

AGGRESSIVE PRICING AND MARKETING COMPETIVENESS OF ENTERTAINMENT FIRMS IN RIVERS STATE

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Abstract

This study examined the relationship between aggressive pricing and marketing competitiveness of entertainment firms in Rivers State. The objective was to establish the direction and strength of relationship between aggressive pricing and market share growth and sales growth as indicators of marketing competitiveness. The study adopted a survey research design. The population of the study comprised 116 entertainment firms. The study worked with 92 firms as the sample size and 276 respondents. Data was collected using self-administered structured questionnaire that was validated for the study. The study adopted quantitative method of data analysis which means that the gathered data from the retrieved research questionnaire was analyzed statistically and in two phases' namely univariate analysis and bivariate analysis. The study found a strong correlation between aggressive pricing and market share growth; and a very strong correlation between aggressive pricing and sales growth. The study concludes that aggressive pricing has significant relationship with competitiveness of entertainment firms in Rivers State; and recommends that marketing manager of entertainment firms should focus on aggressive pricing to achieve improved competitiveness in terms of market share growth and sales growth.

Keywords: Aggressive pricing, marketing competitiveness, market share growth, sales growth

Introduction

The Nigerian entertainment industry is becoming increasingly important, as it generates employment and creates wealth. All segments of the entertainment industry in Nigeria are growing into multibillion-dollar businesses. Growth in the Nigerian entertainment sector has been phenomenal and further reinforced by its inclusion in the computation of marketing strategies. The market for entertainment is highly competitive, with players vying for a large portion of the market. To stay ahead of competitors, companies must create successful plans that set their entertainment feature apart, reduce expenses and maximize customer satisfaction.

The entertainment industry covers a variety of areas, including film, broadcasting, music, theatre, and publishing. The players are even more varied: performers; managers and agents; creators of artistic works; owners of theatres and festival grounds; broadcasters and publishers, distributors, and advertising agencies; big brands that use celebrities to endorse products; and government as a regulator.

Entertainment serves not only the talent that performs in the industry but also the production aspects of creating content, as well as ensuring the sustainability of the industry. While the success of the industry in Nigeria is applauded by many, some are concerned that the industry's heavy portrayal of negative cultures, violence, immodest lifestyles, including dressing, and ritual killings for wealth and power may have harmful effects on consumers' social values.

Despite the fact that marketing strategy determine competitiveness, little research has been conducted on aggressive pricing and Marketing competitiveness in Nigeria. Scholars have researched new product launches (Sheikh, 2018), pricing strategy and advertising (Birkinshaw, 2019), and reactions to disruptive innovations (Sheikh, 2018). Also, competitive dynamics researchers have examined antecedents to organizational performance and competitive behavior (Luoma, 2013), exploring temporal depth (Nadkarni et al., 2016) time delays (Luoma et al., 2017), repertoires (Sheikh, 2018), and strategic consistency within organizations (Lamberg et al., 2019).

These studies offer little explanation as to how firms in the entertainment industry can improve their competitiveness. Therefore, this study examined the relationship between aggressive pricing and Marketing competitiveness of entertainment firms in Rivers State.

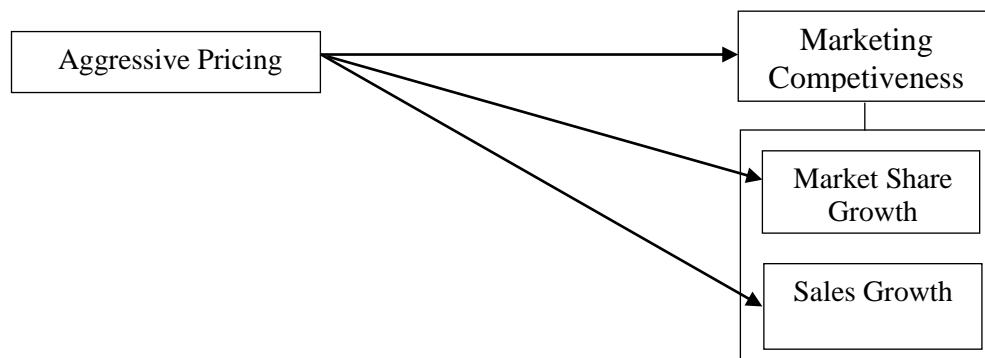


Fig. 1: Conceptual framework of relationship between aggressive pricing and marketing competitiveness of entertainment firms in Rivers State.

