all other pricing methods in the literature assessment (Ingenbleek et al., 2003). Because supermarkets are simple to run, retailers utilising this technique may opt to use the high-low price strategy or the everyday low pricing strategy.

The CLV will increase the longer the company keeps its clients. Del Rio Oliver et al (2018) investigated the effect of original price discounts and correct price discounts on customer retention. With a focus on hypothesized patterns and empirical validation, the investigators precisely directed dual substantial arena study on property insurance and automobile insurance company. Moderate early discounts, according to the study, had a favourable effect on consumers' anticipations of enduring interpersonal advantages. Price reductions boost client loyalty, according to the research. The findings also have a big impact on CVL (Del Rio Oliver et al (2018)

A study by Jawaria et al. (2009) on the cellular industry's client retention factors in Pakistan measured the factors that influence customer satisfaction in that country's cellular market. 300 survey questionnaires in all were delivered to students chosen from various universities for the study, and they were all personally administered. This study looked into if there was a connection between reasonable prices and consumer happiness.

It implies that the best strategy for keeping customers is to charge a fair price. This study's second conclusion is that there is a strong correlation amid song simplicity and customer retention. even if the price is reduced, there is little chance of the customer staying if the voice is unclear. Last but not least, the study discovered a significant connection between customer happiness and client retention. Customers stay with a company longer when they are satisfied.

Worth justice, trademark image, and customer care facilities were gathered to be these significant anticipant of customer fulfillment whereas customer satisfaction was initiated to be a significant originator of consumer sustainability, according to the study conducted in Bangladesh on customer retention and telecommunication services by Alamjir, Rakeullah, &Nustat (2017).

According to the survey, client retention is primarily influenced by satisfaction.

In 2014, Dewasiri Jayantha and Tharanagane Geetha performed research on the factors that influence customer retention, paying particular attention to the mobile telecommunications sector in Sri Lank. The results of the study demonstrate the purchaser happiness, more so than the other factors, has a crucial bearing on customer retention. It shown that in order to retain customers, the market should put a greater emphasis on customer satisfaction.

According to Manjala (2014), a cost leadership policy involves reducing costs while also delivering value to customers in direction to obtain a competitive benefit in a highly competitive economy. Businesses using this tactic frequently provide standardized goods with little differentiation that are generally acceptable to clients.

Anyim (2012) further explained that in order for the cost of leadership policies to be successful, there needed to be a reduction in operating expenses, speedier market entry, the end of the price war, and increased market dominance.

Riungu (2013) emphasized that such a firm could use cost-cutting techniques like building effective facilities, maintaining strict switch ended creation and overhead cost, minimizing sales costs, product enquiry and growth, reducing margins, and investing in cutting-edge technologies.

***H3: Price Discount strategy influences Customer retention on Ethio-Telecom.***

### **2.1.6. Pricing Strategy and Customer Retention**

According to Ascarza et al (2018), "advanced buyer retaining indicates a vile of clients who buy extra regularly and in larger quantities, are more likely to try diverse contributions by the hotel, generally require to lower upkeep and turn out to be less touchy to the effect, consequently expanding income while reducing the cost of promoting and deals by taking part in favorable verbal recommendations. Hence, taken customers are a source of income for the hotel. (Hamilton et al., 2017) highlighted that while costs like procurement and maintenance are associated with customer retention, these expenses eventually balance out in terms of revenue.

Additionally, they claim that efforts to keep customers are most profitable when targeted at high value, low effort, and a small percentage of all hotel guests. According to (Van Doornet al (2017), there is a direct correlation among client retaining, hotel profitability, and customer regard, which may be understood as unique combinations of benefits established by target customer. This includes relief, on time delivery, quality, value, and benefits both and after the sale. According to Tamaddoni et al. (2017), satisfied consumers are more likely to recommend three others about their experience and remain loyal. Sales, earnings, and the ability to keep clients have a lot to do with the pricing structure.

In Jakarta, Subaebasni et al. (2019) focused on price, service quality, and brand perception while examining the effects of pricing rates on customer satisfaction. A sample of 171 people were interviewed by the researchers using a qualitative methodology (Subaebasni et al., 2019). Utilizing structural equation modelling, the data were examined. According to the study's findings (Subaebasni et al., 2019), customer satisfaction was positively and significantly impacted by pricing, service quality, and brand image. Here, it's crucial to keep in mind that pleased clients are more inclined to stick with the brand's goods and services. In this regard, establishing fair rates and offering high-quality goods and services would aid in enhancing the brand's reputation.

In the telecommunications sector, where there is growing rivalry for the same customers and nearly identical product quality offered by the competitors, pricing will be especially crucial. In a closely linked study, Khoironi et al. (2018) investigated the effects of rating, product perception and product quality on consumer loyalty. The study initial hypothesis was the key factor in determining a business long term performance in the retail sector is customer loyalty. As a result, 225 respondents from UMKM customers of Banten province Emping Meljinjo Industrial sector were concerned in the research (Khoironi et al ,2018). Using operational questions displaying information were assessed. The primary conclusion of the study was that consumer happiness is favorably and significantly impacted by pricing, brand image, and product quality.

The study also discovered that the greatest influence on consumer satisfaction came from product quality. The researchers also discovered that customer loyalty was most influenced by customer satisfaction (Khoironi et al., 2018). Price has good and significant effects even though it is not the main element affecting customer pleasure and loyalty. Therefore, telecommunications businesses must use the proper pricing strategies and set the appropriate prices when creating a plan to increase organizational efficiency and sustainability. Many factors want to be taken into account before deciding to use a pricing strategy that charges the client more for the products. Although it makes sense that greater costs will discourage customers, this may not always be the case. If your product is more expensive, it might be incredibly well-made.

This has a broad appeal, setting a price that is very much, however it can the opposite effect and lead to a reduced in customer loyalty. Setting a price that is too high, however, can have the

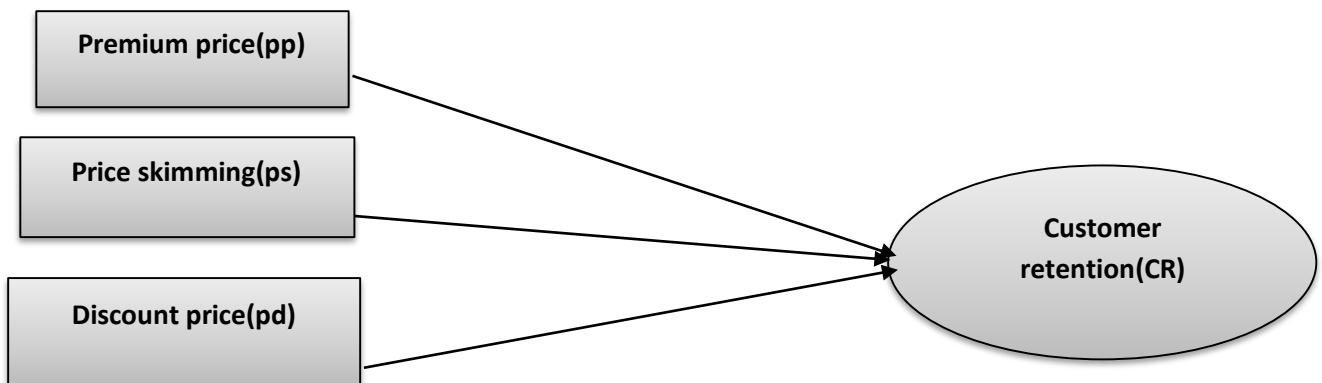
opposite effect and lead to a decline in client loyalty. Organization obligation then employ a pricing approach that assaults an equilibrium among the two excesses. Consumers are unwilling to deploy the business services because of the expensive prices, which is another reason contributing to their unsatisfactory. Consumer unhappiness is importantly affected by product/services pricing. Price is a factor that consumers take into account when deciding whether to buy a product, when it should be bought, and how much they need for things they can afford to buy. Customers might accept it by paying attention to the product's quality. Demand and pricing typically exhibit a negative or inverse relationship. The demand is negligible the higher the price is fixed.

### 2.1.7 Conceptual Framework

The conceptual framework explains the pricing policies which is independent variable was analyzed using four constructs. Premium pricing, price skimming, and price discount on customer retention which is dependent variable. Then the study intends to explain the relationship between the two. The motivation behind targeting these pricing polies was that recently Ethio-Telecom uses this approach to entertain the existing and attract the new comer consumer by applying a variety of price strategy.

#### INDIPENDANT VARIABLE (IV)

#### DEPENDANT VARIABLE (DV)



Source; Hussain Al-Salamin(2016) modified by researcher

## **CHAPTER THREE**

### **3 Research Methodology**

In this chapter research methodology is presented for achieving the predetermined objective. The research design, demographic and sample, data collection techniques, research processes, and data analysis employed in the study are all covered in detail in this chapter. The chapter includes research design, population and samples, nature and source of data.

#### **3.1. Research Design**

The research design, according to Lukassen & Wallenburg (2019), is the selection of a study design that is successful in picking the proper subjects, the right study area, and an effective data collection and analysis approach to address the desired research questions. The case study method was used for this investigation. Case study research is frequently seen as a versatile yet difficult methodology (Krusenvik, 2016). Due to its tremendous versatility, this method can be applied to any area of research but is typically utilized in the social sciences. A descriptive and explanatory survey was used because it is utmost suitable due to the features and the resolution of the study. This research covers the impact of different price variables on the customers' behavior.

The case study design entails locating the study's prospective target population or sample and gathering information from the particular sample in order to produce insights. Case studies are becoming a more accepted methodology for both qualitative and quantitative research, claims Krusenvik (2016). Notably, this approach places a strong emphasis on comprehending and altering interconnected intricacies related to the interpersonal processes occurring within a larger societal framework. Due to its adaptability, case studies are a dynamic and popular research methodology. Since it is most appropriate given the characteristics and goal of the study, descriptive and explanatory research designs are employed in this investigation. This study's goal is to evaluate the impact of various price strategies on Ethio-Telecom customers' willingness to stay with the company.

