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The Influence of Competitive Pricing on Sales Performance in Aviation Industry of Pakistan

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ABSTRACT

The objective of this research is to look into the influence of competitive pricing on sales performance in the Pakistan aviation industry. The data were gathered through structured questionnaire to collect primary data from 270 respondents of air travel services in Pakistan. Pearson product moment correlation coefficient was employed in examining the data. The findings reveal that penetration, discriminatory, discount and psychological pricing (Independent Variables) strategies had a significant and positive influence on sales performance (Dependent Variable) in the Pakistan aviation industry. The study concluded

that competitive pricing was radical to increasing and improving the sales performance of the Pakistan aviation industry.

Four hypotheses were developed based on the dimensions of the study as well as the relevant literature. In order to collect the data and analyzing the hypothesis and reaching on conclusions, a questionnaire which consists of (20) questions covering the dimensions and the hypothesis of the study was designed. Then questionnaire was distributed to Airline Passengers in Pakistan. Data collection resulted in 230 filled questionnaires out of which 200 were processed for subsequent analysis. Overall, the result of findings of this study provides and support to model of the study. Therefore, based on the overall analysis it is presumed that Hypothesis 1 & Hypothesis 2 are rejected and Hypothesis 3 & Hypothesis 4 are accepted.

1. The Influence of Competitive Pricing on Sales Performance In Aviation Industry Of Pakistan

1.1. Background of the Study

For a new business, pricing is the main strategy to stand out their product in the market. It reflects the seriousness and ambition of the company that how they will cope with the competition ahead. Pricing strategy that can stand your product would include complete information of competitor, consumer's interests and collected market. (M Kienzler, 2017).

Pricing method strategy will assist to enhance your probabilities in opposition to greater enjoy competition and newly rising as soon as the plan permit you to understand and take motion on any traits and purchaser options that different agencies have overlooked, and to increase and make bigger your very own pick institution of dependable clients new and into the forthcoming. The plan can even display to different which you have cautiously taken into consideration a way to charge a product this is innovative, specific and profitable- enhancing your risk of solid income and earnings motives for traders to financially lower back you. (LC Kung, 2017)

Price setting of new product is very difficult. Because product is in its initial stages also it is very difficult to sell product for first time and leave a mark there. There are three pricing strategies from which they have to work on one. These strategies are commonly known as market skimming pricing, market penetration pricing and market demand curve. The rejection and acceptance of the product depends upon the pricing of the product. It is very important to research the influence of competitive pricing on the sale's performance of Pakistan aviation industry.(CA Enz, 2016)

1.2. Statement of the Problem

In our region product is valued by the price of the product. It is the general perception of the consumers that price and services of the good sets the measures the quality. This behaviour of our region's consumers appreciates the use of good pricing system while introducing new products.

The problem in the previous research is as following:

i. Knowing that if the aggressive pricing approach of the aviation enterprise of Pakistan affects the current economic situation in the environmental scenario.

ii. Examining if there is any effect of competitive pricing on consumer behavior.

iii. Find out to make sure if the profit planning result in the cost reduction

1.3. Research Objectives

From the problem statement, we can extract the objectives for this study, which are:

- To study that buying habits of consumers does not affected by the pricing strategy in the country.

- To study that buying habits of consumer does affected by the pricing strategy in the country.

- To look at that Effective pricing selection does now no longer depend extra at the estimation of probable call for than expertise of value of services.

1.4. Purpose of the Study

This research is majorly aimed to achieve the purpose mentioned below:

1. In order to know the effect of competitive pricing strategy has on aviation industry of Pakistan.

2. In order to setup the effectiveness and efficiency of competitive pricing approach in aviation industry of Pakistan.

3. To discover the different factors that has effect on the decision of price in aviation industry.

4. This study determines the impact of pricing decision on profit and efficiency of firm.

5. Through this study we can determine whether the profit planning results in cost reduction.

1.5. Scope of the Study

In an aimed to reap the predetermined goal of the studies with inside the subject of advertising to understand the effect of competitive pricing strategy on sales performance, this form of studies paintings may be restricted with the scope of the way the control of airline industry's overall performance of servicing zone is motivated through the selection of its pricing method and its earnings planning. The examine will in the main consciousness at the Pakistan's aviation industry.

