



THE EFFECT ON PRICING STRATEGIES IN THE PROCESS OF STRATEGIC DECISION MAKING IN VIEW OF COST OF PRODUCED GOODS

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ABSTRACT

This research examined the effect of the cost of produced goods on pricing strategies in the process of strategic decision. Also examined in this research is the extended effect of pricing strategies on consumers purchase decision making. The research aimed to answer questions on the extent to which cost of produced goods affects pricing strategies of products, how decision makers realize the value-based pricing strategy of corporations and the extent to which pricing policy help consumers to make purchase decisions. This research being historical and descriptive depended basically on secondary sources of information. The research used a historical and descriptive method and depended basically and simply on secondary devices as sources of data. Results from the data acquired reference that customers have an understanding of fair value reflected in prices of the firm's products. The researcher will use both analytical and descriptive methods which appropriate the context of the current research which is generally based on the theoretical underpinnings and fieldwork. The outcomes indicate that the cost of produced products used in organizations provides quality information; there is an effect of this information on the pricing decision-making; there are parts in which pricing strategy much relied on the information provided by the cost systems.

Keywords: Product; Pricing; Strategy; Decision Making; Consumers



1. INTRODUCTION

The customers use to identify the prices way which is valued and perceived due to the impact of purchasing decisions by customers(Dong, Jiang & Jiao, 2017).It has been noticed in different studies including (Constantinides, 2006)that the price is one of the most significant factors when customer make a purchase decision. Moreover, this purchase decision when any product is purchased on a frequent basis impact on brand and product directly. Similarly, for the company, it is necessary to select proper pricing strategy that is objective and linked with the strategy and play an important function for the concerning business in an integral format and help in process of planning respectively(Dutta, Zbaracki & Bergen, 2003).

According to Constantinides (2002) it is necessary for the company and marketer to calculate the cost of production of the product and also add the concerning markup. When the customers perception is not properly understand by any company and pricing strategy is utilized it impact directly on the product cost and demand of the products usually decrease.

Coughlan(2014) Examined that the business need to fill products by giving them appropriate cost by using wide range of pricing strategies that use to help and support them to give tough competition in the marketplace. For bringing any kind of change, the company needs technology to be adopted in the environment for handling challenges by giving adequate prices strategies (Erickson & Johansson, 1985).

1.1. Limitation of the study:

For this research study, the researcher is working productively for formulating the study in an adequate way. Moreover, the researcher will collect the data from respondents that will be presented in the Danube Super market, Hyper Panda Retail Company, and Al Raya and making decisions for purchasing products. There will some limitations of this study also presented that include:

- The researcher conducted the current research study in Saudi Arab in Jazan region. Moreover, due to limited time he not considered other cities so the sample size is also small.
- Due to scarce means only one city is considered.
- The questionnaire is in English but most of the customers are Arabic so next time properly translated questionnaire must be considered.

1.2. Research questions:



Following are the research questions presented in which the research is based:

- Determine the effect of the cost of produced products on pricing strategies.
- Identify the challenges faced by companies in adopting pricing strategies.
- Examine the impact of pricing strategies based on the consumer to take decision for purchasing products.

1.3. Hypothesis:

Following are the hypotheses presented in which the overall research is based:

- There is a direct effect of the cost of produced products on pricing strategies.
- There is an effect of the cost of products based on pricing in process of strategic decision.
- There is a positive effect of value-based pricing strategy in the process of strategic decision.
- There is a direct relationship presented in between produced products and consumers purchasing power in the market.
- The pricing strategies possess direct and positive effect on the process of strategic decision making.

2. LITERATURE REVIEW:

The research has elaborated about the pricing strategy of how the organizations develop strategies related to pricing. There are many types of research regarding the pricing strategies how the prices could be set to get the prime pricing structure for the products despite their costs (Anderson, 2010).

Product pricing is the part of the marketing mix and it will affect how the product is positioned in the market. It must consider that pricing will be the combination of fixed and variables cost of the products and effort that is put in the making of the product (Bakker, 2006). It will also include competitions, buying the power of target groups, their willingness to buy the product etc. When the pricing is set it should be kept in mind that organizational goal of targeting financials. Pricing should be rational and it must be according to the marketing mix (Hendrick, 2007).



Many of the organizations use different pricing strategies as per their organization norms. Organizations must follow some strategy which should be according to some steps (Herlin, 2011). Researchers have shown that the start of the strategy setting must be market analysis, positioning the product, targeting the audience, product segmentation. Studies suggested that the strategy must have to determine all aspects of the marketing mix (Khoja, 2015).

Developing a strategy for marketing is important and the first step is to develop a marketing strategy for product and service. Researches show that this is the point when the organization has to decide on targeting the market and positioning the product (Kovács, 2011). As per research, this state will help to define how the product will going to be sold and it will be set as an example for setting pricing for other items as well (Kovács, 2011).