## **3.2 Research Approach**

Quantitative research is a study that makes use of statistical analysis to obtain findings. Its key features include systematic and formal measurement of phenomenon and the use of statistics. Since this research uses systematic collection and measurement of data as well as application of statistical tools to obtain the findings, it is a quantitative research. The researcher used quantitative research approach due to the group to be studied result is reported with correlation, regression model and statistical significance of findings.

## **3.3 Data Types and Data Sources**

When gathering data, there are two different types of sources: primary and secondary data sources. The secondary data was collected by reviewing different theoretical and empirical literatures which helped the researcher to get more understanding about the title at hand and the research gap in this area.

Regarding the key data sources, the researcher used a structured questionnaire as a tool to gather information from a sample of Ethio-Telecom clients utilizing a five-point Likert scale response scale. There are two sections to the survey. While the second portion of the questionnaire deals with respondents' levels of agreement on various pricing methods customers like to acquire its product, the first section primarily focuses on the personal profiles of sample respondents, such as age, gender, education status, etc.

## **3.4 Target Population**

The researcher has used the target respondents, from customers of Ethio-Telecom services in Addis Ababa city to measure the outcome of price strategy on retaining the customers. These places were purposely selected from Addis Ababa more concentrated in the area and more trading activities performed in the area. Thus, Purposive sampling was used to select those customers based on the flow of the customers. The reason behind such sampling design is to get higher number of customers in a single place within short period of time, since the type of customers across the city are assumed to be homogenous (no segmentation geographically).

Then, Convenience sampling technique was used to select customers in the selected areas. This is for the purpose of suitability of contacting, interviewing and collecting sufficient data from customers who are using Ethio-Telecom products and need to buy the product. This technique is important in order to overcome the practical difficulties for obtaining sufficient data more quickly and effectively. Given that the type of customers throughout the city are presumed to be homogenous (i.e., there is no geographical segmentation), the purpose of this sampling approach is to gather a larger number of them in a single location in a short amount of time.

### 3.5 Sample size

The total number of Ethio-Telecom consumers is unlimited as a result the sample size was used to calculate using Bill Godden, January 2004 page 1 of 1 **sample size formula**. Sample size is Infinite population (where the population is greater than 50,000) with 95% confidence level, 8% of population proportion and 5% of margin of error. Hence the customer of Ethio-Telecom is infinite or greater than 50,000 the researcher chooses this formula. The Approximate sample size was 113.

$$SS = \frac{Z^2 P(1-P)}{(M)^2}$$

SS= Sample size for infinite population (more than 50,000)

Z= Z value

P= population proportion

M= Margin of error

Sample size for more than 50,000 populations

Z value 1.96 for 95% confidence level

Population proportion assumed to be 0.08 (8%)

Margin of interest 5% (0.05)

$$SS = \frac{(1.96)^2 * 0.08(1-0.08)}{(0.05)^2}$$

(0.05)<sup>2</sup>

SS= 0.28274

0.0025

SS= 113.09      Approximately 113

### **3.6 Sampling Technique**

Because convenience sampling is a non-probabilistic sampling technique, questionnaires were distributed. Convenience sampling, a non-probabilistic sample technique, was used to distribute questionnaires because all Ethio Telecom customers could not be reached at the same time. Non-probability sampling of this kind involves selecting a sample from a population that is simple to reach or contact.

### **3.7 Data Gathering Instruments**

Customers of Ethio Telecom in Addis Abeba who are over the age of 18 received questionnaires that were designed based on the study's goal. The questionnaires were written by the researcher in a way that Ethio Telecom users could easily understand them. Because respondents might speak either of the two languages, the questionnaires were created in both Amharic and English

For the independent variables, the questions were created using a five-point Lickert scale. The Lickert scale, which has five response categories ranging from strongly agree to strongly disagree, was used to measure the independent variables. The Linkert scale is utilized by the researcher since it is straightforward to create, interpret, and administer (Kothari, 2004). The Lickert scale will be used to measure the dependent variable, with five response categories ranging from strongly agree to strongly disagree. The researcher implemented a questionnaire from useable academic articles published in renowned universal journals. Conversely, the questionnaire is modified from (Njeru, 2017; Rao, 2009), (Ahlstron & Westbrook, 1999), and (Kothari, 2004).

### **3.8 Data Analysis Technique**

The sort of research methodologies selected for the study has a relationship with the data analysis techniques. As was noted in the preceding section, questionnaires were used to gather primary data for the study. Statistical Package for Social Sciences (SPSS) version 20 is being

used by the researcher to analyze and interpret the data using both descriptive and inferential methods. Data acquired by means of surveys was examined using descriptive analysis. In order to prepare the data for processing, the survey data was loaded into SPSS. The most recent report and presentation used graphs, figures, and tables. An indicator of central tendency that can be used to represent data over the entire population is the arithmetic mean. The variability in statistics is frequently measured using the standard deviation.

In probability theory and statistics, the term "standard deviation" is frequently used to describe variability. It displays the degree of deviation from the mean. In order to satisfy research, aim two, which takes into account all variables collectively, multiple regression analysis was also used in the study. Additionally, the link and direction of the association between explanatory factors and client retention are examined using inferential statistics. Four presumptions about the study were tested: linearity, normality, autocorrelation, and multicollinearity tests. A Spearman's correlation analysis will be used to investigate the links between the independent and dependent variables.

## **3.9 Reliability**

### **3.9.1 Reliability**

The dependability test is a crucial tool for determining the degree of consistency of a property that is supposed to exist. The greater an attribute's reliability, the less variance the instrument causes while measuring it repeatedly. According to Mahon and Yarcheski (2002), one of the most widely used indicators of reliability is Cronbach's alpha. When using a scale, it determines the internal consistency of the objects. It shows the degree to which the items on a questionnaire are related to one another. Higher numbers indicate greater internal consistency because the normal range of Cronbach's coefficient alpha values is between 0 and 1, which ranges between 0 and 1. The most often recognized value of this test for internal reliability is 0.70 since it should be sufficient to or above internal reliability (Hair et al., 2003).

### **3.10 Ethical Considerations**

According to Leedy and Ormrod (2013), it is ethically required to conduct all research with honesty and integrity. The fundamental tenet of ethical research is to uphold and defend the rights and human dignity of every study subject. In this regard, the researcher gave the respondents' information that it would be kept private and used solely for this research. When conducting the study, the ethical concerns are taken into account prior to the data collecting. The purpose of the research is explained to respondents during the data collection process. The study will not include anyone who may not be interested in participating or bringing any information. The questionnaire does not include the respondents' names for security reasons. Therefore, the study won't often cause any ethical concerns.

## CHAPTER FOUR

### 4 Results and Discussion

This part presents the data based on the studies objective including the effect of premium price strategy on customer retention, price skimming strategy on customer retention and price discount strategy on customer retention in Ethio-Telecom Corporation in Addis Ababa city. It discusses the data collected from both primary and secondary data sources. After the responses were examined, the results were compiled and are presented in a form of tables, graphs and charts.

#### 4.1 Response Rate

According to Mugenda Mugenda (2003) a response rate of 50% is adequate for analysis and reporting, rate of 60% is good and response rate of 70% and over is excellent. Accordingly, the study targeted a sample of 113 respondents from which 107 filled and returned the questionnaires making the response rate of 95%. This response rate was excellent to make conclusion for the study as is representative of the population.

**Table 4.1.** Respondent Response Rate.

Variable	N	Percentage
Filled and returned	107	95%
No reaction	6	5%
<b>Total</b>	<b>113</b>	<b>100</b>

#### 4.2 Reliability Test Result

When using a scale, it determines the internal consistency of the objects. It shows the degree to which the items on a questionnaire are related to one another. Higher numbers indicate greater internal consistency because the normal range of Cronbach's coefficient alpha values is between 0 and 1, which ranges between 0 and 1. The most often recognized value of this test for internal reliability is 0.70 since it should be sufficient to or above internal reliability (Hair et al., 2003). Many authors recognize variety of values of this test for internal reliability.

**Table 4.2: Cronbach Alpha for each variables of price.**

<b>Factors</b>	<b>N</b>	<b>Cronbach's alpha <math>\alpha</math></b>
Premium price	107	.739
Price discount	107	.815
Price skimming	107	.709
Customer retention	107	.715

Each question's dimension was calculated using the Cronbach's coefficient alpha. This values for each of the questionnaire's dimensions ranged from 0.817 to 0.709, as shown in Table No.4.2. This range is regarded as satisfactory and good because it guarantees the validity of each questionnaire dimension.

The overall reliability of the questionnaire is quite strong, as indicated by Cronbach's Alpha, which is equivalent to 0.745. Thus, this shows that the variables shown on the table above are reliable and significant.

### **4.3 The Demographic characteristic of respondents.**

**Table 4.3: Respondent Profile**

<b>No</b>	<b>Factors</b>	<b>Categories/ Characteristics</b>	<b>F</b>	<b>%</b>
1	<b>Gender</b>	Male	67	62.6
		Female	40	37.4
2	<b>Age</b>	15-19 years	2	1.9
		20-29 years	51	47.7
		30 and above	54	50.5
3	<b>Educational Status</b>	High School	9	8.4
		Certificate	5	4.7
		Diploma	11	10.3
		Degree	82	76.6
		Student	8	7.5

4	<b>Occupation</b>	Unemployment	7	6.5
		Employed	78	72.9
		Private business	14	13.1

Source: Survey of 2023

From the above result it is noted that the majority of the respondents as shown by 62.6% were males whereas 37.4% were female. This shows that the respondents of this study were mainly dominated by males. From the result in table above most of the respondents as shown by 50.5% were aged above 30 years, and 47.7% of the respondents were aged between 20-29 years and the rest 1.9% were aged between 15-19 years. This implies that the respondents were fairly participated in terms of their age. As shown in table 4.3 above the study revealed that majority of the respondents (76.6%) qualified with degree and above whereas 10.3%, 8.4 and 4.7% had attained their diploma, high school and certificate respectively. From this one can understand that most of the respondents were well educated and therefore were in position to respond the research questions easily. As indicated above 72.9% of the respondents were employed, 13.1% of them have their own business and the rest were unemployed. And this indicated that majority of the respondents were employees.