Literature Review

Theoretical foundation of the Study

This study is anchored on stimulus-response theory, which is also known as hypodermic needle theory, transmission belt theory or magic bullet theory. During the early decades of the twentieth century, communication scholars derived the stimulus-response model from a questionable interpretation of the psychological and sociological theories prevalent at that time (DeFleur & Ball-Rokeach, 1982). The stimulus-response model is associated with the assumption that the mass media has powerful effects (Frank, 2008).

Frank et al. (1995) summarized the basic assumptions of stimulus-response theory as follows: (1) people in a mass society lead socially isolated lives, exerting very limited social control over each other because they have diverse origins and do not share a unifying set of norms, values, and beliefs; (2) similar to higher animals, human beings are endowed at birth with a uniform set of instincts that guide their ways of responding to the world around them; (3) because people's actions are not influenced by social ties and are guided by uniform instincts, changed to responses.

Marketing stimuli consists four Ps: product, price, place, and promotion. Other stimuli which can affect decision making and possible responses include major forces in the buyer's micro and macro environment. Every activity forms an idea and image that may influence the perception of a customer about a purchase decision.

Individuals attend to events (such as media messages) in similar ways; and (4) people's inherited human nature and their isolated social condition lead them to receive and interpret media messages in a uniform way. In the context of the consumer market, marketers present stimuli that enter the buyer's black box and produce certain choice/purchase response (Dukumor, 2016).

Concept of Aggressive Pricing

Kotler (2007) defines price as cost of producing, delivering and promoting the product charged by the organization. Zeithaml (2018) is of the view that monetary cost is one of the factors that influence consumer's perception of a product's value. Price can be stated as the actual or rated value of a valuable product which is up for exchange. Some define it as amount of money paid for product (Kotler et al, 2015).

Colpan (2016), Doole et al. (2016) and Owomoyela et al. (2013) establish significant relationship between price and business performance. The price a firm set for its product plays a large role in its marketability. Pricing for products that are more commonly available in the market is more elastic, meaning that unit sales will go up or down more responsively in response to price changes (Jones, 2017).

Patnayakuni (1997) defined pricing as the process of determining the value at which a product will be sold. This can involve considering a variety of factors such as production costs, competition, demand and the value of the product. Businesses use different pricing strategies, such as cost-plus pricing, value-based pricing, or penetration pricing, to set prices that maximize profitability while remaining competitive.

The pricing strategy selected vary by company, product and target market. As a consequence, it is possible for companies to demand higher prices for the products they offer. In addition, digital marketing can assist businesses in improving the efficiency of their marketing efforts which in turn can result in increased sales as well as higher revenues which in turn can enable the businesses to raise their prices (Carmi & Yassin, 2013).

Marketing Competitiveness

Marketing competitiveness is associated with an organization's tendency to adopt unconventional strategies, rather than relying on conventional methods of competition (Ferrier, 2021). Studies suggest that attack unpredictability leads to increased performance while new entrants can challenge market leaders by being similarly unconventional. In spite of this, two items in particular have emerged in literature as integral variables in the formulation of competitive aggressiveness action speed and action volume (number of competitive actions) (Chen et al., 2010b; Smith et al., 2001).

Marketing competitiveness literature identifies three larger streams of research areas that are used to characterize the strategies that may create competitive advantages for firms. The first set of literature examines the specific characteristics of the environments firms operate in; arguing competitive advantage is transient and dependent on external market characteristics

(Chen, Katila, McDonald, 2010; Ferrier, 2001, Nadkarni et al., 2016). This view is primarily derived from the Austrian school of economics and based on the premise that changing industry structures cause a firm's position to be temporary in the competitive market (Nadkarni et al., 2016; Smith et al., 2001). Advantages are viewed as transient, where firm specific advantages are rapidly constructed and destroyed, creating a continuous condition of disequilibrium (D'Aveni, 1999, 1994).

Marketing competitiveness is a concept with several dimensions. In this study, we adopt sales growth and market share growth to represent marketing competitiveness. Sales growth is the amount by which the average sales volume of a company's products has grown, typically from year to year (Fitzsimmons et al., 2005). It can also be described as the amount a company derives from sales compared to a previous, corresponding period of time in which the latter sales exceed the former.