The second step will be based on identifying a marketing mix that can involve defining the product, distribution, and supply of the product and promotion of the product (Meena, 2011). It is important to determine that pricing is based on the distribution channel of the product and along with that the promotion of the product (Merx, 2012).

As per research, it can be defined as setting the price of the product as high as to make it rear to be available for the customers (Nollet, 2005). Thirds step of the process is actually realizing the demand curve that will determine how the price of the product will have an impact on their demand (Pazirandeh, 2012).

Researches show that there is a significant relationship between price and demand in the quantity of the product. This is why the demand curve is important to form and analysis for pricing strategy (Pfeffer, 2003). The first step of this will be setting out the standards of setting the pricing and how I will affect the demand of the product. Researchers say that when the same types of products are available in the market so it will be easier to set the price and also how to analyze the demand curve (Anderson, 2010). It will also help to analyze the price elastic of the product or services.

The fourth step will focus on identifying the cost of the products; it will help them to identify fix cost and variable cost (Ross, 2003). As per research, it is said that when marketers set the price of the product is must also know that hat is the cost involved in it. This kind of cost is referred to as unit cost. This cost identification is used to reach the breakeven point. When the price is set higher than unit cost it will show the margin (Rozemeijer, 2000).



These strategies will help to identify the pricing strategy of the product. The fifth stage will be the analysis of the environmental factors, in this responses of the customers and the competitors will be analyzed (Schotanus, 2005). In this step, the legal aspects of a product launch or its consequences to launch will be identified. This will help to overcome the discernment over the price (Schotanus, 2007). Researches show that it will help them to identify how higher the prices can go as per law and how early the organization can reach the breakeven point as breakeven point. Abiding the law is a very important factor to sustain in the market (Schotanus, 2008).

The sixth step will help to define the pricing objectives (Schultz, 2008). There are many different types or pricing strategy that will help to set the prices such as profit maximization, revenue maximization, maximize the profit margin, increase the quantity, differentiation of the price, survival pricing, partial cost recovery (Taylor, 2009). Profit maximization pricing strategy is the type of strategy that will help the organization to set a price which will help them maximize the profit for the organization (Turner, 2000).

Researchers say that most of the firms opt for profit maximization strategy for their company as a standard practice. This is the type of strategy that is mostly used by most of the organization in a competitive market (Yin, 2003). Researches elaborated that this will help them to analyze the factors and variables that the company is doing for the variables. This concept will run and accepted when the organization strives to achieve the expectation of the stakeholders (Aaker, 2008). Profit maximization pricing strategy will help the firm to get to know about price factors and association costs.



Figure 1: Objectives

Pricing strategy also has revenue maximization as a strategy for setting the prices (Akindele, 2016). Revenue maximization involves around marketing strategy that mostly

revolves around the theme of arising the theme of how the revenues and sales can be maximized (Coughlan, 2014). A pricing strategy that can deal with the cost factor of the product and this will also effect on customer purchase power of the product (Herbes, Braun& Rube, 2016).

When the firm strives to develop the revenue maximization strategy focus must be developed on its distribution and supply chain (Farese, 2010). Distribution of the product to the certain place will also incur the cost and will be added to the final product cost. When the product is supplied to certain places and cost is high so it will affect the pricing strategy of the product (Gibbons, 2014).

Researchers suggest that if the product cost is low so it will be easy to set the price and profit or revenue maximization will be easier to follow (Burnham, 2003). The profit margin, on the other hand, deals with how to set create pricing strategy that will help in getting the desired profit margins (Kelly, 2004). It will also analyze the cost of the material that is being in the product of the product. The net profit can be calculated after subtracting all the product related cost (Kotler, 2001).

The profit margins have representation in the percentages and it will be shown in per unit cost. When the price of any product is set so strategically per unit profit margin is also been kept separated so that also help the company to reach the target break even and after that reaching the profit goals (Mazumdar, 2010). Profit margins of the product can also be defined in different terms such as gross margins, operating margins (Aaker, 2008).

Price differentiation is another type of pricing strategy that will focus on competitive strategy. Competitive pricing strategy will focus on setting the prices in relation to the competitors (Anderson, 2010). Competitive pricing strategy will have to focus on a pricing strategy that will create a competitive edge of your prices over the customers.

These types of pricing strategies will focus on keeping prices low (Bakker, 2006). This type of pricing strategy generally tends to keep the profit margins low. Researches show that differentiation pricing strategy will keep the profit and revenue generation at the lower side and difficult to reach the breakeven target (Burnham, 2003).

As per researchers when the product is easily available in the market and in easy reach of the customers so by the prices of the product will become low as the cost of the product will also reduce (Hendrick, 2007). This will work on demand and supply of the product as when the supply of the product is in less quantity demand will increase and prices will be high and when the supply of the product increase it will also reduce the prices of the product (Herlin, 2011).



Penetrating pricing strategy is the type of pricing strategy in which the organization focuses on keeping the price on the lower side. Before setting the price of the product it is important to analyze the market for a price check. So that prices could be set comparatively low (Kelly, 2004). As per researchers, this type of marketing mix will focus on selecting the pricing very carefully.