#### 4.4 Description of the Findings and a Discussion of the Impact of the Pricing Strategy

According to Worku M. (2015), responses were scored using a five-point Likert scale: 1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree.

##### 4.4.1 Strategies for retaining customers with premium pricing

**Table 4.4: Descriptive statistics result about premium pricing**

No	Premium price (PP)	N	Mean	St. dev.
PP1	Buying Ethio-telecom premium prices.	107	2.74	1.085
PP2	Preference on Ethio-Telecom premium prices.	107	2.39	1.079
PP3	Ethio-Telecom products preferred by uniqueness and to buy their premium price.	107	2.47	1.184
	<b>Average (aggregate) mean</b>		<b>2.53</b>	<b>1.116</b>

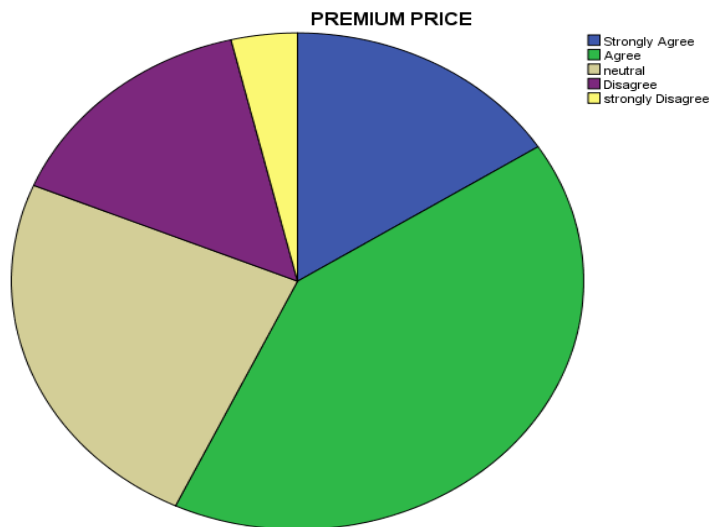
Source: Survey Result (2023)

The level of agreement among respondents depends on the condition of the agreement. According to the third sub-construct mentioned above, 4.7% strongly disagree, 19.6% disagree, 19.6% neutral, 42.1% agree, and 14% strongly agree that they prefer Ethio-Telecom products because of their special qualities and think it is better to purchase them at a higher price. Then, it can be deduced that the majority of them concur with the assertion. The standard deviation of the level of agreement is 1.18, as indicated by the mean value of 2.47. For the next question 3.7% strongly disagree, 12.1% disagree, 32.7% neutral, 35.5% agree, 15.9% strongly agree on preferring Ethio-Telecom regardless of its premium prices. The mean value 2.39 indicates that respondent's level of agreement lies on agreement state. Based on the above third sub-construct 4.7% strongly disagree, 19.6% disagree, 19.6% neutral, 42.1% agree, 14% strongly agree on their preference of Ethio-Telecom products by unique properties and better to buy with their premium price. Therefore, it is possible to understand that majority of them agree on the statement. The mean value 2.47 indicates that the level of agreement lies on agreement state with standard deviation of 1.18.

The overall grand mean value of 2.53 shows that the respondents' level of agreement on premium pricing is agreement state. Customers appreciate Ethio-Telecom products due to their distinctive qualities, making them better to purchase both at and without respect to their premium prices.

Therefore, from the finding we can generalize that customers prefer Ethio-Telecom products regardless of their premium prices. Hence Ethio-telecom should have to continue offering different premium price to entertain their customers for long lasting market relationship.

Figure 1 *premium price respondent*



As it is shown from the above figure most of the respondents prefer agree followed by neutral and the least prefer was strongly disagree. Which mean most of Ethio-Telecom products are preferred regardless of their premium prices.

#### 4.4.2 Price skimming strategy

**Table 4.5: Descriptive Statics Summary result of Price Skimming**

No	Price skimming	N	Mean	St. dev.
PS1	Willingness to pay for a higher price for product(s) that is/are not available in solid shops	107	2.49	1.162
PS2	On preference of the firm that charges a high introductory price.	107	2.45	1.191
PS3	Prefer high prices for new products rather than product attributes	107	2.39	1.079
			<b>2.43</b>	<b>1.18</b>

Source: Survey Result (2023)

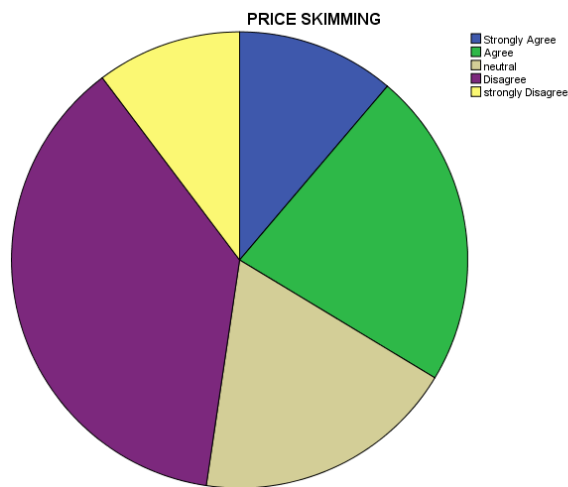
Table 4.5 reveals that 14% of respondents to the first sub-construct strongly disagree, regarding the statement “willingness to pay for a higher price for product(s) that are not available in solid

shops," 28% disagree, approximately 21.5% neutral, approximately 25.2% agree, and approximately 11.2% strongly agree. The average score of 2.49 suggests that consumers disagree with paying a high price for goods that is/ are not sold at reputable stores. Regarding the second sub-construct, around 6.5% strongly disagree, approximately 38.3% disagree, approximately 16.8% neutral, approximately 26.2% agree, and 12.1% of people strongly agreed that they preferred the company with the high introductory price. Since their level of agreement is on the disagreeing side, the mean value of 2.45 suggests that consumers were not prefer for company introducing high price for introductory products.

Concerning the customers' preference on high prices for new products rather than product attributes 11.2% of the respondents strongly disagree, 45.8% disagree, 16.8% neutral, 16.9% agree, and 9.3% strongly agree. The mean value 2.39 indicates that respondents do not prefer for companies which charges high prices for new products.

According to the overall grand mean value of 2.433, respondents disapproved of paying high introductory costs for new Ethio-Telecom items. Customers typically do not favor companies that charge high beginning prices for new Ethiopian-Telecom products. As of the respondents' lack of or neutral responses to these variables, it can be assumed that they generally do not agree or disapprove with Ethio Telecom's customer service regarding price skimmig strategy. When the big picture of pricing schemes is disregarded, client retention rates drop dramatically.

**Figure 2** *price skimming respondent*



#### 4.4.3 Price Discount

**Table 4. 6 Descriptive Statistics summary result Price discount strategy**

No	Price Discount	N	Mean	St. dev.
PD1	Ethio-Telecom products are affordable /economical and of good value	107	2.47	1.184
PD2	Low prices of products increase my willingness to buy them.	107	2.90	1.157
PD3	Ethio-Telecom frequently offer price discounts	107	2.48	1.192
PD4	Ethio-Telecom use cost leadership strategy focus on reducing the cost of operation to be competitive	107	2.91	1.162
			<b>2.69</b>	<b>1.17</b>

Source: Survey Result (2023)

According to the results from the first sub-construct in Table 4.6 above, about 6.5% strongly disagreed, about 9.3% disagreed, about 17.8% neutral, about 47.7% agreed, and about 18.7% strongly agreed that Ethio-Telecom products are reasonably priced and economically sound. The standard deviation value of 1.18 suggests that there are significant response variances, and the mean value of 2.47 indicates that their level of agreement is based on agreement state. As a result, the majority of respondents agreed with this assertion.

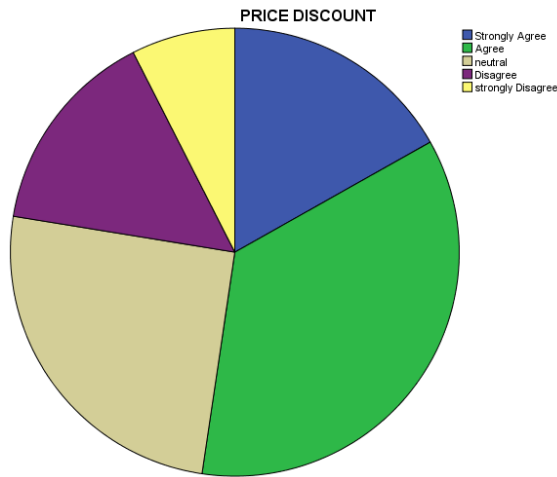
When it came to the second sub-construct, roughly 10.3% strongly disagreed, 12.1% disagreed, 13.1% neutral, 41.1% agreed, and roughly 23.4% strongly agreed on my willingness to purchase things is increased by their costs. Therefore, the majority of them concurred on this sub-construct. Their level of agreement is on the state of agreement, as indicated by the mean value of 2.90.

According to the third sub-construct, 10.3% of respondents highly agreed, 1.9% strongly disagreed, 13.1% disagreed, 59.8% were indifferent, and 15% agreed that Ethio-Telecom frequently offers price reductions. As a result, the majority of respondents expressed neutral agreement with this sub-construct. The median score of 2.48 suggests that there is a state of dispute at the level of agreement. About 9.3% of respondents to the fourth sub-construct strongly

disagreed with Ethio-Telecom's implementation of a cost leadership strategy, followed by 16.8% who disagreed, 21.5% who were neutral, 37.4% who agreed, and 15% who strongly agreed.

