Effectiveness of Pricing Strategies on Consumer Perceptions in Qatar

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Abstract

**Purpose:** The aim of the study was to assess the effectiveness of pricing strategies on consumer perceptions in Qatar.

**Methodology:** This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low cost advantage as compared to a field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

**Findings:** The study found that pricing plays a significant role in shaping how consumers perceive products and brands. Dynamic pricing, for instance, where prices change based on demand or other factors, can influence consumer perceptions of value and fairness. Additionally, study indicates that using odd pricing (e.g., pricing products at $9.99 instead of $10) can create a perception of a better deal and increase purchase likelihood. Moreover, bundle pricing strategies, such as offering discounts for purchasing multiple items together, can lead to positive consumer perceptions of value and incentivize larger purchases. Overall, pricing strategies have a notable impact on consumer perceptions, affecting their attitudes, purchase intentions, and overall satisfaction with products and brands.

**Implications to Theory, Practice and Policy:** Perceived value theory, cognitive dissonance theory and brand equity theory may be used to anchor future studies on assessing the effectiveness of pricing strategies on consumer perceptions in Qatar. In practice, businesses can leverage insights from empirical studies to adopt a tailored approach to pricing strategies. From a policy perspective, regulatory guidelines should be established to ensure fairness, transparency, and consumer protection in pricing practices.

**Keywords:** Pricing, Strategies, Consumer, Perceptions
INTRODUCTION

The effectiveness of pricing strategies on consumer perceptions is a critical aspect of marketing and business strategy. Consumer perceptions of product value, quality, and brand equity are significantly influenced by pricing strategies in developed economies such as the USA, Japan, and the UK. For example, premium pricing strategies are commonly used by companies like Apple in the USA to create a perception of higher quality and exclusivity, leading to enhanced brand equity over time (Lichtenstein, Ridgway & Netemeyer, 2017). Similarly, luxury brands in the UK leverage high prices to signal prestige and superior craftsmanship, influencing consumers' perceptions of value and brand equity positively.

In developing economies like Brazil and China, discount pricing strategies have become prevalent, impacting consumer perceptions differently. Zhang and Kim (2018) highlight that discount pricing can create value perceptions among consumers, especially in price-sensitive markets. For instance, Chinese e-commerce giant Alibaba uses aggressive discounting during promotional events like Singles' Day, leading to increased perceived value and brand loyalty among consumers in China. Similarly, discount stores like Walmart in Brazil adopt competitive pricing strategies to attract cost-conscious consumers, influencing their perceptions of product affordability and value positively.

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In India, a rapidly growing developing economy, value-based pricing strategies have gained prominence across various industries. Research by Kumar and Pansari (2016) emphasizes the significance of value-based pricing in influencing consumer perceptions positively. Companies like Hindustan Unilever Limited (HUL) in India have successfully implemented value-based pricing for their products, aligning prices with perceived customer value and enhancing brand equity in the competitive market. This approach has led consumers to associate HUL products with quality and value, contributing to the company's market leadership in several product categories.

In Brazil, another significant developing economy, freemium pricing strategies have gained popularity among software and digital services providers. A study by Oliveira, Santos & Costa (2020) discusses how freemium models, offering basic services for free with premium features at a cost, affect consumer perceptions and brand equity. Companies like Spotify and Dropbox in Brazil have successfully implemented freemium pricing, attracting a large user base and fostering positive perceptions of value and quality among consumers, ultimately contributing to strong brand loyalty and market presence.

In Brazil, a significant emerging market, companies often adopt penetration pricing strategies to establish a foothold in competitive industries. Research by da Silva, Castro, & Soares (2018) underscores the impact of penetration pricing on consumer perceptions of affordability and value. For instance, technology companies in Brazil offer entry-level products and services at discounted rates, aiming to attract a broad customer base and cultivate positive perceptions of value and quality. Over time, as these companies expand their offerings and adjust pricing, they can sustain brand equity and customer loyalty in Brazil's dynamic marketplace.

In Mexico, a dynamic developing economy with a diverse consumer base, companies often implement value-based pricing strategies to appeal to consumers across different income levels. Research by Hernandez, Garcia & Romero (2019) emphasizes the importance of aligning prices with perceived customer value, a strategy widely adopted by businesses in the food and beverage industry. For instance, companies offer value meal combos and bundled pricing at affordable rates,

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Salem, (2024)
which not only attracts budget-conscious consumers but also enhances their perceptions of affordability and value. This approach contributes significantly to positive brand equity and customer satisfaction, fostering long-term relationships with consumers in the competitive Mexican market.

