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PRICING STRATEGY AND EFFECTIVE MARKETING OF AGRICULTURAL PRODUCE IN NIGERIA: REFERENCE TO MAIZUBE FARM, MINNA

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Abstract
Pricing is a widely utilized tool employed by business organizations and profit-oriented firms to drive home their profit maximization objective. The present study examined three major pricing strategy variables (penetration, bundle and loss leader)) as they affect effective marketing of agricultural produce in Nigeria. The study used descriptive survey design; population of the study comprised 22 selected Maizube Farm produce distributors in Bida modern market; as a result, the sample size determined is 22 since the figure is relatively manageable. A well- structured self-administered questionnaire was used as the main tool for data collection and was administered to the 22 respondents. Reliability of the research instrument was calculated and the Cronbach's alpha coefficient was 0.868. Data were analysed using multiple regression analysis. From the hypotheses tested, the result indicated that there is a significant relationship between penetration pricing and effective marketing of agricultural produce. Findings also indicated that there is positive and significant relationship between bundle pricing and effective marketing of agricultural produce. The study concluded that all the relationships between pricing strategy and effective marketing of agricultural produce were significant resulting in the rejection of all the three null hypotheses postulated, $H0_1$ to $H0_3$ and accepted all the alternate hypotheses. Furthermore, this study recommended that farmers and their distributors should further exploit the potentials offered by these strategies to boost their sales and profitability through attraction of more customers. Finally, the study suggested that future studies should focus on other sectors of the economy apart from the agricultural sector.

Keywords: Pricing; Strategy; Effective; Marketing; Agricultural Produce; Nigeria

Background to the Study

Pricing is an important function aimed at getting the right price or suitable price for the right quality of a product or services. Pricing also refers to all that a company does to find a good and quality price for a product or services. A price can be defined as what a person must give up in exchange for something that is of value to him or her. Putin another way, price is anything that is of value to both the seller and the buyer that is given up in an exchange. It is a mistake to believe that price is always money paid or some other financial considerations. Money might or might not be involved in the exchange (Maraschino, 2009).

The key to determining the price of a product or service lies in understanding the value that buyers place on the product or service and this value results from their perception of the total satisfaction provided by the produce or services. Pricing affects the perception consumers have about the quality of the produce or services. To the market system, pricing is the only element in the marketing mix that can be quickly changed in response to changes in demand or the action of competition; pricing is a key element of the marketing mix because it frequently determines the market success of a new product and it directly influences sales and the generation of total (Adegeye and Dittoh, 2019).

Statement of the Problem

Many executives believe that developing a pricing capability is essential to business survival and rank pricing is second only to the product variable in importance among concerns to marketing managers. Basically, in order to maintain profitability, agricultural produce firms need to develop a strategic pricing capability (Peter and Donnelty. 2018). Developing this capability starts by designing a pricing architecture that aligns with the brand identity and rules about how to price and sell it. Since we are discussing about agriculture, it is important to note that setting a price with the consideration of the agricultural company's produce may not be feasible. Agricultural prices have more complex factors that affect them and cannot be set easily. In this work, the writers will examine the pricing strategy that is most suitable for agricultural produce marketing and the impact the strategy has on effective marketing of agricultural produce (Gibson, 2019).

Objectives of the Study

These challenges range from stiff competition from close competitors to situational challenges otherwise called seasonal fluctuation in demand. In addition to these, those objectives that are specific to this study are:

(i) To examine the relationship between market penetration and effective marketing of agricultural produce
(ii) To investigate the relationship between bundle and effective marketing of agricultural produce
(iii) To examine the relationship between loss leader and effective marketing of agricultural produce

Research Questions

(i) Is there any significant relationship between penetration pricing and effective marketing of agricultural produce?

(ii) Is there any significant relationship between bundle pricing and effective marketing of agricultural produce?
(iii) Is there any significant relationship between loss leader pricing and effective marketing of agricultural produce?