The average value of 2.69 shows that there is consensus among respondents regarding the pricing strategy for price discounts. In general, it can be said that sampled respondents are willing and prefer to purchase Ethio-Telecom goods and services that are reasonably priced.

**Figure 3** *price discount respondent*



#### 4.4.4 Respondents' perspectives on customer retention

Using a five-point scale that reflects their level of agreement or disagreement with each characteristic, customer rated the amount of retention with respect to seven criteria. The mean score and standard deviation for each client retention variable are shown in Table No. 4.7

**Table 4.7: Customer retention descriptive statistics responders**

No	Customer Retention	N	Mean	St. dev.
CR1	Say positive things about Ethio Telecom to other people	107	2.44	.983
CR2	Likely to encourage friends and others to do business with Ethio Telecom	107	2.44	.983
CR3	Likely to consider Ethio Telecom as my first choice for the future even when new Telecom enter the market	107	3.15	1.062
CR4	Feeling like Ethio Telecom understand my needs	107	3.29	1.028
CR5	pricing strategies is a major influencing on Customer retention at Ethio-Telecom	107	2.44	.983
CR6	Thinking to shift my loyalty from Ethio-Telecom within the next six months.	107	2.44	.983
CR7	Ethio Telecom offer customer friendly packaging for its products	107	2.39	1.079
			<b>2.65</b>	<b>1.014</b>

Source: survey result. (2023)

Customer retention is a composite variable that is computed from each individual component in Table 4.7 above. The statement "Ethio Telecom offer customer friendly packaging for its products" received a mean score of 2.39 and a standard deviation of 1.07, as seen above. The mean here is the lowest of all. For the item Ethio Telecom offer customer friendly packaging for its products is scored the lowest among other which suggests ethio-telecom to work in this area to maintain customer. The table also shows that "referring positive things about Ethio Telecom to other people" have scored a mean of 2.44 with a standard deviation of 0.98." Concerning encouraging friends and others to do business with Ethio Telecom a survey result shows a mean of 2.44 with a standard deviation of 0.98. Regarding the customer's choice of Ethio Telecom the survey result shows a mean value of 3.15 with a standard deviation of 1.06. And also the customers thinking to shift their loyalty from Ethio-Telecom within the next six months the study result shows score of a mean value 2.44 with a standard deviation of 0.98. Regarding on feeling,

Ethio Telecom understand my needs” the survey result depicted a mean of 3.29 with a standard deviation of 1.02. This variable is the highest mean score of all variables.

The overall mean result, though, is neutral and falls between 2.51 and 3.49. There are several duties expected to be completed by the Ethio-Telecom corporation to keep consumers since the majority of respondents were neutral on the factors, which suggests that the majority of respondents are neutral.

#### **4.6 Analysis of Correlation**

To determine the strength and direction of the association between determinants and customer retention, a correlation study using the Pearson's correlation coefficient ( $r$ ) was performed. The intensity and direction of the link between the two variables are indicated by the Pearson correlation coefficient, which ranges from -1.0 to +1.0. A low correlation coefficient (between 0.1-0.29) denotes a tenuous or nonexistent association between the two items. “ $r$ ” is moderate when the relationship is between 0.3 and 0.49. Strong relationships between variables are indicated by a high correlation coefficient, or  $>0.5$ . The bivariate correlation of a two-tailed test, assuming a 95% confidence interval on statistical analysis, confirms the existence of a statistically significant difference at probability level  $p 0.05$ . The investigation of the correlation between the dependent variable of customer retention and the independent variable of determinates is shown in the table below.

**Table 4.8 Relationship between Pricing Strategies and Customer Retention**

		<b>Correlations</b>			
		CR	PP	PS	PD
CR	Pearson Correlation	1	.405**	.411**	.376**
	Sig. (2-tailed)		.000	.000	.000
	N	107	107	107	107
PP	Pearson Correlation	.405**	1	.984**	.903**
	Sig. (2-tailed)	.000		.000	.000
	N	107	107	107	107
PS	Pearson Correlation	.411**	.984**	1	.943**
	Sig. (2-tailed)	.000	.000		.000
	N	107	107	107	107
PD	Pearson Correlation	.376**	.903**	.943**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	107	107	107	107

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

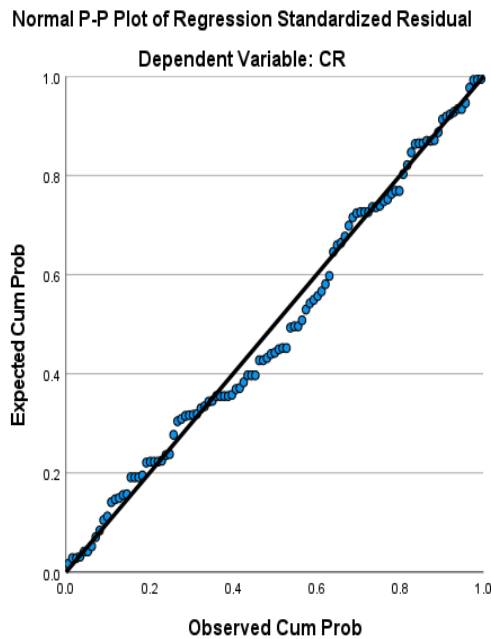
Source: survey 2023

From the above correlation table 4.8, we can see that most of the independent constructed variables were correlated with customer retention. Among the variables, the highest correlation coefficient was found between price skimming and customer retention (0.411), between Premium Pricing and customer retention (0.405), and variables between price discount and customer retention (0.376). Therefore, from the above table we can conclude that all constructed variables have positive correlation with customer retention because the p (sig) value is less than  $\alpha=.05$  level.

### 4.6.1 Linearity Test

Field.A((2013) defines linearity as it describes the dependent variable as a linear function of the predictor variables which means that the outcome variables for each increment of the predictor (independent variable) lies along straight line. This can be tested in SPSS using scatter chart. In the chart it can be seen that the dots follow the line with linear relation. It can be said that there is linear relationship for particular independent variable with dependent and this can allow this research to use Pearson correlation.

Graph 4.1: Linearity test.



As can be understood from the above graph the scatter plot of continuing shows no great variation in the range of the continuing as you look from left to right on figure 4.4. This result recommends the association we are trying to predict is linear.

## 4.6.2 Normality Test

Second, all variables must be multivariate normal in order to do a linear regression analysis. The best way to verify this assumption is with a histogram and a fitted normal curve or Q-Q-Plot. According to the assumptions made by classical linear regression models, the error term should be normally distributed or, in the case of classical linear regression models, its expected value should be zero ( $E(u_t) = 0$ ).

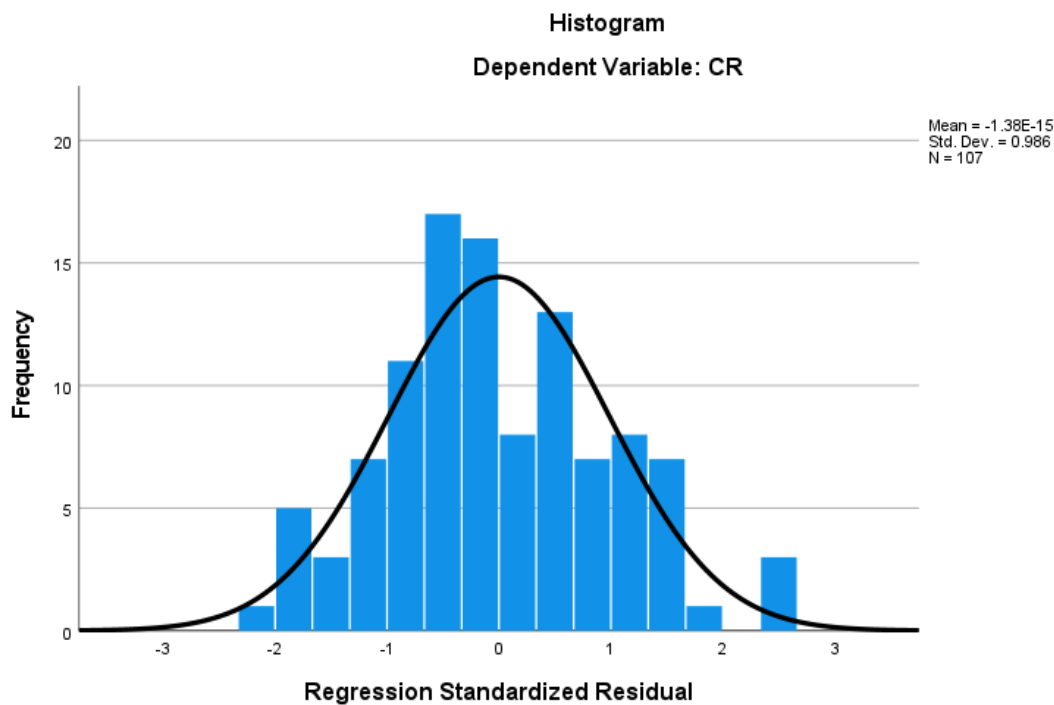


Figure 5: Normality test

The frequency distribution of the standardized residuals in comparison to a normal distribution is shown in Figure 4.5. As you can see, even while certain residuals (such as those occurring around 0) are rather far from the curve, the majority of residuals are located close to 0. Additionally, the bell shape of the histogram suggests that the residual (disturbance or errors) are normally distributed. Therefore, there were no breaches of the regularly distributed error term supposition.

### 4.6.3 Output of The Regression Model

This study's goal was to learn more about how Ethio-Telecom in Addis Abeba's pricing approach affected customer retention. A multivariate regression model was used to analyze the connection between the dependent and independent variables and to identify the top predictors of the dependent variable (customer retention).