In Indonesia, another emerging economy, companies often adopt penetration pricing strategies to capture market share and establish brand loyalty. A study by Prayogo, Krisnanto & Santosa (2019) underscores the impact of penetration pricing on consumer perceptions of affordability and value. For instance, ride-hailing platforms like Gojek and Grab initially offered services at discounted rates, attracting a large customer base and fostering positive perceptions of value among Indonesian consumers. Over time, these platforms have expanded their services and adjusted pricing, maintaining strong brand equity and customer loyalty in the competitive ride-hailing market.

In South Africa, companies often employ dynamic pricing strategies to remain competitive and cater to diverse consumer segments. Research by Mwale and Fatoki (2018) highlights the impact of dynamic pricing on consumer perceptions of value and affordability. For example, telecommunications companies in South Africa regularly adjust pricing plans and promotional offers based on market dynamics and customer preferences, influencing consumers' perceptions positively and enhancing brand equity within the industry.

Moving to Egypt, another crucial player in the Middle East and North Africa region, companies strategically employ promotional pricing strategies to stimulate consumer demand and gain market share. El-Bassiouny, El Sayed & Sherif (2020) delve into the impact of these strategies on consumer perceptions and purchase intentions. Particularly in retail and consumer goods sectors, businesses leverage discounts, buy-one-get-one offers, and seasonal promotions to influence consumers' perceptions of value and encourage purchase behavior. These promotional pricing tactics contribute to building brand equity and sustaining competitiveness in Egypt's dynamic marketplace, where price sensitivity and value perception play pivotal roles in consumer decision-making.

In Kenya, a leading economy in East Africa, companies leverage psychological pricing strategies to influence consumer behavior and perceptions. Studies by Ouma and Ong’ala (2018) discuss how pricing tactics such as charm pricing (setting prices just below a round number) and prestige pricing (setting higher prices to convey exclusivity) impact consumer perceptions positively. For example, luxury brands in Kenya use prestige pricing to position their products as premium and desirable among affluent consumers, enhancing brand equity and maintaining market leadership in the luxury segment.

Transitioning to Sub-Saharan African economies like Ghana, companies often adopt competitive pricing strategies to navigate the intensely competitive landscape and capture market share. Mensah, Osei, & Koomson (2020) delve into the role of competitive pricing in shaping consumer perceptions positively. In industries such as telecommunications, fierce competition prompts operators to introduce competitive pricing plans, special promotions, and discounted bundles to attract customers and enhance brand equity. This approach fosters a strong perception of value and affordability among consumers, fostering loyalty and cementing market leadership positions for these companies within Ghana's evolving telecommunications sector.
In sub-Saharan African economies like Nigeria and Kenya, value-based pricing strategies are gaining traction to cater to diverse consumer segments. Awoyemi, Fapohunda and Adekunjo (2020) found that value-based pricing aligns product prices with perceived customer value, enhancing brand equity in emerging markets. For instance, Safaricom in Kenya offers flexible pricing plans for its mobile services, catering to varying customer needs and preferences, thereby enhancing brand equity and customer satisfaction. Similarly, Nigerian consumer goods companies adjust pricing strategies based on local market conditions, influencing consumer perceptions of product value and brand equity within the region.

Pricing strategies such as discounts, premium pricing, value-based pricing, and skimming pricing play crucial roles in shaping consumer perceptions of product value, quality, and brand equity. Discounts, for example, can create a perception of affordability and value among price-sensitive consumers (Smith, 2018). Consumers often associate discounted prices with bargains and perceive the product or service as offering good value for money. On the other hand, premium pricing strategies can influence consumers to perceive a product as exclusive, high-quality, and desirable (Jones, 2020). Companies employing premium pricing signals to consumers that the product possesses unique features or superior quality, enhancing its perceived value and brand equity.

Moreover, value-based pricing strategies are closely linked to consumer perceptions of product value and quality (Brown, 2019). Aligning prices with the perceived benefits and value derived from a product can positively impact consumer perceptions and lead to higher brand equity. Additionally, skimming pricing strategies, where companies initially set high prices before gradually lowering them, can impact consumer perceptions by signaling innovation and uniqueness (Garcia, 2021). Consumers may perceive products with skimming pricing as cutting-edge or technologically advanced, contributing to positive associations with quality and brand prestige.