This type of pricing strategies very close to the actual price of the product and the profit margins are very low but consistent (Khoja, 2015). As these types of products are not much focused on innovative products the product cost will be comparatively lower side. This will help the company to maintain sufficient and consistent profits and revenues (Kotler, 2001).

As per the research economy pricing strategy will work when the organization has lower overhead and over costs (Merks, 2012). This lower cost factor will help the organization to sell their products on comparatively lower price as compared to the others who have higher overheads. When the overhead is high this will have a significant impact on the price of the product (Meena, 2011). Overhead of the product will help to keep the price of the product at the higher side.

When the cost of the product is analyzed overhead cost will also be included to make the final cost (Kovács, 2011). When the product is set at lower price quality of the product is maintained to good and it will be an obligation on the customers. Economic pricing factor will help to survive the company in the bad financial and economic situations (Rozemeijer, 2000).

Those business units who are opting for economic pricing strategy for their products have to strive hard to gain profits as the profit margin in these products are near to none, due to this fact they are being classified as economic pricing strategy and will help to maintain overall market presence by keeping the cost factor in mind along with consumer buying power (Yin, 2003).

Premium pricing strategy means charging a premium price for any product or service as compared to the actual cost of the product. In premium pricing, strategy profit margins of the products are higher side. (Turner, 2000). This type of product or service will help the organization to gain higher profit margins and higher revenue gain in the overall sense (Taylor, 2009).

The companies who are opting premium pricing are mostly that product that is considered luxury items and not the consumer products (Schultz, 2008). These types of products are mostly targeted to the elite class and to those who have purchasing power for the product.



Brand image that the company made on the mind of the customers are priceless and with the help of that brand, image customers are able to pay for that extra price of the product and service (Schotanus, 2005).

Premium pricing is also referred to as prestige pricing. Premium pricing strategy will act as a competitive advantage of the product and service and will help the company to maintain its position in the market as an elite product. Premium pricing strategy will help the company to maintain its own visibility in the market and in the shares (Aaker, 2008).

As there is a separate demand for premium priced products and its target market is totally different. As per different authors, it can be proved that it has improved profits margins as the pricing that is set for the product is comparatively on the higher side as compared to the normal pricing of the product (Schotanus, 2005).

The disadvantage is its marketing as the premium priced product are only targeting upper social class and hence the marketing and targeting must also be of the kind that only targets elite class to gain the effective marketing response rate (Rozemeijer, 2000). The customers of the premium pricing strategy are limited in number as the elite class is the only target market.

Value-based pricing strategy is the type of pricing strategy which will help to charge the price of the product based on its value that is in the mind of the customers about the product or service (Ross, 2003). The value creation in the mind of the customer is with the help of the positioning technique. Positioning is the perception of the product or service in the mind of the customer and this is where the value of the product or service is created (Akindele, 2016).

Value-based pricing is the type of pricing strategy that can charge for the extra value that customers pay for product loyalty. Value-based pricing is very difficult to handle as it can have many other implications. It is very difficult to build a mindset of the person about any product or service (Turner, 2000).

It takes an extra effort to position a brand in customers mind and make its perception in their mind and thought so strongly that they pay an extra amount of their perception. It will take a lot of effort and time that the company invests in making the customers loyal of their specific product and they need pay for that the extra amount in the name of value-added pricing (Taylor, 2009).

There are many types of cost that are linked with the product cost and will be part of the cost of finished goods. These costs are direct labor, direct material, and overhead (Hendrick,



2007). Direct labor is the cost of the labor that is working directly on the product on the production side of the product. These labors are involved directly in the production side and are working with the other labor directly for the product (Meena, 2011).

The overhead cost that is incurred on the production of certain goods will also be part of the cost of the final product and it will affect the buying power of the product. When the cost of a product is high customer buying power will decrease (Bakker, 2006). Developing a strategy for marketing is important and the first step is to develop a marketing strategy for product and service (Hendrick, 2007).

Researches show that this is the point when the organization has to decide on targeting the market and positioning the product. As per research, this state will help to define how the product will going to be sold and it will be set as an example for setting pricing for other items as well. When the currency of our country becomes devalue against the dollar the purchasing power of the customer decrease (Turner, 2000).

On the other hand, if the currency of our country is appreciated against the dollar purchasing power of the customer will increase. It is said that prices of consumer goods cannot be increased drastically due to the higher demand and it will affect the purchasing power of the customer a lot. It is mostly related to value-added product as per some researches (Merks, 2012). Purchasing power is defined as strength of the customer to buy any product or service (Mazumdar, 2010).

It is the very crucial and important determinant of the economy as it will show how weakly the economy is and how wealthy are the people who are living in the nation. Cost of living is also a very important factor to measure the purchasing power of the customers as higher cost of living will be negatively linked with the purchasing power of the customers (Kovács, 2011). There are many different factors that will impact the purchasing power of the customer from one aspect or the other that is defined below (Aaker, 2008).