#### Variables Entered/Removed<sup>a</sup>

Model	Variables Entered	Variables Removed	Method
1	PD, PP, PS <sup>b</sup>	.	Enter

a. Dependent Variable: CR

b. All requested variables entered.

**Table 4.9 Model Summary**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.968 <sup>a</sup>	.938	.936	.31223
a. Predictors: (Constant), Price Discount, Price Skimming, Premium Price				
b. Dependent variable: customer retention				

Source: -researcher survey, 2023

From this table, R shows a significant positive relationship of 0.968 which is 96.8%. According to the above table, the R<sup>2</sup> value =0.938 meaning 93.8% of the variance in the model can be predicted using the independent variables or in simple words 93.8% of customer retention is explained by the constructed independent variables. However, the remaining 6.2% changes in customer retention in Ethio-Telecom in Addis Ababa city are caused by other factors that are not included in the model.

Table 4.10 ANOVA<sup>a</sup>

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	151.846	3	50.615	519.190	.000 <sup>b</sup>
	Residual	10.041	103	.097		
	Total	161.888	106			
a. Dependent Variable: Customer Retention.						
b. Predictors: (Constant), Price Discount , Price Skimming, Premium Price						

Source: -researcher survey, 2023

The overall goodness of fit of the model is revealed via ANOVA. The F value of 519.190 is significant at the 0.05 level, according to the ANOVA table. Due to the p-value being 0.00, which is less than 0.05 (p 0.05), this is the case. The P-value is less than.05, which indicates that there is a positive correlation between each pricing and customer retention at Ethio-Telecom, making the finding extremely significant. Overall, the regression model's three independent variables, Price Discount, Price Skimming, and Price Premium were effective in describing the variation in Customer

The following Table No, 4.11, coefficient table illustrates the effect of price strategy on customer retention. At this point using this multiple regression coefficient results, the proposed hypotheses for this study were tested as follow.

**Table 4.11 Coefficients**

		<b>Coefficients<sup>a</sup></b>				
		Unstandardized		Standardized		
		Coefficients		Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.933	.087		2.222	.028
	PP	.093	.098	.079	.146	.048
	PS	.226	.061	.220	.860	.000
	PD	.736	.102	.688	.428	.000

a. Dependent Variable: CR

Source: Researcher survey, 2023

The outcome of the model that predicts customer retention using the variables of pricing premium, price discount, and price skimming is shown in Table No. 4.11 above. 95% confidence level: All variables have a positive effect. The unstandardized coefficient (Beta value) denotes how significant.

$$\text{Customer retention} = 0.933 + 0.736D + 0.226S + 0.093P$$

Where, D=Price Discount

S=Skimming

P=Premium Pricing

The effect of an independent variable on a dependent variable will therefore be strong if the value of Beta is large; as a result, the variables can be ranked according to their relevance or contribution as follows:

1. Price Discount  $\beta = 0.736$
2. Price skimming  $\beta = 0.226$
3. Premium price  $\beta = 0.093$

All the explanatory variables in Ethio-Telecom have a favorable impact on customer retention, according to the above model result. The customer retention changes by 73.6% when the price discount changes by 100%, according to the Beta coefficient of price discount, which is 0.736. Price Skimming indicates that a one unit change in price results in a 22.6%-unit change in customer retention, whereas Premium Pricing indicates that a one unit change in price results in a

0.093%-unit increase in customer retention. A change in Premium pricing would result in a 9.3% unit gain in customer retention.

## **4.7 Hypotheses Testing**

### **4.7.1 Premium Prices**

*H1: premium pricing is positively affecting on customer retention in Ethio-Telecom*

Table 4.11's findings from the aforementioned regression table indicate that premium pricing has a Beta coefficient of 0.093 and a p-value=.048. Premium pricing was found to have a statistically significant positive association with customer retention in Ethio-Telecom, controlling for other explanatory variables. As a result, the H1 hypothesis was accepted by the researcher. Premium pricing was therefore statistically significant.

### **4.7.2 Price-Skimming**

*H2: Price skimming strategy influences on customer retention in Ethio-Telecom*

Price skimming has a beta coefficient of 0.226 and a p-value of.000, according to table 4.11 price skimming was found to have a statistically significant Positive Association with Customer retention when other explanatory variables were held constant. As a result, the H2 hypothesis was accepted by the researcher.

### **4.7.3 Prices Discount**

*H3: Price Discount strategy influences on customer retention in Ethio-Telecom*

Price discount has a standardized Beta coefficient of 0.736 and a p-value of.000, according to table 4.11 the price discount was discovered to have a statistically significant Positive correlation with customer retention when other explanatory variables were held constant. As a result, the H3 theory was accepted by the researcher.

#### 4.12 Summery of Hypothesis Finding

Hypothesis	Result
H1: premium pricing is positively affecting on customer retention in Ethio-Telecom	Accepted
H2: Price skimming strategy influences on customer retention in Ethio-Telecom	Accepted
H3: Price Discount strategy influences on customer retention in Ethio-Telecom	Accepted

The information in table 4.11 above indicates a positive and strong correlation between premium pricing approach and client retention. With a significant level of 0.000, the values of B and Beta were determined to be 0.736 and 0.048, respectively. The fact that the P-value is less than 0.05 indicates that the finding is significant. According to the first research hypothesis, premium pricing strategy and customer retention are positively and significantly correlated. The results demonstrated that the initial research hypothesis that premium pricing strategy and customer retention are positively correlated was supported. Kim et al. (2018) found a similar result the data indicated that premium pricing had a positive influence on customer retention, loyalty, and enjoyment at an international hotel where they used the premium pricing method. To examine the impact of the premium pricing plan approach at a five-star hotel, the researchers used an ANOVA.

The above hypothesis also supported by these researcher, Huarng and Yu (2020). The researchers focused more specifically on how satisfied customers were with premium pricing. An analysis of qualitative comparison was used by the researchers. According to the study's findings (Huarng & Yu, 2020), loyal riders were more inclined to put up with surge prices than unroyal ones. The study of Zhao et al. (2021) was grounded on different pricing. The deployment of differential pricing on ride-sharing platforms was specifically examined by the researchers, with a focus on the experiences and responses of the drivers and customers (Zhang et al.,2011).

The researchers discovered that when the number of clients fell below specific criteria, a platform used differentiated pricing.

Price skimming has a beta coefficient of 0.226 and a p-value of .000, as seen in table 4.11 above. Price skimming was found to have a statistically significant positive association with customer retention in Ethio-Telecom when other explanatory variables were held constant. The findings suggested that the initial research hypothesis according to which there is a favorable association between pricing skimming technique and customer retention was confirmed. The business determines the affordability of the desired consumer base through skimming (Agbaeze et al., 2020). According to this study, there is a link between price-skimming and client retention. As seen in table 4.8 above, price skimming has a beta coefficient of 0.226 and a p-value of .000. When other explanatory variables were held constant, it was discovered that price skimming had a statistically significant positive association with customer retention in Ethio-Telecom. According to the results, pricing skimming strategy and customer retention are positively correlated, supporting the basic research premise. Skimming can be used by the company to assess the target clientele's affordability (Agbaeze et al., 2020).

According to the research hypothesis, there is a strong and favorable correlation between pricing discount strategy and client retention with a significant level of .000, it was discovered that the values of B and Beta were respectively .736 and .000. This indicates that the finding is significant because the P value is less than .05. The findings showed that the research hypothesis, which claimed that there is a highly significant association between pricing discount strategy and customer retention, was supported. (Dai & Zhang, 2017) came to a similar conclusion, stating that economy pricing is widely used in the retail food industry for foods including canned and frozen goods marketed under generic food names where marketing and production costs have been reduced to a minimum. Regarding price discount these researchers also founded similar finding, Zhao & Huchzermeir (2019) investigated the efficiency of purchase order financing and advance payment discount. The researchers, specifically Zhao & Huchzermeir (2019), looked at the ease of buyer backed purchasing order and advance payment reduction in pre-shipment. The primary finding was that, under some circumstances, the advance discount scheme was favored. The researcher also discovered that the incentive alignment system significantly decreased the

expenditures associated with competition-related fines Zhao & Huchzermeir (2019). The primary result was that, in some cases, the advance discount scheme was favored. The researcher also discovered that the incentive alignment system significantly decreased the expenditures associated with competition-related fines (Zhao & Huchzermeir, 2019).

## CHAPTER FIVE

### 5 Summary of Finding, Conclusion and Recommendation

#### 5.1 Summary

The study aimed to proofing the relationship or the lack thereof between pricing strategies and customer retention in Ethio-Telecom. The study applied three research questions aimed at to what extent does premium prices affect customer retention in Ethio-Telecom, how price skimming strategies influences customer retention, how does price discount influence price retention in Ethio-Telecom and the relationship between pricing strategy and customer retention.

The study found that men made up the majority of the responders. This demonstrates that most of participants of the study were males. The respondent education level 76.6% were holder of their under degree and above which mean they are well understand what they are doing in their participation.

- The survey in general indicated the results of the three item raised regarding premium price outline that despite their higher prices; consumers prefer Ethio-Telecom premium price products. According to the study, the majority of respondents had a favorable opinion of how premium pricing affected customer maintenance. The analysis concludes that it is likely that premium pricing will improve the likelihood of either client retention or loss. The majority indicated that their assessment of the premium price strategy in terms of customer retention was agreement. The study shows similar with Huarng and Yu's (2020) results about pricing strategies and client retention. Premium pricing is 75% more effective in keeping customers when the product exceeds the expected quality; claim Huarng and Yu (2020). If not, it can result in more customers changing their brand. In this survey, only a small minority of participants strongly agreed and disagreed with the concept of a customer retention model. This suggests that the premium pricing strategy may, to some extent, be successful in retaining customers in the Ethiopian telecom industry.