1.6. Significance of the Study

The purpose of this study is to offer as a manual to airline companies in placing the maximum useful pricing techniques given its person and awesome scenario on the way to boom the profitability with inside the brief run and long term scenario. It may even help them to keep away from in selecting the arbitrary fees as a right of its unique occasions and its critical factors. It serves as a manual in choice of pricing method which without delay moves a stability among what virtually the clients need to pay for the precise product and the rate of the company is inclined to sell. This research paintings may even offer help to be beneficial

for the financial system with inside the feel that if the companies have massive controls over their rate placing instead of their pricing. Behavior of the clients also can affect the country wide output profits and subsequently the network welfare. (DE Griffth, 2015)

Finally, this studies painting can be useful for the ones sporting on extra studies in this or the involved topics.

1.7. Limitations of the Study

Like with inside the majority of the research collected all the required statistics this is generally met with the numbers of limitations. The first restricted which has had an effect on this studies paintings is the time and the cost. There isn't always a enough or sufficient time so one can strict the accuracy and the reliability. Theories this is reluctant to the component with a few beneficial statistics in spite of the reality that the statistics have been for the instructional motive only. Above all of the problems, its miles nevertheless believed that motive of this have a look at is being fulfilled. Finally, this studies painting may be useful for the ones sporting on extra studies in this or the worried topics.

1.8. Research Questions

i.   Does present economic situation is being affected by the competitive pricing strategy in the country?

ii. Does this competitive pricing strategy positively impact customer's behavior?

iii. What impact does charge method have on new product?

2. LITERATURE REVIEW

Price plays fundamentally important roles aimed at ensuring the competitiveness, sustainability, profitability, and growth of airlines. (MB Ahmad, 2016) Price determines how much money gets into an airline, thereby determining its capital base, profit, competitive

capacity, and overall marketing performance. In reputation of the substantial roles performed through charge, (MA Saleem, 2017)airways have become their interest to charge in an effort to harnessing its capacity to their gain the usage of numerous pricing techniques. Consequently, this has led to a chain of aggressive clashes amongst airways on the idea of charge. (K Ahmad, 2018) Competitive pricing techniques are the distinctive pricing techniques which an airline might also additionally undertake so that it will compete favorably with inside the marketplace in opposition to rival companies. (C Shen, 2021) In sensible sense, there are numerous of those pricing techniques followed through airways of their advertising activities, the maximum outstanding of which include: skimming, penetration, bundle, loss leader, psychological, discriminatory, cut price pricing techniques. These techniques are decided through a method recognized as "pricing", primarily based totally on sure winner and outside advertising elements. Pricing is the method of ascertaining and allocating charges for items and offerings primarily based totally on attention of sure elements together with price of production, go back on funding and earnings mark-up desired, pricing objectives, and the opposition view pricing as a strategic method of comparing the enterprise surroundings so that it will decide and assign charges for a company's merchandise and offerings. Similarly, well known pricing to be the act of putting charges for which items are to be sold. On the alternative hand, charge is the fee of a services or products represented in economic terms. It is the quantity of cash for which a product is really well worth and for which it can be exchanged; charge is the fee of a product expressed in economic metrics. They upload that charge is the expected economic fee of a services or products. Price has been and nonetheless stays one of the maximum essential equipment of advertising upon which the achievement, profitability, competitiveness, and survival of an organization relies upon. In help of this assertion, asserts that charge is each an offensive and protecting weapon on the disposal of companies to compete, function and thrives in a free-marketplace economy. He cautions that companies need to pay extra interest to the formula and implementation of powerful pricing techniques for the reason that their achievement