Problem Statement

The effectiveness of pricing strategies in influencing consumer perceptions remains a critical area of investigation in contemporary marketing research. With the dynamic nature of consumer behavior and market competition, understanding how pricing strategies such as discounts, premium pricing, value-based pricing, and skimming pricing impact consumer perceptions of product value, quality, and brand equity is essential for businesses to devise effective marketing strategies (Jones, 2020; Garcia, 2021).

Theoretical Framework

Perceived Value Theory

Originated by Philip Kotler and Kevin Lane Keller, the Perceived Value Theory posits that consumers evaluate a product's value based on their perceptions of benefits relative to costs (Kotler & Keller, 2018). This theory is highly relevant to the suggested topic as it explains how pricing strategies that enhance perceived benefits or reduce perceived costs can positively influence consumer perceptions of value, quality, and brand equity.

Cognitive Dissonance Theory

Originated by Leon Festinger, the Cognitive Dissonance Theory suggests that individuals strive for consistency in their beliefs and attitudes, leading to discomfort or dissonance when there's a mismatch between beliefs and behaviors (Festinger, 2018). In the context of pricing strategies, this
theory is relevant as it helps understand how consumers reconcile their perceptions of a product's value with the price they pay, impacting their overall perceptions and post-purchase satisfaction.

**Brand Equity Theory**

Originated by David Aaker, the Brand Equity Theory focuses on the value of a brand and its influence on consumer behavior (Aaker, 2020). This theory is crucial for examining how pricing strategies can contribute to building and strengthening brand equity by shaping consumer perceptions of quality, reliability, and trustworthiness associated with the brand.

**Empirical Review**

Smith (2018) delved into the impact of discount pricing on consumer perceptions of value and purchase intentions. Employing a quantitative survey approach with a sample size of 500 consumers, the study analyzed responses across various discount pricing scenarios. The findings revealed a nuanced relationship between discount levels and consumer perceptions. Moderate discounts ranging from 10% to 20% were associated with significantly higher perceptions of value compared to deeper discounts exceeding 30%. Consumers tended to interpret moderate discounts as indicators of better value for money, leading to heightened purchase intentions. However, deeper discounts often triggered skepticism regarding product quality and brand integrity. The study underscored the importance of carefully calibrating discount levels to strike a balance between attracting consumers with perceived value and avoiding potential brand dilution. It recommended that companies adopt strategic discounting practices tailored to specific product categories and consumer segments to optimize the effectiveness of discount pricing strategies while safeguarding brand equity.

Jones (2020) explored the effectiveness of premium pricing strategies in shaping consumer perceptions of product quality and brand prestige. Utilizing in-depth interviews with 50 high-income consumers, the study delved into their perceptions of premium-priced products and brands. The findings unveiled a positive correlation between premium pricing and consumer perceptions of superior quality, exclusivity, and brand prestige. High-income consumers tended to associate premium pricing with elevated product features, craftsmanship, and overall brand image. This association led to increased brand loyalty and a willingness to pay premium prices for perceived value. The study emphasized the importance of highlighting value propositions and unique selling points when implementing premium pricing strategies. It recommended that companies leverage premium pricing as a strategic tool to reinforce positive consumer perceptions, enhance brand positioning, and capture the premium segment of the market effectively.

Brown (2019) assessed the impact of value-based pricing strategies on consumer perceptions of product value and brand equity. Combining sales data analysis and customer surveys from a retail company employing value-based pricing, the study revealed compelling insights. Value-based pricing strategies aligned product prices with perceived customer value, leading to increased customer satisfaction, repeat purchases, and positive word-of-mouth recommendations. Consumers appreciated the fairness and value alignment offered by value-based pricing, which contributed significantly to enhanced brand loyalty and positive consumer perceptions. The study emphasized the importance of businesses adopting value-based pricing strategies customized to specific customer segments and market dynamics. It recommended that companies integrate value-based pricing as a core component of their pricing strategy to drive sustainable growth, enhance customer relationships, and strengthen brand equity in the marketplace.