Sales growth is considered positive for a company's survival and profitability. It may result in increased dividends for shareholders and higher stock prices. Many companies fail to achieve their growth targets in revenue and profitability. However, the profitable growth is heightened whenever an organization has a clear growth strategy and strong execution infrastructure (Chiliya et al., 2008).

Market share is the quotient of a total market that a firm is able to capture and service (Nwokah & Didia, 2015; Bell et al., 2008). Gunasekaran et al. (2005) suggests that market share as an index of business wellness assesses how well consumers patronize the product of a given brand. As a measure of business wellness, market share growth is a measure used to assess the efforts of the marketing function (Morgan & Rego, 2006).

Market share growth is among the best indices of the wellness of a firm. This is because it abstracts from variables that pertains to an entire industry (Nwokah & Maclayton, 2006), also because it is the portion of the market potential of the industry that an individual firm retains. Mostly, market share growth is gained through satisfied and retained customership (Didia & Nwokah, 2015). Thus, to improve its market share, the firm must reinforce customer retention (Iruka & Ateke, 2014), provide a focal point of differentiation and optimize media presence (Mack, 1996, in Didia and Nwokah (2015). The concept of market share growth and the concept of prospect are important to firms because they indicate the additional business that a brand can win and how and when to obtain it (Ateke & Iruka, 2015; Richard, 2009).

Pricing Strategy and Marketing Competitiveness

Kajisa and Akiyama (2014) examined rice pricing policies in Thailand, Indonesia and the Philippines from 1960-1990. The study revealed that political factors such as entry into the GATT, increase in per capita GDP and achievement of rice self-sufficiency are key determinants of rice pricing policy, but the ways in which these determinants have impacted policy differ among these countries.

Katta and Sethuraman (2015) studied the problem of designing a profit maximizing pricing-scheduling policy for a capacity-constrained service facility with a heterogeneous base of delay-sensitive customers; and concluded that under certain conditions it might be beneficial to pool customers of different characteristics together and treat them equally, since the customers themselves select their service class.

Avlonitis and Indounas (2015) explored pricing objectives that service companies pursue along with the different pricing methods; and found that vast majority of the firms adopt cost-plus pricing, that pricing is based on average market price, and that pricing objectives and pricing method are closely related.

Huang et al. (2017) carried out a two-stage modeling process to estimate determinants of price elasticity for store and national brands of cheese in the period 2000-2002. Results showed that several factors affect price sensitivities and also that shoppers in low-cost stores are more price sensitive than those in more expensive stores. They also suggested that greater market share does not reduce the price elasticity for store brands.

Balaji and Ragavhan (2017) examined influence of psychological pricing on price rigidity in the US retail sector from 1989 to 1997. The study showed that the pricing strategies adopted by brands differ significantly; and that brands drive pricing strategy at the individual level do not follow differential pricing strategies. Cabrales and Jiménez Martín (2017) examined price determination in pharmaceutical markets using data from 25 countries, six years and a comprehensive list of products from the MIDAS IMS database. The study revealed that market power and quality of product have significant positive impact on price.

Ros (2010) examined determinants of pricing in the Mexican domestic airline sector, using ordinary least square (OLS) regression to analyzed data from 10 airlines. The study revealed the existence of at least one low-cost carrier on a route is associated with prices that are approximately 30 per cent lower overall.

Methodology

The design adopted in this study is the cross-sectional survey research design. According to Zikmund (2003) and Ahiazu (2001) a survey is concerned with collecting data in order to test hypotheses and to answer questions concerning the current status of a phenomenon. The population of the study comprised 116 entertainment firms operating in Rivers State. The list of all entertainment firms operating in Rivers State is drawn from www.businessdirct.com. The sample size of 92 entertainment firms was determined using Taro Yemeni formula. 3 (1 top, 1 middle and 1 low level management) staff of 92 entertainment firms in Rivers State served as sources of data. Thus, 276 respondents took part in the study

The study collected primary data using a structured, self-administered questionnaire. The questionnaire was designed in such a way that every study objective is captured. Self-administered questionnaire is the preferred data collection tool because of the high literacy levels, the large size and nature of the respondents and the large unit of analysis covered in the study. The key indicators of the quality of data collection instrument are the validity and reliability of the measures. The questionnaire was given to subject experts for review and pre-test was conducted, by administering the instrument to two conveniently selected managers to fill without disclosing to them that this is the final research.