Prices of the product or service are very important to identify customer buying power in society. When the prices are higher that will be more chances that buying the power of the customers is low (Mazumdar, 2010). Researchers show that those organization who set their prices low there will be many people who can buy their product easily (Hendrick, 2007).

The pricing strategy has a significant impact on customer buying power of the product. When the economy is not flourishing and the cost of the living is high, the purchasing power of the customer will become low (Mazumdar, 2010). On the other hand, it is also elaborate that



those people who are living in elite areas but their income does not increase so the purchasing power of the customer will decrease.

Research of Kovács (2011) says that cost of carrying the product will also have an impact on its cost and will ultimately affect the cost of the product and purchasing of the product (Anderson, 2010). The cost of final goodwill undertakes the cost of the warehouse where the final product is kept of the final distribution. Work of (Farese, 2010) says that developing a strategy for marketing is important and the first step is to develop a marketing strategy for product and service (Hendrick,2007). Researches show that this is the point when the organization has to decide on targeting the market and positioning the product.

Research of (Hendrick, 2007) elaborates that there is a significant link of inflation and purchasing power of the customer is shown in the studies (Anderson, 2010). Researchers have shown that there is a direct relationship between inflation and the purchasing power of the customer. Research of Coughlan (2014) elaborated that there is no impact of supply and demand curve on the purchasing power of the customer and these are only dependent on the inflation and income while some of the sources have added that these are significantly linked with each other and have stronger relationships (Gibbons, 2014).

Developing a strategy for marketing is important and the first step is to develop a marketing strategy for product and service. Researches show that this is the point when the organization has to decide on targeting the market and positioning the product (Kovács, 2011). As per research, this state will help to define how the product will going to be sold and it will be set as an example for setting pricing for other items as well (Kovács, 2011).

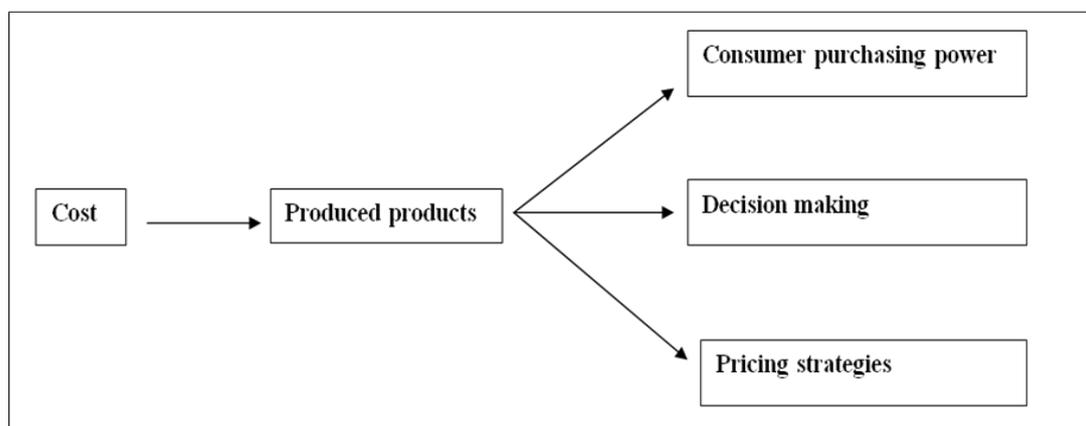


Figure 1: Framework

3. RESEARCH METHODOLOGY:

3.1. Population and Sample Size

In statistics, the concept of population is known as the involvement of the general public belong to the same group, community or society. The term population is always referred to data collection from human beings. In this investigation, a total number of populations are 300 respondents. Simple random sampling methods are used for data collection. This simple random sampling method is work according to non-probability random sampling methods.

The limit of sample size is not more than 150 respondents that are directly and indirectly linked with respect to the effect of the cost of produced products on pricing strategies in the process of strategic decision making. Preferred Retail Store is in the area of Danube, Hyper Panda Retail Company and Al-Raya super market.

3.2. Data Collection Technique

In this investigation, there are two kinds of data collection technique is used for completing this study. These data collection techniques are in practices of primary source and secondary source. In according to primary sources researcher work through using questionnaire technique. This questionnaire technique is used for the further proceeding of the investigation. This investigation is in the form for data collection and practically applies various statistical tests.

This questionnaire is divided into two key components. These key components are demographic information about users and another component is based on research variables. All questions are closed ended in the situation and using a Likert scale for processing. A secondary source of information is associated with past and similar literature, model and related theories that are helpful for design framework model and determining the effect of the the cost of produced products on pricing strategies in the process of strategic decision making.

Table 1: Reliability Statistics

| Reliability Statistics | |
|------------------------|--------------|
| Cronbach's Alpha | No. of Items |
| 0.772 | 20 |

The outcome of reliability statistics is composed of two key components. This key component is in practices of the worth of Cronbach's Alpha and n of items. The outcome shows that in this investigation N of items are 20 and having the value of Cronbach's Alpha is .772, that is considered as good for further practically apply various statistical tests. These statistical tests are related to correlation analysis and multiple regression analysis models.