relies upon highly on their charges. Furthermore, hold that pricing is valuable to the achievement of an organization as it determines what number of clients buy its merchandise, affects clients' selection to hold loyalty to the organization, determines the quantity of sales and earnings an organization makes, and permits businesses to seize extra marketplace proportion and shield current ones successfully. In the context of the Pakistan aviation enterprise, pricing performs essentially essential roles with inside the survival, profitability, and competitiveness of airline agencies. In reputation of this capacity, airline agencies have lengthy been competing vigorously alongside pricing lines. Pakistan airways were exploring numerous pricing techniques to topple one another, increase income and profitability and seize marketplace proportion and marketplace management with inside the marketplace. As a consequence, the enterprise is surprisingly aggressive and tougher to thrive, compete and function than with inside the beyond numerous years. From empirical observation, clients on this enterprise are very charge-sensitive, fee-driven, and might accept, patronize, and stay unswerving to airways with the high-satisfactory carrier best at least charge. This reasons a scramble among airways with inside the enterprise to supply top air journey offerings at a decrease and low-priced charge. Hence, charge performs necessary roles on this enterprise. Based at the indispensability of charge with inside the Pakistan aviation enterprise, this looks at tested the impact of aggressive pricing on income overall performance with inside the Pakistan aviation enterprise. The cause of this look at is consequently to take a look at the impact of aggressive pricing on income overall performance with inside the Pakistan aviation enterprise. (BL Lee, 2019)

2.1. **Independent** Variables:

2.1.1. **Discriminatory pricing**:

Price discrimination is a microeconomic pricing method wherein the identical or comparable items or offerings are bought with the aid of using the identical provider in special markets at special price.

➤ **Relationship**:

Discriminatory pricing has no significant influence on sales performance in the Pakistan aviation industry.

2.1.2. Penetration pricing:

Penetration pricing is a pricing method that to start with lowers the price of a product if you want to attain maximum of the marketplace quick and begin word-of-mouth. This method is primarily based totally on the expectancy that clients will transfer to a brand new emblem due to the low price.

➤ **Relationship:**

Penetration pricing has no significant influence on sales performance in the Pakistan aviation industry.

2.1.3. Discount pricing:

Discounts are a type of pricing strategy that involves lowering the price of a product. The motive of the discount method is to increase client traffic, do away with antique stock out of your business, and increase sales.

➤ **Relationship:**

Discount pricing has no significant influence on sales performance in the Pakistan aviation industry.

2.1.4. Psychological pricing:

Psychological pricing is a pricing and advertising approach primarily based totally at the idea that a specific rate has a mental impact. With this pricing method, retail costs are regularly expressed simply under the number, that is, barely much less than the approximate number.

➤ **Relationship:**

Psychological pricing has no significant influence on sales performance in the Pakistan aviation industry.

2.2. Dependent Variable:

2.2.1. **Sales Performance**:

Sales performance is the personal and overall effectiveness of the sales team in sales

activities. Ability to achieve sales goals.

➤ **Relationship:**

Sales performance is affected differently by different independent variables.
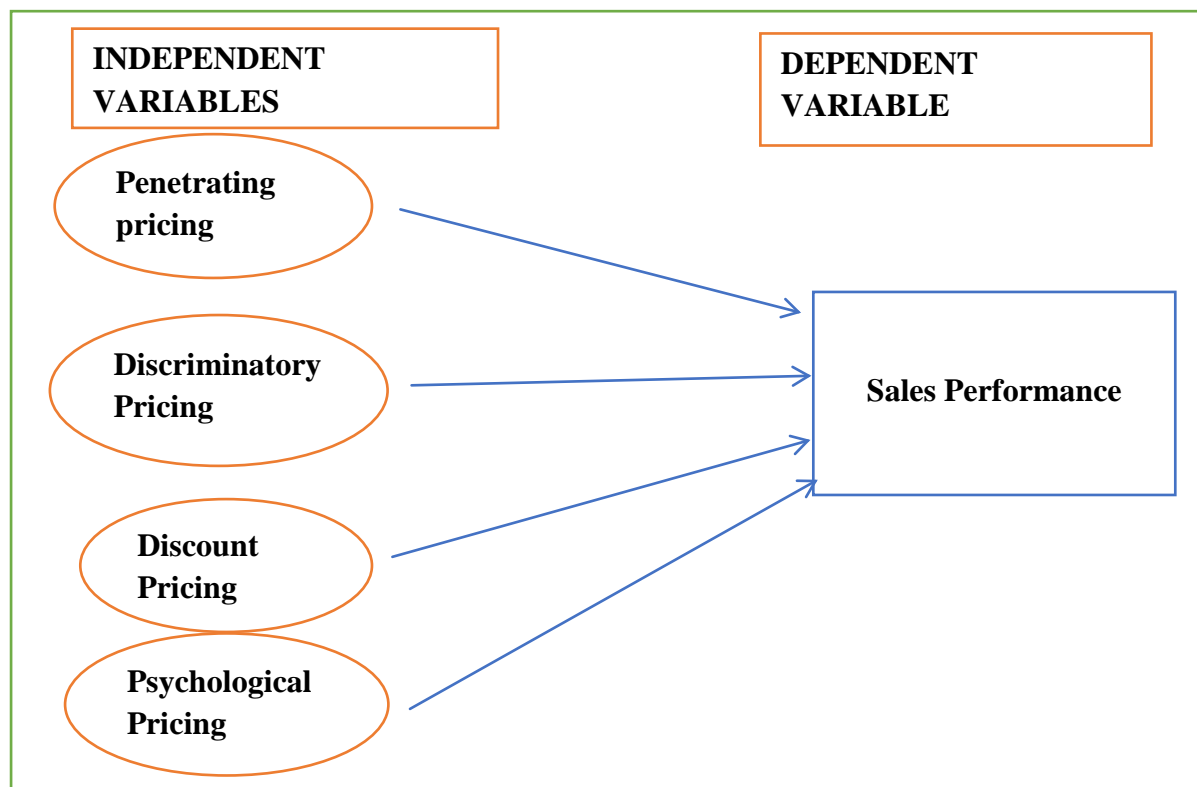
2.3. Theoretical Framework:

The theoretical structure for the present study is based on four independent variables that are

"Discriminatory Pricing", "Penetrating Pricing", "Discount Pricing", and "Psychological

Pricing" along with we have one dependent variable i.e. "Sales performance". We can

suggest the conceptual framework for this look at because the widespread effect of impartial

variable at the structured variable.

2.4. Conceptual Framework:

Figure 1

Conceptual Framework

2.5. Hypothesis:

The following four hypotheses explore the relative impact of "Discriminatory Pricing", "Penetrating Pricing", "Discount Pricing", and "Psychological Pricing" as independent variables on the dependent variable, which is Sales Performance.

Hypothesis 1: Discriminatory pricing has no substantial influence on sales performance in the Pakistan aviation industry.

Hypothesis 2: Penetration pricing has no substantial influence on sales performance in the Pakistan aviation industry.

Hypothesis 3: Discount pricing has substantial influence on sales performance in the Pakistan aviation industry.

Hypothesis 4: Psychological pricing has substantial influence on sales performance in the Pakistan aviation industry

3. RESEARCH METHODOLOGY

3.1. Research Design

A research design is a basic plan that outlines the activities required to carry out a research project. Descriptive research includes collecting data that describes the event and organizing, aggregating, displaying, and describing the data collection. (Glass & Hopkins, 1984). Thus, the major focus of the study is the Influence of competitive pricing on sales performance in Aviation industry of Pakistan which provide a natural setting on which data was collected.

3.2. Population:

The population is defined as the aggregate or the totality of all the individual units or member. It can be animate or inanimate, abstract, or concrete up to some characteristics or interests. The individual units of the population or universe are called sampling units. It can be determined according to the aims and objectives of our surveys because it defines the number of units to be studied. In our case Pakistan airline industry will be our population out of that we will conduct our research in around 350 to 400 respondents in airline industry.

3.3. Sampling Technique:

The process of selecting the samples from the entire population is called sampling. The convenience sampling technique was adopted to select a sample of 320 users of air travel services of Pakistan from which primary data was collected suing structured questionnaire copies. In our case we will use time-based sampling method. The techniques for the purpose of data collection for our study will be consisting of two parts: the first part will focus on the demographic factors for our studies and instruction for the completion of our questionnaires. The second part would focus on the main variables of our study. The second part would define the impact of competitive pricing strategy on sales performance of Pakistan airline industry.

3.4. Sampling Size:

Around 400 to 500 questionnaires will be developed in order to distribute for our research work.

3.5. Research Instrument:

Questionnaires will be developed for our research work which will be used as a research instrument to record the response of the employees and the management of Pakistan airline industry.