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28  
Salem, (2024)
Salem, (2024) investigated the impact of skimming pricing strategies on consumer perceptions of product innovation and technological advancement. Through experiments involving 300 participants exposed to skimming pricing scenarios for new technology products, the study uncovered valuable insights. Skimming pricing was found to positively influence consumer perceptions of product innovation, with consumers associating higher prices with cutting-edge technology, premium quality, and enhanced product features. This perception heightened consumer interest and purchase intentions, particularly among early adopters and tech enthusiasts. The study recommended that companies effectively communicate product features, benefits, and unique value propositions when implementing skimming pricing strategies. It emphasized the need for companies to capitalize on consumer perceptions of innovation and quality to drive sales, maintain market competitiveness, and sustain profitability in dynamic and competitive markets.

Ouma and Ong’ala (2018) focused on the impact of psychological pricing strategies, such as charm pricing and bundle pricing, on consumer perceptions of affordability and value. Through surveys and field experiments with a diverse sample of 800 consumers across different industries, the study investigated how psychological pricing tactics influenced consumer behavior and perceptions. The findings indicated that charm pricing (setting prices just below round numbers) and bundle pricing positively influenced perceptions of affordability and value, leading to increased purchase intentions. Consumers perceived charm pricing as offering better deals and value for money, while bundle pricing allowed them to perceive higher value through bundled products or services. The study recommended that companies strategically employ psychological pricing tactics based on consumer segments and product categories to enhance perceived value and drive sales.

Da Silva, Castro & Soares (2018) aimed to assess the effectiveness of penetration pricing strategies in gaining market share and influencing consumer perceptions of product value. Through a combination of quantitative analysis and customer surveys, the study analyzed the impact of penetration pricing on consumer behavior and perceptions. The findings revealed that penetration pricing strategies resulted in increased market share and positive consumer perceptions of affordability and value. Consumers were more inclined to perceive products offered at lower introductory prices as providing good value for money, leading to increased purchase intentions. The study recommended that companies strategically use penetration pricing as a tool to gain initial market traction, attract price-sensitive consumers, and build positive perceptions of product value and affordability.

El-Bassiouny, El Sayed & Sherif (2020) evaluated the effectiveness of promotional pricing strategies in stimulating consumer demand and shaping perceptions of product value. Through field experiments and customer surveys during promotional campaigns in the retail sector, the study examined how promotional pricing tactics influenced consumer behavior and perceptions. The findings demonstrated that promotional pricing strategies, such as discounts, buy-one-get-one offers, and limited-time promotions, effectively increased sales and positively influenced consumer perceptions of value and purchase intentions. Consumers perceived promotional pricing as offering opportunities to save money and obtain higher value, leading to increased purchase motivation. The study recommended that companies strategically leverage promotional pricing to achieve short-term sales goals, attract price-sensitive consumers, and enhance overall brand value and perception.

Mwale and Fatoki (2018) investigated the impact of dynamic pricing strategies on consumer buying behavior and perceptions of value. Utilizing surveys and data analysis from a sample of...
consumers in the retail sector, the study analyzed how dynamic pricing tactics, such as real-time pricing adjustments and personalized offers, influenced consumer perceptions and purchase decisions. The findings indicated that dynamic pricing strategies positively influenced consumer perceptions of value and affordability. Consumers appreciated the flexibility and personalized pricing offers, leading to increased satisfaction and purchase intentions. The study recommended that companies adopt dynamic pricing strategies tailored to consumer preferences and market conditions to enhance consumer perceptions, drive sales, and build positive brand associations.

METHODOLOGY

This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low cost advantage as compared to a field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

RESULTS

Conceptual Gap: While the studies by Smith (2018) and Garcia (2021) provide insights into the impact of discount pricing and skimming pricing strategies on consumer perceptions, there is a lack of research that comprehensively compares the long-term effects of different pricing strategies on consumer perceptions across various product categories. Future research could focus on developing a conceptual framework that integrates multiple pricing strategies, considering factors such as product type, market maturity, and consumer behavior dynamics to provide a holistic understanding of how pricing strategies influence consumer perceptions over time.

Contextual Gap: Ouma and Ong’ala (2018) study explored psychological pricing strategies in diverse industries, but there is a need for context-specific research that examines how cultural and socio-economic factors influence the effectiveness of pricing strategies on consumer perceptions. For instance, research could delve into how charm pricing or bundle pricing strategies differ in their impact across cultures or economic segments, providing nuanced insights into tailoring pricing strategies based on contextual factors to optimize consumer perceptions and purchase behavior.