3.3. Data analysis, Results and Interpretation

This data analysis, results and interpretation chapter is composed of three statistical tests. These statistical tests are in practices of demographic information about users. This demographic information includes gender, age, marital status, occupation and preferred retail store in the environment. In this investigation, researcher practically applies correlation analysis for testing of proposed research hypotheses derived through theoretical framework model of the study and also use of multiple regression analysis models to the known current worth of variables in this investigation. Some of the important statistical tests are presented in the form of a table are assumed below:

3.4. Demographic Information

Some of the important demographic information related to examining the effect of the cost of produced products on pricing strategies in the process of strategic decision making is assumed below:

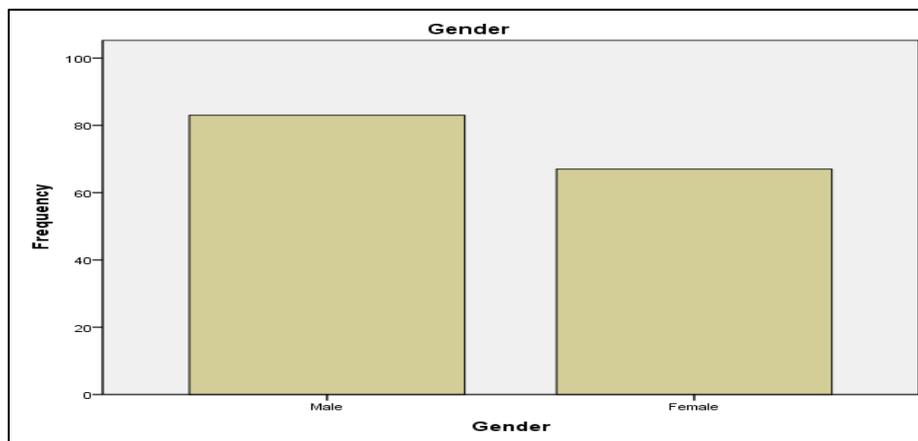


Figure 3: Gender vs. Frequency

Table 2: Gender

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|--------|-----------|---------|---------------|--------------------|
| Valid | Male | 83 | 55.3 | 55.3 | 55.3 |
| | Female | 67 | 44.7 | 44.7 | 100.0 |
| | Total | 150 | 100.0 | 100.0 | |

This gender information plays important demographic information in this investigation. This gender component is divided into two parts. The first part is about male and another part is female. In according to the outcome demonstrated that male having a percentage of 55.3% and female having a percentage of 44.7% helpful for conduction of this investigation. The ratio of the male is higher instead of female. It was been observed that the response of male is more affecting of cost with respect to produced products on pricing strategies in the area of the process of strategic decision making instead of females.

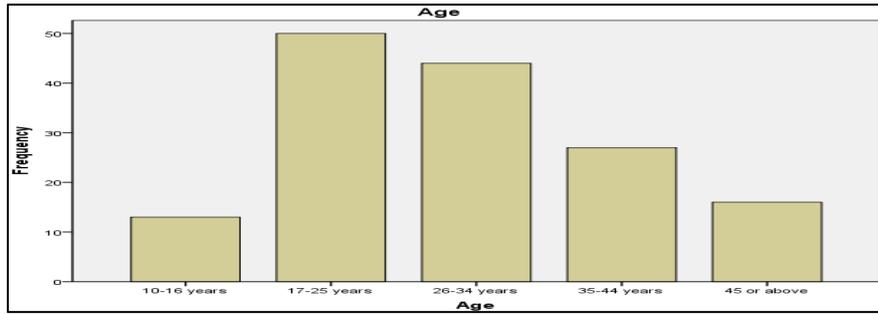


Figure 4: Age vs. frequency

Table 3: Age

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------|-----------|---------|---------------|--------------------|
| Valid | 10-16 years | 13 | 8.7 | 8.7 | 8.7 |
| | 17-25 years | 50 | 33.3 | 33.3 | 42.0 |
| | 26-34 years | 44 | 29.3 | 29.3 | 71.3 |
| | 35-44 years | 27 | 18.0 | 18.0 | 89.3 |
| | 45 or above | 16 | 10.7 | 10.7 | 100.0 |
| | Total | 150 | 100.0 | 100.0 | |

This age information is associated with respondents. In this investigation, respondents are having ages such as 10-16 years, 17-25 years, 26-34 years, 35-44 years and 45 and above years. The outcome demonstrated that respondent age is in between 10-16 years having percentage of 8.7%, respondent age is in between 17-25 years having a percentage of 33.3%, respondent age is in between 26-34 years having percentage of 29.3%, respondent age is in between 35-44 years having a percentage of 18%, and respondent age is in between 45 or above years having percentage of 10.7%, obliging tools for conduction of this investigations.