Descriptive and inferential statistics was used to analyze the data for this study. Frequencies and means scores were used for univariate analysis while the Spearman rank correlation was used to assess the linear relationship between aggressive pricing and measures of marketing competitiveness. The study was guided by the benchmark that a relationship is strong when $r = 0.5$ and above, moderate when r is between 0.3 and 0.49, weak when r is below 0.29 and a correlation of 0 indicates no relationship.

Data Analysis and Interpretation of Results

Table 1: Univariate analyses of aggressive pricing

Items	Mean Score	Standard Deviation	Coefficient of variation (%)
I know that pricing strategy takes account the cost of innovativeness	2.58	1.28	49.2
Aggressive pricing sells products in a competitive market environment.	3.42	.886	25.9
I believe pricing method is used more often by businesses	3.61	.793	21.9
pricing is combining goods and services together	3.59	.836	23.3
Pricing is not suitable for standardized products as value created for each customer`	3.79	.747	19.7
We set a low price to capture large share of the market	3.29	.809	24.6
Grand mean Score	3.39	0.908	28.0

Source: Survey result 2024.

The results in Table 1 indicate a grand mean score of 3.39 implying agreement to a large extent on the relationship between aggressive pricing strategies and marketing competitiveness. This is in line with the opinion of Cusumano et al. (2015) that pricing is one of the main drivers of businesses in the value capture phase. As previously discussed, all businesses need to create and capture value. According to Roos et al. (2014), pricing is an activity for a company to reach certain objectives. According to Osterwalder et al. (2014) and Hinterhuber (2008), competition-based pricing is common among B2C markets. This pricing strategy suggests that companies should adjust their prices based on the market average price. According to Özer and Phillips (2012) setting a lower price than the market average has a tendency to increase sales while higher price than the market average reduces sales. According to Morris and Calantone (1990) there are different strategies in competition-based pricing as pricing a product could be used to achieve different objectives.

Table 2: Univariate Analysis of Market share growth

Items	Mean Score	Standard Deviation	Coefficient of variation (%)
Sales organization's effectiveness is the consequence of many influences	3.82	.749	19.6
Higher penetration rates imply better performance	3.62	.770	21.3
The company wants to capture a large market share growth with minimal economic efforts for the customer	3.85	.741	19.2
Entertainment firms uses toxic marketing strategies as a competitive weapon to win a market position and market share growths from the other competitors	3.74	.739	19.8
The majority of entertainment firms that analyze their market position conclude that they are operating below their optimal market share growth	3.47	.715	20.6
Grand mean Score	3.70	0.742	28.1

Source: Survey result 2024.

The results in Table 2 show a grand mean score rating of 3.70 (CV=28.1%). This is an indication of the respondents' agreement to a large extent on relationship between marketing strategies and marketing competitiveness of the entertainment firms under study. The concept

of market share and the concept of prospect are important to firms because they indicate the additional business that a brand can win and how and when to obtain it (Richard, 2009). Gunasekaran et al. (2005) was of the view that market share as an index of business wellness assesses how well consumers patronize the product of a given brand in the market environment. Wallsten (2001) was also of the view that higher penetration rates imply better performance. On the other hand, in more mature markets sales performance is typically measured by the intensity of competitive conduct.

Table 3: Univariate Analysis of Sales Growth

Items	Mean Score	Standard Deviation	Coefficient of variation (%)
Increase revenue depend on consumers awareness of the product	3.79	.751	19.8
increase revenue depend on celerity endorsement	3.74	.790	21.1
Without profitability, the business will not survive in the long run	3.54	.854	24.1
The revenue increase is a financial metric that is equally important to the marketing manager	3.51	.790	22.5
Increase revenue provides a measure for assessing the overall efficiency and effectiveness of the firm	3.49	.811	23.2
Grand mean Score	3.61	0.798	22.1

Source: Survey result 2024

The results in Table 3 showed a grand mean score rating of 3.61 (CV=22.1%). This is an indication of respondents' agreement on the prevalence of sales growth in the entertainment industry in Rivers State. Didia and Nwokah (2015) noted that sales growth is a strong metric of sales performance and by implication, business wellness. The wellness of an organization may be evaluated by the rate at which its sales grow. Successful new products contribute to company profit via sales growth. Sales growth is therefore an essential parameter of business wellness (Nwokah, 2008). Sales growth describes the rate at which a firm's sales revenue increases. It is a key metric that firms must monitor over succeeding accounting periods in order to have a fair grasp of trends because it constitute a necessary component of forecasting and facilitates managerial decision making.