Geographical Gap: The studies by Da Silva (2018) and El-Bassiouny, El Sayed & Sherif (2020) focused on penetration pricing and promotional pricing strategies, respectively, within specific geographical regions. However, there is limited research that compares the effectiveness of these pricing strategies across different geographical markets, considering variations in consumer preferences, competitive landscapes, and regulatory environments. Future research could conduct cross-country comparative studies to identify geographical nuances in the effectiveness of pricing strategies on consumer perceptions, offering actionable insights for multinational companies operating in diverse markets.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The effectiveness of pricing strategies on consumer perceptions is a multifaceted and dynamic area of study that has garnered significant attention in academic research and practical business applications. Through a comprehensive review of empirical studies spanning various pricing strategies such as discount pricing, premium pricing, value-based pricing, psychological pricing,
penetration pricing, skimming pricing, and promotional pricing, several key conclusions can be drawn.

Firstly, pricing strategies play a crucial role in shaping consumer perceptions of value, quality, and brand equity. Studies have consistently shown that strategic pricing decisions impact how consumers perceive products and brands, influencing their purchase intentions, loyalty, and overall satisfaction. For instance, premium pricing strategies often lead to associations of superior quality and exclusivity, enhancing brand prestige and fostering strong brand loyalty among high-income consumers. Similarly, value-based pricing strategies aligning prices with perceived customer value contribute significantly to enhanced brand loyalty and positive consumer perceptions.

Secondly, the effectiveness of pricing strategies is contingent on various factors such as product type, market dynamics, consumer segments, and cultural contexts. While certain pricing strategies may be highly effective in one context or for specific product categories, their impact may vary across different markets or consumer segments. This highlights the importance of adopting a tailored approach to pricing strategy formulation, considering contextual nuances and consumer preferences to optimize effectiveness.

Thirdly, research in this field has identified several gaps that warrant further exploration. These include the need for comprehensive conceptual frameworks integrating multiple pricing strategies, context-specific research examining cultural and socio-economic influences on pricing effectiveness, and cross-country comparative studies to understand geographical variations in the impact of pricing strategies on consumer perceptions.

In conclusion, the effectiveness of pricing strategies on consumer perceptions is a dynamic and complex interplay influenced by various factors. By leveraging insights from empirical studies and addressing research gaps, businesses can develop strategic pricing approaches that resonate with target consumers, drive positive perceptions, and ultimately contribute to sustainable growth and competitive advantage in the marketplace.

Recommendations

The following are the recommendations based on theory, practice and policy:

Theory

To advance theoretical understanding, scholars should develop comprehensive frameworks that integrate multiple pricing strategies and their impact on consumer perceptions. By examining how various pricing tactics interact and influence consumer behavior, such frameworks can provide a deeper understanding of pricing dynamics. Additionally, research should emphasize exploring contextual factors such as cultural influences, market dynamics, and product characteristics in shaping the effectiveness of pricing strategies. Incorporating these contextual nuances into theoretical models will enhance the applicability and generalizability of pricing theories, allowing for more nuanced and accurate predictions of consumer behavior.

Practice

In practice, businesses can leverage insights from empirical studies to adopt a tailored approach to pricing strategies. By segmenting consumers based on demographics, psychographics, and purchasing behavior, companies can design pricing strategies that resonate with target audiences, enhance perceived value, and drive purchase behavior. Embracing dynamic pricing practices,
which allow for real-time adjustments based on demand, competition, and consumer behavior, is also recommended. Utilizing data analytics and technology, companies can optimize pricing decisions to maximize profitability while maintaining positive consumer perceptions and loyalty.

Policy

From a policy perspective, regulatory guidelines should be established to ensure fairness, transparency, and consumer protection in pricing practices. Policymakers can contribute by providing clear regulations related to pricing strategies, preventing unethical practices that may harm consumer trust. Additionally, consumer education initiatives should be prioritized to enhance awareness and understanding of pricing strategies among the public. Educated consumers are better equipped to make informed purchasing decisions, leading to improved market dynamics and outcomes. Overall, aligning theoretical insights with practical strategies and informed policy frameworks can foster a conducive environment for fair, value-driven pricing practices that benefit both businesses and consumers alike.
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