- Customers were typically disapproved or dislike companies that charge high introductory prices for new ethio-telecom products/services and respondents were more preferred when companies are applied a variety of price discount which increase buying rate of consumer. Generally, there was an inverse correlation between price skimming and the likelihood of maintaining a customer for charging high price as preliminary. From the previous chapter 4 conclusion majority of respondents, the researcher also discovered, felt that price-skimming reduced client retention. Agbaeze et al. (2020) assert that price skimming is appropriate during the early phases of a product's marketing campaign. It specifies the lows and highs of the pricing plan (Agbaeze et al., 2020). Skimming enables the business to applicable in the initial product marketing stages. As a result, individuals can quickly decide the amount of price change that is acceptable and wait until the difference is the greatest before switching brands (Agbaeze et al., 2020).
- The overall grand mean score of 2.69 suggests a level of agreement state among respondents about price discount pricing strategy. As a result, it can be said that generally speaking, sampled respondents willing and able to purchase at Ethio-Telecom discounts. This shows that if Ethio-Telecom's lower its price strategy more depending on different interest it most likely effective at sustaining its customers. Fassnacht et al. (2018) investigated how pricing increases affect consumer behavior. Fassnacht et al. (2018) claim that pricing changes affect how consumers choose products. This depends on how well the product is received. A corporation may choose a different production strategy when it wants to raise prices relative to its rivals, such as lowering prices while implementing low-budget production or introducing product differentiation (Fassnacht et al., 2018). Low-cost manufacturing creates a margin that can be used to drop product prices below industry averages. However, if this customer satisfaction method is unable to meet the desired goal, price differential may be used. The majority of respondents to this study were somewhat in agreement that the economy pricing strategy resulted in customer retention through effective product pricing. This is in line with the findings of Loginova (2019), who claimed that economy pricing allows for price swings. The fluctuations could be adverse or favorable.

- Finally, the study found a larger majority either agreeing or strongly agreeing there is a relationship between product pricing and customer retention in the Ethio-Telecom. According to the findings, the majority stated pricing strategies effect on customer retention. This implies that the pricing strategy implemented extensively references the product preference direction. This is consistent with Nadia et al. (2018) conclusions that stated a higher price for the good of similar quality to the competition reduces customer preference.
- At a 95% confidence level, all variables were strongly and positively linked with the dependent variable, customer retention (P 0.05). There was a strong association between price discount and customer retention ( $r = 0.736$ ), premium pricing and customer retention ( $r = 0.093$ ), and price skimming and customer retention ( $r = 0.226$ ).
- Multiple regression analysis revealed that client retention had a relation with the three of variables. According to the multiple R of 0.968, R square of 0.938, and modified R square of 0.936, the independent variables may account for or predict 93.8% of the variation in the dependent variable (customer retention). This indicates that 6.2% or so of the independent variation is explained by the error term's random variation or the remaining 6.2% of the consumer variation are other elements not included in the study.
- Correlation analysis showed that price discount and skimming pricing have the greater link compared with premium price and customer retention had the lowest correlation. As a result, if one of the components changes, the other price strategy factor will change.

## **5.2 CONCLUSION**

The goals of the research were to identify the many kinds of pricing strategies, understand the variables that affect customer retention, and establish a link between pricing strategies and customer retention. These goals were crucial to Ethio-Telecom since they would greatly aid in improving pricing tactics and retaining as many customers as possible in Ethio-Telecom customers made up the majority of the study's respondents, which explains the process of gathering data through questionnaires. The management saw value in the study since it would provide insight on the factors that influence customer shift. To achieve the highest degree of customer retention for Ethio-Telecom, the optimal solution had to be found.

According to the findings, majority of respondents' levels of agreement are lies on agreement state towards premium pricing, with customers preferring Ethio-Telecom products due to their distinctive qualities and preferring to purchase them regardless of their premium prices. As a result, we can infer from the results that customers implied their thought on agreement state on preference for Ethio-Telecom regardless of their premium price. However, the management should have to offer more and more types of premiums in order to continue with existing and as well as to attract new customer to retain for long time even to compete with the newly entered Safari com.

However, on the price skimming results for Ethio-Telecom products show that consumers were not willing to pay more for goods that charges high prices in any case, they did not prefer to purchase goods at high introductory prices, and they did not prefer high prices for new goods over product attributes. This clearly shows us customers don't typically favor businesses with high beginning prices. From this, it can be concluded that Ethio-Telecom should have to taker while introducing new product with high charges because currently there is a competent company Safari com. was entered to race with providing the same product and service.

Consumer preference regarding on low prices, their desire to purchase Ethio-Telecom products is increased by lower prices, and they tend to favor products with consistently cheap prices.

### **5.3 Recommendation**

The following suggestions are made for Ethio Telecom to help enhance price strategy in order to increase customer retention, based on the conclusion reached in the preceding section. Out of the three aspects, the findings indicate that premium pricing, price skimming and price discount have a good and noteworthy impact on customer retention.

The finding declared that, among the three variables of pricing strategy premium price and price discount has direct relationship with customer retention while price skimming show inverse relationship with customer relation. However, the three of variables are relationship with customer retention which suggest that Ethio Telecom's should have to focuses on pricing strategy to sustain customer and to be competitive.

Therefore, priorities toward this important dimension are expected from variables of pricing strategy on customer retention from Ethio Telecom.

Price discount has the highest effect on customer retention. However, customer's perception indicated that Ethio Telecom doesn't frequently apply price discount. Therefore, Ethio Telecom should give more attention to its customers need depending on affordability or economical which based on power of customers. This could be done by listening to the customers need first. In this way by studying the needs of the customers of Ethio Telecom can address the customer's discount expectation.

The second highest effect on customer retention is premium price. However currently Ethio-Telecom is providing the premium price product on very limited way. The customer interest indicated that they more need many premium price products in varies ways. So Ethio Telecom should focus how to improve the variety of premium price that customer is expecting. It is better to apply the premium so that everyone can get the service with the expected variety.

On other hand it is better not to use for the business to utilize a price skimming when offering a new product; instead, Ethio-Telecom should exercise prudence while releasing a new price promotion. Therefore, Ethio Telecom needs to pay greater attention to its clients, if only by using a pricing structure that takes into account each customer's ability to make a large purchase.

Finally, the study only examines the Ethio-telecom sector. The ability to generalize the results to the entire industry may be constrained by such concentration. Future study in this area may be able to take advantage of this constraint. To ascertain whether the associations found may be generalized, additional research is required in industries other than Ethiopian Telecom, such as banking, hotels, and insurance. The study is limited in terms of coverage because it only examined pricing strategy on customer retention in Ethio-Telecom in Addis Ababa city this implies that the scope of study is narrow in terms both the sample size and the study area. Thus, it is recommended that future study should be conducted to cover a wider sample area to provide basis for a more generalized conclusion.

And also this study is limited to variables of pricing strategy on customer retention (premium price, price skimming and price discount). Further research can be done to determine remaining variables (price penetration, value based price, odd price and cost plus price) not covered by the researcher.

## Reference's

- Agbaeze, E., Chiemeke, M. N., Ogbo, A., & Ukpere, W. I. (2020). *Impact of Pricing Practice Management on Performance and Sustainability of Supermarkets in the Urban Area of Enugu State, Nigeria*. *Sustainability*, 12(15), 6019-6038.  
<https://doi.org/10.3390/su12156019>
- Ascarza, E., Neslin, S. A., Netzer, O., Anderson, Z., Fader, P. S., Gupta, S., ... & Provost, F. (2018). *In pursuit of enhanced customer retention management: Review, key issues, and future directions*. *Customer Needs and Solutions*, 5(1-2), 65-81.
- Azad, S., & Singh, U. S. (2019). *A Study on the Effect of Pricing Strategy on Customer Retention in Kurdistan*. *International Journal of Supply Chain Management*, Vol, 8(1), 98-112.
- Blythe, J. (2005). *Essentials of Marketing, 3rd Edition, Pearson Education Limited, Harlow, Essex, England*
- Cannie, J. K. (1994). *Turning lost customers into gold: and the art of achieving zero*. (No. 04; ebook.)
- Chen, C. M., Lin, Y. C., Chi, Y. P., & Wu, S. C. (2016). *Do competitive strategy effects vary across hotel industry cycles?* *International Journal of Hospitality Management*, 54, 104-106.
- Davidson, A. and Simonton, M. 2005. *Pricing Strategy and execution: an overlooked way to increase revenues and profits, strategy and Leadership*
- Dai, R., & Zhang, J. (2017). *Green process innovation and differentiated pricing strategies with environmental concerns of South-North markets*. *Transportation Research Part E: Logistics and Transportation Review*, 98, 132-150.
- Del Rio Olivares, M. J., Wittkowski, K., Aspara, J., Falk, T., & Mattila, P. (2018). *Relational price discounts: consumers' metacognitions and nonlinear effects of initial discounts on customer retention*. *Journal of Marketing*, 82(1), 115-131.  
<https://doi.org/10.1509/jm.16.0267>
- Dolan, R. J., & Simon, H. (1996). *Power price: How managing price transforms the bottom line*.
- Dutta, S., Bergen, M., Levy, D., Ritson, M., & Zbaracki, M. (2002). *Pricing as a strategic capability*. *MIT Sloan Management Review*, 43(3), 61-66.