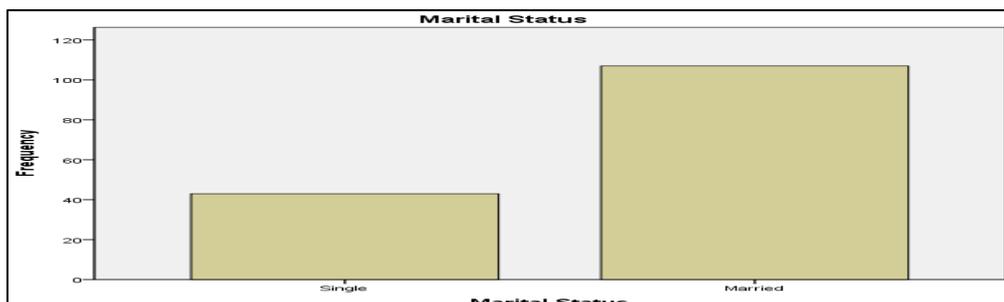


Figure 5: Marital status vs. Frequency

Table 1: Marital Status

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|---------|-----------|---------|---------------|--------------------|
| Valid | Single | 43 | 28.7 | 28.7 | 28.7 |
| | Married | 107 | 71.3 | 71.3 | 100.0 |
| | Total | 150 | 100.0 | 100.0 | |

This marital status information plays important demographic information in this investigation. This marital status component is divided into two parts. The first part is about the single and another part is married. In according to the outcome demonstrated that single having a percentage of 28.7% and married having a percentage of 71.3% helpful for conduction of this

investigation. The ratio of married is higher instead of single. It was observed that the response of married is more affecting of cost with respect to produced products on pricing strategies in the area of the process of strategic decision making instead of single respondents.

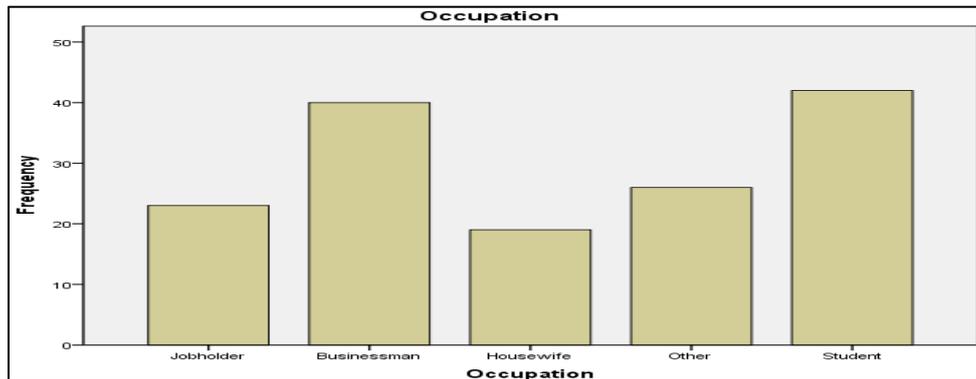


Figure 6: Occupation vs. frequency

Table 2: Occupation

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------|-----------|---------|---------------|--------------------|
| Valid | Jobholder | 23 | 15.3 | 15.3 | 15.3 |
| | Businessman | 40 | 26.7 | 26.7 | 42.0 |
| | Housewife | 19 | 12.7 | 12.7 | 54.7 |
| | Other | 26 | 17.3 | 17.3 | 72.0 |
| | Student | 42 | 28.0 | 28.0 | 100.0 |
| | Total | 150 | 100.0 | 100.0 | |

This occupation information is associated with respondents. In this investigation, respondents are having occupation such as jobholder, businessman, housewife, other and student. The outcome demonstrated that respondent occupation is in the area of job holder having a percentage of 15.3%, respondent occupation is in the area of a businessman having a percentage of 26.7%, respondent occupation is in the area of housewife having a percentage of 12.7%, respondent occupation is in the area of other having percentage of 17.3% and respondent occupation is in the area of student holder having percentage of 28.0% obliging tools for conduction of this investigations.

Table 3: Preferred Retail Store

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|----------------------------|-----------|---------|---------------|--------------------|
| Valid | Danube | 50 | 33.3 | 33.3 | 33.3 |
| | Hyper Panda retail company | 50 | 33.3 | 33.3 | 66.7 |
| | Al-Raya super market | 50 | 33.3 | 33.3 | 100.0 |
| | Total | 150 | 100.0 | 100.0 | |

This preferred retail store information is associated with respondents. In this investigation, respondents are having preferred retail store such as Danube, Hyper Panda Retail Company and Al-Raya supermarket. The outcome demonstrated that respondent of preferred retail store is in the area of Danube having a percentage of 33.3%, respondent preferred retail store is in the area of hyper Panda retail company having percentage of 33.3%, respondent

preferred retail store is in the area of Al-Raya super market having percentage of 33.3% obliging tools for conduction of this investigations.