Statement of Hypotheses

In line with the specific research objective of this work, the following research hypotheses were postulated:

H_1: There is no significant relationship between penetration pricing and effective marketing of agricultural produce

H_2: There is no significant relationship between bundle pricing and effective marketing of agricultural produce

H_3: There is no significant relationship between loss leader pricing and effective marketing of agricultural produce

Contribution to Knowledge

The researcher hopes that in view of this study:

(a) The basis and findings of this research will be useful by future researchers, students and academicians digesting pricing strategy and effective marketing of agricultural produce in Nigeria
(b) After determining the relationship between penetration pricing and effective marketing of agricultural produce, agricultural marketers will be in a better position to use the findings of this research to develop effective pricing policies and strategies that will see them acquire relevant pricing strategies for achieving their goals and objectives.

Literature Review

Agricultural Marketing

According to Kohls (2019), Agricultural Marketing can be defined as the performance of all business activities that involve the flow of agricultural produce from the point of initial agricultural production to the hands of ultimate consumers. This form of marketing is more prone to rural based areas (primary producer) where these products, goods and services as the case may be are produce, process and package than in urban based areas (secondary and tertiary consumers) where the demand for these products is high. Various firms engaged in doing various marketing tasks are interested in the profitability of their business; hence the definition above depicts the following:

(a) Production of agricultural produce
(b) Co-ordination and movement of the produce through various channels such as:

(Wholesalers----Retailers----Consumers) and (Wholesalers----Agents------Retailers----Consumers)

Pricing of Agricultural Produce

A pricing model determines how to fix the price of a product. A good pricing model accommodates the manufacturing costs, the nature of the product, the value of the product for agricultural produce. Pricing model for produce is a cost-based approach where the selling price is a make-up above the product cost, with the extent of make-up depending on market conditions such as demand and supply. The underlying challenges in adopting the pricing model for agricultural produce are identifying the actual cost price of agricultural produce. While it is easy to determine the total input costs such as cost for seeds, cost for equipment, labour charges, and other costs, it remains difficult to appropriate such input costs, and also common cost such as land value to individual crops (Onu, 2017). Agriculture depends on nature and it is next to impossible to forecast the exact yield salable and the quantum of crops lost to such elements as weather, pests, and other natural causes. A limited range of agricultural produce such as organic public consumption however follows a cost-plus markup-based pricing model (Kotler and Armstrong, 2019).

Pricing Objectives

Pricing objectives should flow from, and fit in with, company-level and marketing objectives. The following are types of pricing objectives (Kent and Monroe, 2018):

1. Profit-oriented objectives: A *target returns* objective sets a specific level of profit as an objective. Sometimes this amount is stated as a percentage of sales or of capital investment. This type of objective also has an administrative advantage in a large company in that performance can be compared against the target. In some firms the managers just aim for satisfactory profits, whereby the returns aid the survival of the firm and thus convincing the stockholders that the firm is doing well. Another profit-oriented objective is the profit maximization objective whereby the firm seeks to get as much profit as possible. Pricing to achieve profit maximization does not always lead to high prices. The low prices on the other hand may expand the size of the market and result in greater sales and profits.
2. Sales-oriented objective: This type of objective seeks some level of unit sales, naira sales or share of market. Managers that use this kind of objective are more interested in sales growth than profits. They believe that sales growth always leads to more profits. However, it should be noted that this kind of objective makes sense in the short term. A lot of firms seek to gain a specified market share. A company that has a large market share will certainly have better economies of scale than its competitors. Furthermore, it is easier to measure a firm's market share than to determine if profits are being maximized.
3. Status Quo pricing objective: Another kind of objective is the status quo objective, whereby managers who are satisfied with their current market share and profits

may say that they want to stabilize prices or meet competition, or even avoid it as a whole. It is basically a 'do not-rock-the-pricing-boat' objective.