- Evanschitzky, H., Eiting, A., Woisetschläger, D. M., & Richelsen, V. (2017). *How Customer Equity Drivers Affect Behavioral Intentions and Behavior over Time: An Empirical Assessment*. In *The Customer is NOT Always Right? Marketing Orientations in a Dynamic Business World* (pp. 734- 734). Springer, Cham.
- Fassnacht, M., Kluge, P. N., & Mohr, H. (2018). *Pricing Luxury Brands: Specificities, Conceptualization and Performance Impact*. *Marketing: Zeitschrift Für Forschung Und Praxis*, 35(2), 104–117. <http://www.jstor.org/stable/41922280>
- Falahat, M., Ramayah, T., Soto-Acosta, P., & Lee, Y. Y. (2020). *SMEs internationalization: The role of product innovation, market intelligence, pricing, and marketing communication capabilities as drivers of SMEs' international performance*. *Technological Forecasting and Social Change*, 152(1), 119-128. <https://doi.org/10.1016/j.techfore.2020.119908>
- Fisher, N. I., & Kordupleski, R. E. (2019). *Good and bad market research: A critical review of Net Promoter Score*. *Applied Stochastic Models in Business and Industry*, 35(1), 138-151. <https://doi.org/10.1002/asmb.2417>
- Gabel, D., & Kennet, M. D. (2020). *Pricing of Telecommunications Services*. *Review of Industrial Organization*, 8(1), 1–14. <http://www.jstor.org/stable/41798408>
- Haynes, N., & Egan, D. (2017). *Revisiting the relevance of economic theory to hotel revenue management education and practice in the era of Big Data*. *Research in Hospitality Management*, 7(1), 65-73.
- Hinterhuber, A. (2008). *Customer Value-Based Pricing Strategies: Why Companies Resist*.
- Huarng, K. H., & Yu, T. H. K. (2020). *The impact of surge pricing on customer retention*. *Journal of Business Research*, 120(1), 175-180. <https://doi.org/10.1016/j.jbusres.2020.07.043>
- Ingebleek, P., Debruyne, M., Frambach, R. and Verhallen, T. (2003). *Successful New Product Pricing Practices; A contingency Approach*, *Marketing letters* 14(4) 289-305
- Jawaria Fatima Ali, I. A. (2009). *determinants of consumer retention in cellular industry of pakistan*. *Proceedings 2nd CBRC, Lahore, Pakistan*, 110.
- Jung, C. (2014). *Online shoppers' response to price comparison sites*. *Journal of Business Research* 67(10), 2079–2087 .

- Kevin, R.A., Hartley, S.W. and Rudelius, W. (2004). *Marketing; The Core, Mcgraw Hills Company, England.*
- Karimi, A. (2008). *Factors affecting customer loyalty to the brand*, Third International Conference on Marketing Management, Tehran.
- Khoironi, T. A., Syah, H., & Dongoran, P. (2018). *Product quality, brand image, and pricing to improve satisfaction impact customer loyalty*. International Review of Management and Marketing, 8(3), 51-68. <https://ideas.repec.org/a/eco/journ3/2018-03-9.html>
- Kim, M., Lee, S. K., & Roehl, W. S. (2018). *Competitive price interactions and strategic responses in the lodging market*. Tourism Management, 68, 210-219.
- Kotler, P., & KELLER, K. (2012). *Marketing management. Upper Saddle River, NJ: Prentice Hall.* R. D. Blackwell, P. W. Miniard, and J. F. Engel (2006), Consumer Behavior, 10th ed., South-Western:
- Krusenvik, L. (2016). *Using case studies as a scientific method: Advantages and disadvantages*. Halmstad University, Halmstad, Sweden.  
<http://www.divaportal.se/smash/get/diva2:1054643/fulltext01.pdf>
- Kyle.T. 2009.*The impact of mode of operation on customer retention in international services*, journal of services Marketing 19/1,39-46
- Lam, C.W. Hair, J. F. and Mcdaniel, C. (2004). *Marketing; 7th edition, Canada.*
- Lancioni, G. (2005). *An Overview of Research on Increasing Indices of Happiness of People with Severe/Profound Intellectual and Multiple Disabilities*. Disable Rehabil. 27(3):8393.
- Lukassen, P. J. H., & Wallenburg, C. M. (2019). *Pricing Third-Party Logistics Services: Integrating Insights from the Logistics and Industrial Services Literature*. Transportation Journal, 49(2), 24–43. <http://www.jstor.org/stable/40904872>
- Manjala, T. (2014). *Assessing the Performance of Brand Loyalty Measures*. Journal of Services Marketing, 15(7), 529–546.
- Md. Alamgir Hossain, M. R. (2017). *customer retention and telecommunications services in bangladesh*. International Journal of Asian Social Science, Vol. 7, No. 11, pages 921-930.
- Muzammil, H. (2014). *Market Skimming Pricing: An examination of elements supporting high price for new products in Pakistan*. European Journal of Business and Management, 6(23), 180-187

- Nadia, A., & Shahrina, N., Hadi, A., Naseebullah, L. (2018). *What makes consumers sign up for PHEVs? Predicting Malaysian consumer behaviour in the adoption of PHEVs*. *Transportation Research Part A: Policy and Practice* 113(7), 259-278.
- Njoroge, J. (2015). *Factors That Influence Consumer Purchasing Behavior in The Consumption Of Coca Cola Novida Malt Soft Drinks in Nairobi, Kenya*. Nairobi, KE: MBA Thesis United States International University.
- Nyaga, P., & Muema, W. (2017). *Effect of skimming price strategy on the profitability of insurance firms in Kenya*. *International Journal of Finance and Accounting*, 2(6), 79-92
- Ongoche, E. (2015). *Competitive Strategies Adopted by Airtel Kenya for Success in the Telecommunications Industry*. MBA Thesis University of Nairobi
- Rajasekhra Mouly Polturi, (2010). *An Assessment of Ethiopian Telecom Customer Satisfaction* *Global Journal of management and Busindess*, Vol.10.availableat <http://www.researchgate.net/publication/265579716> accessed on May, 2018.
- Riungu, T. (2013). *Customer Value Anticipation, Customer Satisfaction and Loyalty: An Empirical Examination*. *Industrial Marketing Management*, 40(2), 219-230.
- Rizwan Qaiser Danish1, F. A. (2015). *Factors Affecting Customer Retention in Telecom Sector of Pakistan*. *American Journal of Marketing Research*, 28-36 Vol 1.
- Roth, S. A. (2007). *Understanding Pricing Objectives and Strategies*. The Pennsylvania State University.Sagepub.com. (2009). Retrieved December 15, 2013, derived from [http://www.sagepub.com/upmdata/43169\\_1.pdf](http://www.sagepub.com/upmdata/43169_1.pdf).
- Subrahmanyam, S., & Azad, S. (2022). *Premium Pricing Strategy and Customer Retention – An Analysis*. *International Journal of Early Childhood Special Education (INT-JECS)*, 14(3), 2064-2075.
- Safaeian, M. (2019). *Identification of factors associated with purchasing decisions of consumers in the choice of food products*, MSc thesis Business administration Tehran University.
- Subaebasni, S., Risnawaty, H., & Wicaksono, A. A. (2019). *Effect of brand image, the quality, and price on customer satisfaction and implications for customer loyalty PT Strait Liner Express in Jakarta*.*International Review of Management and Marketing*, 9(1), 90-108. <https://doi.org/10.32479/irmm.7440>
- Tamaddoni, A., Stakhovych, S., & Ewing, M. (2017). *The impact of personalised incentives on*

- the profitability of customer retention campaigns*. Journal of Marketing Management, 33(5-6), 327-347.
- TeleNegarit, (2008). *Birds Eye View of the Ethiopian Telecommunications Corporation in the Past Millennium*, Vol. 44, No. 1, pp. 40-43.
- Van Doorn, J., Onrust, M., Verhoef, P. C., & Bügel, M. S. (2017). *The impact of corporate social responsibility on customer attitudes and retention-the moderating role of brand success indicators*. Marketing Letters, 28(4), 607-619.
- Yan.R. 2008.*Pricing strategy & practice, Pricing strategy for companies with mixed online and traditional retailing distribution markets*, Journal of product & Brand management,48-56
- Zhao, L., & Huchzermeier, A. (2019). *Managing supplier financial distress with advance payment discount and purchase order financing*. Omega, 88(2), 77-90.  
<https://doi.org/10.1016/j.omega.2018.10.019>
- Zhao, D., Yuan, Z., Chen, M., & Yang, S. (2021). *Differential pricing strategies of ride sharing platforms: choosing customers or drivers?* International Transactions in Operational Research, 12(2), 48-67. <https://doi.org/10.1111/itor.13045>

## APPENDICES

### Appendix: 1

Questionnaire (English Version) Addis Ababa University School of Commerce  
Department of Masters of Business Leadership

Dear Respondents, my name is **Abebe Kebede** and I am a Masters graduate candidate in Addis Ababa University. This questionnaire is intended to collect primary data on "Effects of Pricing strategy on Customer Retention in case of Ethio Telecom". The main purpose of this study will be used to fulfil a thesis requirement for the partial fulfillment of MA, Business Leadership, Addis Ababa University School of commerce consequently. Your genuine response for inquiry is very significant for the accomplishment of this study. All information collected this questioner will have used for the purpose of the study, and will be kept confidential. In addition, I would like to appreciate your kind support and cooperation in advance.