3.5. Correlation Analysis:

This correlation analysis is used for testing of suggested hypotheses derived from the theoretical framework model. The outcome of the correlational analysis is assumed below:

Table7: Correlation Analysis

| | | Correlations | | | | |
|---------------------------|---------------------|--------------|-------------------|------------------|---------------------------|-----------------|
| | | Cost | Produced Products | Pricing Strategy | Consumer Purchasing Power | Decision Making |
| Cost | Pearson Correlation | 1 | .215** | .017 | .100 | .210** |
| | Sig. (2-tailed) | | .008 | .000 | .224 | .000 |
| | N | 150 | 150 | 150 | 150 | 150 |
| Produced Products | Pearson Correlation | .215** | 1 | .290** | .217** | .339** |
| | Sig. (2-tailed) | .008 | | .000 | .008 | .000 |
| | N | 150 | 150 | 150 | 150 | 150 |
| Pricing Strategy | Pearson Correlation | .017 | .290** | 1 | .088 | .512** |
| | Sig. (2-tailed) | .838 | .000 | | .285 | .000 |
| | N | 150 | 150 | 150 | 150 | 150 |
| Consumer Purchasing Power | Pearson Correlation | .100 | .217** | .088 | 1 | .167* |
| | Sig. (2-tailed) | .224 | .008 | .285 | | .000 |
| | N | 150 | 150 | 150 | 150 | 150 |
| Decision Making | Pearson Correlation | .210** | .339** | .512** | .167* | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | |
| | N | 150 | 150 | 150 | 150 | 150 |

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

* . Correlation is significant at the 0.05 level (2-tailed).

The outcome demonstrated that the first research hypothesis there is a direct effect of the cost of produced products on pricing strategies. The correlation value of the cost of produced products and pricing strategies i-e .210**, level of significance is 0.000.

Second research hypothesis there is an effect of the cost of products based on pricing in process of strategic decision. The correlation value of the cost of produced products and pricing decision making i-e .339**, level of significance is 0.000.

Third research hypothesis there is a positive effect of value-based pricing strategy in the process of strategic decision. The correlation value of pricing strategies and decision making i-e .512**, level of significance is 0.000.

Fourth research hypothesis there is a direct relationship presented in between produced products and consumers purchasing power in the market. The correlation value of produced products and consumer purchasing power i-e .167*, level of significance is 0.000.



Fifth research hypothesis the pricing strategies possess direct and positive effect on the process of strategic decision making. The correlation value of pricing strategies in the process of decision making i-e .512**, level of significance is 0.000. Hence these all research hypotheses are approved and support framework model of this investigation.

3.6. ANOVA Analysis

This ANOVA analysis is derived through the effective use of multiple regression analysis models. The outcome of ANOVA analysis is assumed below:

Table 8: ANOVA Analysis

| ANOVA ^b | | | | | | |
|--------------------|------------|----------------|-----|-------------|-------|-------------------|
| | Model | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 65.029 | 4 | 16.257 | 6.647 | .000 ^a |
| | Residual | 354.620 | 145 | 2.446 | | |
| | Total | 419.648 | 149 | | | |

a. Predictors: (Constant), Consumer Purchasing Power, Pricing Strategy, Cost, Produced Products

b. Dependent Variable: Decision Making

In according to the outcome demonstrate that the key functionality of ANOVA analysis is used to determine the overall impact of all the independent variables on the dependent variable by using frequency analysis. The outcome demonstrated that frequency shows the worth of model i-e 66.47%, shows variance in the model, at the level of significance is 0.000. The values of regression and residual are evaluated in terms of the sum of square and df i-e (65.029, 354.620 and 4,145) and mean square is (16.257 and 2.446). Hence these values are considered as good and work for the betterment of investigations.

3.7. Simple Regression Analysis:

3.7.1. Analysis for Cost

The outcome demonstrated that coefficients analysis in relations with respect to cost and decision making is assumed below:

Table 9: Analysis for Cost

| Coefficients | | | | | | |
|--------------|------------|-----------------------------|------------|---------------------------|-------|------|
| | Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.164 | .777 | | 1.499 | .000 |
| | Cost | .227 | .116 | .156 | 1.967 | .000 |

a. Dependent Variable: Decision Making

This coefficient analysis is derived through multiple regression analysis models. This coefficient analysis is composed of two key components. These key components are in practices of unstandardized coefficients and standardized coefficient. In according to the investigation

outcome of standardized coefficients is obliging tools for finding best predictors from research model through beta value. The worth of cost is based on beta value i-e .156 at level of significant is .000. Hence these research predicators are considered as good and helpful for improving current business network.