3.6. Data Collection:

Data collection is one of the difficult and time-consuming processes of research. When it comes to data collection, there are generally two methods that researchers use to collect data: primary and secondary. When talking about primary data, this includes observation methods, interview / survey methods, case study methods, and projection methods. Secondary data, on the other hand, is not intended for a particular study or study, but is data that has already been collected by another researcher. I would like to choose a primary data collection method that includes surveys from Pakistani aviation industry employees and management.

3.7. Reliability and Validity:

This is beneficial in case you need to degree what the really formulated declaration actually

measures. Reliability refers back to the quantity to which the identical solution may be received more than one instances the use of the identical equipment. Simply put, if our look at is associated with excessive reliability, different researchers should be capable of attain the identical outcomes the use of the identical studies techniques beneath comparable conditions. Most of the questions in the survey were drawn from prior literature in the area of the impact of competitive prices on sales performance in Pakistan's aviation industry, demonstrating its effectiveness and reliability. The questionnaire is closely related to the survey questions, as Part B of the questionnaire addresses questions about each factor that may indicate the impact of competitive prices on Pakistan's aviation industry sales performance. The second half of the survey is structured to keep respondents away, as they ask sensitive questions such as department, designation, and experience to avoid the risk of respondents interrupting the survey. We will develop valid and reliable questionnaire for this empirical research work moreover questionnaire approach is also beneficial for the process of data collection in the terms of analysis pattern, time constraint and also the important factor that is cost.

- Section 1 of the questionnaire will cater the demographics of employees and management personnel.

- Section 2 of the questionnaire will cater the question regarding independent variables that are Discriminatory Pricing, Penetrating Pricing, Discount Pricing, and Psychological Pricing.

- Section 3 of our questionnaire will be about our dependent variable i.e. Sales Performance.

3.8. Data Analysis Tool for Research:

To take a look at the model, Pearson's product second correlation coefficient became used to decide the effect of aggressive pricing on Pakistan's aviation enterprise income performance. Use the statistical software program SPSS17.zero and MS Excel Add In Data Analysis to research the facts gathered via established surveys. The statistical equipment used for the evaluation are mean, median, mode, general deviation, skewness, and kurtosis.

3.9. Correlational Analysis

Pearson coefficient has been calculated, to find correlation between variables stated in the Hypothesis above. Due to substantial sample size, Pearson coefficient is suitable instead of Spearman correlation that is applied in usage case of Likert scale. The intensity of correlation between variable is provided below.

Table 3.9.1 Narration of coefficient of correlation

The relationship between Penetration pricing, Discriminatory pricing, Discount pricing, psychological pricing and Sales Performance were tested by using a correlation analysis.

H 1: Penetration pricing has no significant impact on sales performance in the Pakistan aviation industry.

Table 3.9.2

Pearson Product Moment Correlation of the impact of Penetration pricing on sales performance in the Pakistan aviation industry

Correlation coefficient	Narration
0.70 or greater	Very powerful relationship
0.50 to 0.69	Significant relationship
0.30 to 0.49	Reasonable relationship
0.10 to 0.29	Lesser relationship
0.01 to 0.09	Insignificant relationship

Variables	Penetration Pricing	Sales Performance

Penetration	Pearson	1	.524**
Correlation			
			.000
Pricing Sig. (2-tailed)			
		200	200
N			
Sales	Pearson Correlation	.524**	1
Performance Sig. (2-tailed)		.000	
N		200	200

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

Table 3.9.2 suggests the Pearson Product Moment Correlation of the effect of penetration pricing on income overall performance with inside the Pakistan aviation industry. The values of r = 0.524, Probability value = 0.000 and with much less than 0.05 importance degree suggests that Penetration pricing has a sizable courting and sturdy effect on income overall performance. Therefore, primarily based totally at the resulted values we reject the H1 Hypothesis and concludes that penetration pricing has a important effect on income overall performance with inside the Pakistan aviation industry.

H 2: Discriminatory pricing has no sizable effect on income overall performance with inside the Pakistan aviation industry.