Table 4: Correlations between Aggressive Pricing and Market Share Growth

			Aggressive Pricing	Market Share Growth
Spearman's rho	Aggressive Pricing	Correlation Coefficient	1.000	.612*
		Sig. (2-tailed)	.	.032
		N	258	258
	Market Share Growth	Correlation Coefficient	.612*	1.000
		Sig. (2-tailed)	.032	.
		N	258	258

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

Source: Survey result 2024

Table 4 shows a strong positive relationship between aggressive pricing and market share growth of entertainment firms in Rivers State with a rho value of .612. This indicates about 61.2% increase in the market share of entertainment firms in Rivers State can ascribed to aggressive pricing, while 38.8% increase can be explained by variables not considered in this

study. Therefore, the null hypothesis is rejected, and its alternative form accepted. This means a significant relationship exists between aggressive pricing and market share growth of entertainment firms in Rivers State.

Table 5: Correlations between Aggressive Pricing and Sales Growth

			Aggressive Pricing	Sales Growth
Spearman's rho	Aggressive Pricing	Correlation Coefficient	1.000	.816*
		Sig. (2-tailed)	.	.000
		N	258	258
	Sales Growth	Correlation Coefficient	.816*	1.000
		Sig. (2-tailed)	.000	.
		N	258	258

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

Source: Survey result 2024

Table 5 shows a very strong positive and statistically significant relationship between aggressive pricing and sales growth of entertainment firms in Rivers State with a rho value of .816. This suggests that 81.6% of change in sales growth may be explained by actions related to aggressive pricing, while 19.4% change is explained by other variables. Therefore, the null hypothesis is rejected. This means that there is significant relationship between aggressive pricing and sales growth of entertainment firms in Rivers State.

Discussion of Findings

The empirical connection between aggressive pricing and market competitiveness of entertainment firms in Rivers State was examined in this study. The results of the analyses showed that aggressive pricing has strong positive relationship with market share growth of entertainment firms in Rivers State. We expected a positive relationship between the variables; therefore the positive effect of the variable confirms our a-priori expectations and justifies the objectives of aggressive pricing methods such as reduction of prices below market average.

The positive effect of aggressive pricing on market share growth is in line with the argument of brand signaling theory that affective peripheral cues impact sales in mature categories and that to be successful, brands need to convince consumers that they carry a different image and value from competing products (Ramakrishna & Reddy, 2005). Also the findings support the position that product price has significant influence on purchase intention (Thomas & Johnson, 2017), and consumer patronage (Dukumor, 2016).

The results of the analyses also showed that aggressive pricing has very strong positive relationship with sales growth of entertainment firms in Rivers State. Here also, we expected a positive relationship between the variables; therefore the positive effect of aggressive pricing on sales growth confirms our a-priori expectations and justifies the objectives of marketing actions like aggressive pricing. Our finding validates that of Thomas and Johnson (2017) that aggressive pricing strongly influence purchase intention.

The findings are in line with the findings that majority of firms adopt cost-plus pricing, that pricing is based on average market price, and that pricing objectives and pricing method are closely related (Avlonitis & Indounas, 2015) and that greater market share does not reduce price elasticity for store brands (Huang et al., 2017). The findings also support Balaji and

Ragavhan (2017) established that influence of psychological pricing affect customer patronage and sales growth.

Conclusion and Recommendations

In view of the results obtained from the statistical analyses, the study conclude that there is positive significant relationship between aggressive pricing and market competitiveness of entertainment firms in Rivers State. The study therefore, recommends that:

- 1) Marketing managers of the entertainment firms should focus on aggressive pricing to better their marketing competitiveness.
- 2) Marketing managers of the entertainment firms should adopt aggressive pricing to maintain brand leadership.

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