3.7.2. Analysis for Produced Products

The outcome demonstrated that coefficients analysis in relations with respect to produced products and decision making is assumed below:

Table 10: Analysis for Produced Products

| Model | | Coefficients | | | t | Sig. |
|-------|-------------------|-----------------------------|------------|---------------------------|-------|------|
| | | Unstandardized Coefficients | | Standardized Coefficients | | |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.164 | .777 | | 1.499 | .000 |
| | Produced Products | .568 | .158 | .303 | 3.594 | .000 |

a. Dependent Variable: Decision Making

In according to the investigation outcome of standardized coefficients is obliging tools for finding best predictors from research model through beta value. The worth of produced products is based on beta value i-e .303 at level of significant is .000. Hence these research predicators are considered as good and helpful for improving internal and external current business operations in market.

3.7.3. Analysis for Pricing Strategy

The outcome demonstrated that coefficients analysis in relations with respect to pricing strategy and decision making is assumed below:

Table 41: Analysis for Pricing Strategy

| Model | | Coefficients | | | t | Sig. |
|-------|------------------|-----------------------------|------------|---------------------------|-------|------|
| | | Unstandardized Coefficients | | Standardized Coefficients | | |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.164 | .777 | | 1.499 | .000 |
| | Pricing Strategy | .123 | .117 | .084 | 1.048 | .000 |

a. Dependent Variable: Decision Making

The outcome demonstrated that of standardized coefficients is obliging tools for finding best predictors from research model through beta value. The worth of pricing strategy is based on beta value i-e .117 at level of significant is .000. Hence this research predictor plays an important role for overall improve business operations.



3.7.4. Analysis for Consumer Purchasing Power

The outcome demonstrated that coefficients analysis in relations with respect to consumer purchasing power and decision making is assumed below:

Table 52: Analysis for Consumer Purchasing Power

| Coefficients | | | | | | |
|--------------|---------------------------|-----------------------------|------------|---------------------------|-------|------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.164 | .777 | | 1.499 | .000 |
| | Consumer Purchasing Power | .205 | .131 | .124 | 1.562 | .000 |

a. Dependent Variable: Decision Making

The outcome demonstrated that of standardized coefficients is obliging tools for finding best predictors from research model through beta value. The worth of consumer purchasing power is based on beta value i-e .124 at level of significant is .000. Hence this research predictor is considered as good and helpful for improving business operations in market.

4. CONCLUSION:

For formulating this research study in an adequate aspect, proper research was conducted. The selected topic of the research is “The effect of the cost of produced products on pricing strategies in the process of strategic decision making.” For this research, three different companies of Saudi Arabia were considered including Danube, Hyper Panda Retail Company and Al-Raya supermarket respectively.

For this research study, the sample size was considered as 150 respondents from a total population of 300. Hence, the research was exploratory in nature. Simple random sampling methods were used for data collection. Moreover, both primary and secondary data collection was considered for this research study.

The primary research was based on the questionnaire that was later uploaded on SPSS to get numerical values and MS. Excel was also used for making tables respectively. Moreover, the data was analyzed by focusing on multiple regressing analysis, model summary, ANOVA analysis, and coefficient analysis. The secondary data was based on past researches which were taken from online libraries, books, research papers, journals, websites, and blogs.

It has been noticed from the overall research that companies need to adopt a proper pricing strategy for their product or services which they are offering in the marketplace. If the pricing strategy is properly adopted only then customers could gain attraction and purchase

their products. Hence, forgetting the positive attitude of customers, the companies need to consider value pricing strategy with the passage of time.

This strategy is one of the best and productive in nature that supports the company in enhancing sales of companies like Danube, Hyper Panda Retail Company and Al-Raya. The companies use to do proper marketing research before adopting any pricing strategy and after getting results, they could apply any suitable strategy that helps them to gain a sustainable competitive advantage in a timely perspective.

In addition, there is a direct effect of the cost of produced products presented on pricing strategies. As the concerning companies are responsible to give suitable pricing strategy to grab maximum concentration of customers. Hence, when the cost of products is based on pricing is productive, and then customers could make a strategic decision in a positive aspect. The value-based pricing strategy is one of the best and suitable strategies that support companies in tough time and help customers to take proper decision for purchasing such product or services.

When the consumers contain proper purchasing power only then they can purchase any product. This is because the government taxes on products are controlled properly along with pricing strategy used by the company for any product. As an outcome, the consumer purchasing power gets enhanced. The cost of any product when produced is important and it also plays a vital role. Companies usually face challenges when they adopt specific pricing strategies. These challenges are handled with the passage of time by utilizing appropriate pricing strategies and boost customers to purchase products in repeated aspect.

5. RECOMMENDATIONS:

After the overall research study, there are few recommendations made. These recommendations are presented below:

- The companies need to use a proper pricing strategy for their products or services which is being offered to customers. If the pricing strategy is adequate, it helps in increasing the purchasing power of customers.
- It is recommended to the companies to perform proper marketing research. This would support them in examining competitor pricing strategies. Once the pricing strategies are known only then they can apply them in the company for their own products and services.



- It is recommended to such companies to cost the produced products in a productive manner. This is only possible when they select proper pricing strategy and work to gain a competitive advantage by sustaining the customers to purchase products in repeated format.

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