Table 3.9.3

Pearson Product Moment Correlation of the impact of discriminatory pricing on sales performance in the Pakistan aviation industry

Variables		Discriminatory Pricing	Sales Performance
Discriminatory	Pearson	1	.534**
Correlation			
			.000
Pricing Sig. (2-tailed)			
		200	200
N			

Sales Performance	Pearson Correlation	.534**	1
	Sig. (2-tailed)	.000	
	N	200	200

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

Table 3.9.3 indicates the Pearson Product Moment Correlation of the effect of discriminatory pricing on income overall performance with inside the Pakistan aviation industry. The values of r = 0.534, Probability value = 0.000 and with much less than 0.05 importance stage indicates that discriminatory pricing has a great dating and robust effect on income overall performance. Therefore, primarily based totally at the resulted values we reject the H2 Hypothesis and concludes that discriminatory pricing has a great effect on income overall performance with inside the Pakistan aviation industry.

H 3: Discount pricing has significant impact on sales performance in the Pakistan aviation industry.

Table 3.9.4

Pearson Product Moment Correlation of the impact of discount pricing on sales performance in the Pakistan aviation industry

Variables		Discount Pricing	Sales Performance
Discount Pricing	Pearson Correlation	1	.518**
	Sig. (2-tailed)		.000
	N	200	200
Sales Performance	Pearson Correlation	.518**	1
	Sig. (2-tailed)	.000	
	N	200	200

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

Table 3.9.4 indicates the Pearson Product Moment Correlation of the effect of cut price pricing on income overall performance with inside the Pakistan aviation industry. The values

of r = 0.518, Probability value = 0.000 and with much less than 0.05 importance stage indicates that cut price pricing has a large dating and effect on income overall performance respectively. Therefore, primarily based totally at the resulted values we usual the H3 Hypothesis and concludes that cut price pricing has a large effect on income overall performance with inside the Pakistan aviation industry.

H4: Psychological pricing has large effect on income overall performance with inside the Pakistan aviation industry.

Table 3.9.5

Pearson Product Moment Correlation of the impact of psychological pricing on sales performance in the Pakistan aviation industry

Variables		Psychological Pricing	Sales Performance
Psychological Correlation Pricing	Pearson Sig. (2-tailed) N	1 200	.556** .000 200
Sales Correlation Performance	Pearson Sig. (2-tailed) N	.556** .000 200	1 200

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

Table 3.9.5 indicates the Pearson Product Moment Correlation of the effect of mental pricing on income overall performance with inside the Pakistan aviation industry. The values of r = 0.556, Probability value = 0.000 and with much less than 0.05 importance stage indicates that mental pricing has a substantial dating and effect on income overall performance respectively. Therefore, primarily based totally at the resulted values we prevalent the H4 Hypothesis and concludes that mental pricing has a substantial effect on income overall performance with inside the Pakistan aviation industry.

4. CONCLUSIONS

The main objective of the study was to identify the impact of competitive pricing on sales performance in aviation industry of Pakistan. The literature presented in chapter two shows that price plays significant role in sustainability, growth, profitability, and competitiveness among different airlines in Pakistan. The result of this research study reveals that Penetration, Discriminatory, Discount and Psychological pricing have significant positive impact on sales performance in Pakistan Aviation industry. Based on above results it is concluded that competitive pricing is cardinal to increasing and boosting the sales performance in Pakistan Aviation industry.

In this study, it was observed that out of 200, 55% were male and 45% were female respondents, majority of respondents were male. Out of 200 respondents, 24.5% were online, 26.5% were travel agents, 19.5% were Airline Ticket office and 29.5% were Airport Ticket counter respondents. Table 4.1.7 shows that 24% passengers were at Managerial Post, 37.5% were different professionals, 22.5% were Retired and 16% were other passengers. Table 4.1.4 shows that travel experience of 31% passengers were above 10 years, 45% passengers was in between 6-10 years, and 24% passengers was in between 1-5 years. Table 4.1.6 shows that 52.5% were Economic class passengers, 31% were Business class passenger and 16.5% were from First class.

Based on correlation analysis, it is concluded that there is a positive and strong relationship between Penetration pricing and sales performance, positive and strong relationship between Discriminatory pricing and sales performance, positive and strong relationship between Discount pricing and sales performance and positive & strong relationship between psychological pricing and sales performance. Therefore, based on the overall correlation analysis it is concluded that H1 & H2 are rejected and H3 & H4 are accepted.

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