#### General instruction

- 1) These questions are to be answered by Customers of Ethio-Telecom
- 2) No need to write your name on the questions paper.
- 3) Please put –**Tik**-inside the box to your response
- 4) If there is any question please contact the researcher through the following address

Abebe Kebede Tel. +251912895067/0937440704

#### Section I Demographic Characteristics

1. Age                    1.10- 19  2. 20- 29  3. 30 and above

#### 2. Sex

1. Male  2. female

#### 3. Educational level

High school

Certificate

Diploma

Degree

Masters and Above

#### 4. Occupation

Student

Unemployed

Employed

Personal Business

#### 5. Do you consume Ethio Telecom?

1. Yes 2. No

**Part B: Question related with price strategy (Independent variables) Please encircle the number and the word which expresses your opinion towards Ethio Telecom. The number indicates the following statement. Directions (1- strongly Disagree 2- Disagree 3-Neutral 4- Agree 5-Strongly agree)**

#### Section II. Pricing Strategies on Independent Variable (IV)

No	Questions	RESPONSES				
		Strongly Disagree	Disagree	Neutral	Agree	strongly Agree
PP1	Compared to other I think Ethio-Telecom is good to buy its premium prices.					
PP2	I prefer Ethio-Telecom regardless of its premium prices.					
PP3	I prefer Ethio-Telecom products by unique properties and better to buy with their premium price.					
PS1	I am willing to pay for a higher price for product(s) that is/are not available in solid shops					
PS2	I prefer the firm that charges a high introductory price.					
PS3	I prefer high prices for new products rather than product attributes					
PD1	Ethio-Telecom products are affordable /economical and of good value					
PD2	Low prices of products increase my willingness to					

	buy them.					
<b>PD3</b>	Ethio-Telecom frequently offer price discounts					
<b>PD4</b>	Ethio-Telecom use cost leadership strategy focus on reducing the cost of operation to be competitive					

**Section III: Questions related to Customer Retention dependent variable(DV)**

<b>CR1</b>	I am likely to say positive things about Ethio Telecom to other people					
<b>CR2</b>	I am likely to encourage friends and others to do business with Ethio Telecom					
<b>CR3</b>	I am likely to consider Ethio Telecom as my first choice for the future even when new Telecom enter the market					
<b>CR4</b>	I feel like Ethio Telecom understand my needs					
<b>CR5</b>	pricing strategies is a major influencing on Customer retention at Ethio-Telecom					
<b>CR6</b>	I am thinking to shift my loyalty from Ethio-Telecom within the next six months.					
<b>CR7</b>	Ethio Telecom offer customer friendly packaging for its products					

**Thank you again for your cooperation!!**

**Appendix: 2**  
**Questionnaire (Amharic Version)**  
**አዲስ አበባ ዩኒቨርሲቲ ንግድ ስራ ትምህርት ቤት**  
**ቢዝነስ ሊደርሺፕ ኘሮግራም**

**የኢትዮ-ቴሌኮም የአገልግሎት ዋጋ ተመን ለደንበኞች መቆየት የሚጫወተው ሚና**

ይህ መጠይቅ የተዘጋጀው በአዲስ አበባ ዩኒቨርሲቲ ንግድ ስራ ትምህርት ቤት የድህረ ምረቃ ተማሪ የሆኑት አበበ ከበደ ሲሆን አላማውም ”የኢትዮ-ቴሌኮም የአገልግሎት ዋጋ ተመን ለደንበኞች መቆየት የሚጫወተው ሚና “በሚል ርዕስ ለማድረግ ጥናት የመጀመሪያ ደረጃ መረጃ መሰብሰቢያ ነው። የጥናቱ ዋና አላማ ‘«የኢትዮ-ቴሌኮም የአገልግሎት ዋጋ ተመን ለደንበኞች መቆየት የሚጫወተው ሚና ከዚ በኋላ ሌላ የ ቴሌኮም አገልግሎት የሚሰጥ ድርጅት ቢመጣ መቆየት ይፈልገጋሉ ወይ የሚለውን ያጠናል። እባክዎ ጥቂት ጊዜ ሰጥተው የሚከተሉትን ጥያቄዎች በመመለስ ይተባበሩኝ። የሚሰጡት መልስ የሚውለው ለዚህ ጥናት አላማ ብቻ ነው። እናም የሚሰጡት ማንኛውም አይነት ምላሽ ሚስጥሩ የተጠበቀ ይሆናል። ስለሆነም ከዚህ በታች ለቀረቡት ጥያቄዎች ትክክል ነው የሚሉትን መልስ ይስጡ ዘንድ በትህትና እጠይቃለሁ ምክንያቱም የእርስዎ ምላሽ ጥናቱ ለሚያስገኘው ውጤት ከፍተኛ አስተዋጽኦ አለው።

**አጠቃላይ መመሪያ**

1. መጠይቁ እንዲሞላ የተፈለገው በኢትዮ-ቴሌኮም ደንበኞች ብቻ ነው
2. ስምዎን በዚህ መጠይቅ ላይ እንዲፀፉ አይገደዱም
3. ለጥያቄዎቹ የሚሰጡት ምላሽ (✓) ምልክት በመጠቀም ነው
4. ግልፅ ላልሆነ ጥያቄ አጥኝውን መጠየቅ ይቻላል

**አበበ ከበደ**  
**ስልክ. +251912895067/0937440704**

**ክፍል 1: ግላዊ መረጃ**

እድሜ: 10 እስከ19  20 እስከ 29  30 እና ከዛ በላይ

ፆታ: ሴት  ወንድ

የትምህርት ደረጃ: ሁለተኛ ደረጃ  ሰርተፍኬት  ዲፕሎማ  ዲግሪ

ማስተርስ እና ከዛ በላይ

የስራ ዓይነት: ተማሪ  ስራ-የሌለው  ተቀጣሪ  የግል ንግድ

**ክፍል 2: ከዋጋ ተመን እስትራቴጂክ እቅድ ጋር የተያያዙ ጥያቄዎች**

መመሪያ: ይህ የመጠይቅ ክፍል የኢትዮ-ቴሌኮም የአገልግሎት ዋጋ ተመን ላይ ያሉዎትን

ምልክታ ለማወቅ የተዘጋጀ ነው። እባክዎ የኔን ሀሳብ ይገልጻል ብለው ያመኑበት ላይ

በተዘጋጀው ሳፕን ውስጥ (✓) ምልክት በማስቀመጥ ያመልክቱ። :

1: በጭራሽ አልስማማም 2 : አልስማማም 3: ሀሳብ የለኝም 4 : እስማማለሁ 5: በጣም

እስማማለሁ

ተ.ቁ.	ጥያቄዎች	በጭራሽ አልስማማም	አልስማማም	ሀሳብ የለኝም	እስማማለሁ	በጣም እስማማለሁ
PP1	ከሌሎች ጋር ሳነፃፅረው፤ ኢትዮ-ቴሌኮም የሚሰጠውን ተጨማሪ የክፍያ ቦነስ መግዛት የተሻለ ነው.					
PP2	ከተጨማሪ የክፍያ ቦነስም ውጪ ኢትዮ-ቴሌኮም ምርጫዬ ነው።					
PP3	የተለየ ገፅታዎች ያሉት ኢትዮ-ቴሌኮም ምርጫዬ ስለሆነ ተጨማሪ የክፍያ ቦነስ ፈቅጂ አገልግሎቱን እገዛለሁ።					
PS1	ሌሎች ቦታዎች የማላገኘውን ማንኛውንም የኢትዮ-ቴሌኮም ምርት ዋጋው ከፍ ቢልም እንኳን እገዛለሁ					
PS2	በመጀመርያ የአገልግሎት ሽያጭ ወቅት ላይ ከፍተኛ ክፍያ የሚያስከፍል ድርጅት ምርጫዬ ነው					
PS3	ከምርት መተግበሪያ ይልቅ የምርት ክፍተኛ ዋጋን					

	እመርጣለሁ					
PD1	የኢትዮ-ቴሌኮም ምርቶች ክፍያ መክፈል የሚቻል እና ዋጋቸው ተመጣጣኝ ነው					
PD2	ርካሽ ዋጋ ያላቸው ምርቶችን የመግዛት ፍላጎት ይጨምራል					
PD3	ኢትዮ-ቴሌኮም በተደጋጋሚ የዋጋ ቅናሽ ያደርጋል					
PD4	ኢትዮ-ቴሌኮም በዋጋ ላይ የተመሰረተ የግብይት አሰራር ይመርጣል					

**ክፍል 3: ከደንበኞች ማፅናት/ማቆየትን የተመለከቱ ጥያቄዎች**

CR1	ለሌሎች የኢትዮ-ቴሌኮምን መልካምነት እነግራለሁ					
CR2	ጓደኞቼን እና ሌሎችን ከኢትዮ-ቴሌኮም ጋር እንዲሰሩ አበረታታለሁ።					
CR3	ሌሎች የቴሌኮም ድርጅቶች ቢመጡም ምርጫዬ ኢትዮ-ቴሌኮም ነው።					
CR4	ኢትዮ-ቴሌኮም ፍላጎቴን እንደሚረዳ ነው የማስበው					
CR5	የዋጋ ስትራቴጂክ እቅድ መከተሉ ለኢትዮ-ቴሌኮም ደንበኞቼን ይዞ ማቆየት እንዲችል ይረዳዋል።					
CR6	ለኢትዮ-ቴሌኮም ያለኝን ታማኝነት በመጨረሻዎቹ 6 ወራት ውስጥ መቀየር እያሰብኩ ነው					
CR7	ኢትዮ-ቴሌኮም ለደንበኞች ምቹ የሆነ ምርትና የጥቅል አገልግሎት ያቀርባል					

**ለ ትብብሮት እናመሰግናለን!**

### Appendix: 3

#### Correlations

		CR	PP	PS	PD
CR	Pearson Correlation	1	.405**	.411**	.376**
	Sig. (2-tailed)		.000	.000	.000
	N	107	107	107	107
PP	Pearson Correlation	.405**	1	.984**	.903**
	Sig. (2-tailed)	.000		.000	.000
	N	107	107	107	107
PS	Pearson Correlation	.411**	.984**	1	.943**
	Sig. (2-tailed)	.000	.000		.000
	N	107	107	107	107
PD	Pearson Correlation	.376**	.903**	.943**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	107	107	107	107

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

## Regression

### Variables Entered/Removed<sup>a</sup>

Model	Variables Entered	Variables Removed	Method
1	PD, PP, PS <sup>b</sup>	.	Enter

a. Dependent Variable: CR

b. All requested variables entered.

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.413 <sup>a</sup>	.171	.146	.56985

a. Predictors: (Constant), PD, PP, PS

b. Dependent Variable: CR

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.877	3	2.292	7.059	.000 <sup>b</sup>
	Residual	33.448	103	.325		
	Total	40.325	106			

a. Dependent Variable: CR

b. Predictors: (Constant), PD, PP, PS

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	0.933	.087		2.222	.028
	PP	.093	.098	.079	.146	.048
	PS	.226	.061	.220	.860	.000
	PD	.736	.102	.688	.428	.000

a. Dependent Variable: CR