Pricing Strategies for Farmers

Kotler and Armstrong (2019) identified the following as pricing strategies that are suitable for farmers:

1. Penetration pricing: Penetration pricing attracts customers with a low price for a limited period of time. The low introductory price reduces consumers' perceived risk of purchasing new products. Penetration pricing sacrifices immediate profits to build long-term relationships with buyers. The strategy assumes satisfied consumers will buy the product for full price when the offer expires. For example, a rancher offers an introductory price on beef steaks to a local restaurant buyer. Penetration pricing gets her steaks in chef's hands and diners' mouths. Fantastic feedback and customer demand for the steaks on the restaurant's menu justifies the buyer paying full price in future orders. It is important for farmers to disclose the initial price is an introductory offer, and that the item will return to full price when the offer expires. Full transparency is critical to building positive long-term relationships with buyers.
2. Bundle pricing: This groups several like items together for a single price. The strategy prompts consumers to purchase multiple products, thereby increasing sales volume and boosting revenue. For example, a vegetable grower bundles slow-selling eggplant with top-selling tomatoes to move more eggplant. The grower creates salsa and stew kits containing all the ingredients shoppers need for a single price. The bundle pricing strategy is apparent in Community Supported Agriculture (CSA), where customers purchase a share of the harvest upfront, then receive regular deliveries of bundled items throughout the growing season.
3. Loss leader pricing: This strategy sets prices on select products very low, assuming consumers will purchase additional products that make up for the loss. The strategy is effective in increasing total sales. A good example of this, is a farm stand operator that advertises summer squash for #1,000 per basin on a roadside sign. Customers stop to buy squash and also pick-up peaches, peppers and other premium priced items while they shop. Farmers can use a loss leader strategy to gain access to new markets. Selling lettuce greens at a loss to an institutional market increases the probability the institution will purchase additional fresh food items for the salad bar.
4. Bulk pricing: This strategy compels consumers to buy in bulk to achieve savings. For example, a farmer prices beans at #800 per basin or the canner's special: five basins for #3,800. Consumers that buy in bulk save #200. Bulk pricing is advantageous when farmers have a large volume of product to sell in a crowded and competitive marketplace.

5. Good, better, best pricing: This strategy creates price levels for related products based on demand or product attributes. For instance, a fruit grower offers a good level price of #800 per peck for Red Delicious and Granny Smith apples, a better level price of #1,200 per peck for Golden Delicious and McIntosh apples, and a best level price of #1500 per peck for exotic Ambrosia and Honeycrisp apples. The good, better, best pricing strategy allows the fruit grower to counter customers' claims that a product is too expensive.

Role of Pricing in Marketing Agricultural Produce

Agricultural development has been considered to be an indicator of the quality of life at grass roots level making it what may be called peoples sector. In regard to the importance of agriculture in a broader socio-economic sense, al the three basic objectivities of economic development of the county, namely output growth, price stability and poverty alleviation are best served by growth of agriculture sector. If public investment and market infrastructure in agriculture continue to be inadequate, there could be a serious problem of competitiveness and adequate supply response. No doubt, India is a larger producer of several agricultural produce. In terms of quantity of production. India is the top producer in the world in milk and second largest in wheat and rice (Osuagwu, 2019).

Differences between Agricultural and Non-agricultural Product Prices

The marketing of agricultural commodities is different from the marketing of manufactured commodities because of the special characteristics. The agricultural products are of different nature than industrial products (Stanton, 2019). According to Shepherd (2017), the features of products can be grouped into three major types on the basis of production, marketing and consumption:

Production-related features of agricultural goods:

The production related features of agricultural products are as follows:

(a) Seasonal production: Most of the agricultural goods are produced only in certain season. The food crops such as maize, paddy, wheat etc.; cash crops such as sugarcane, tobacco, jute and vegetables, potato and fruits are produced in certain suitable seasons. But some products such as fish, dairy products, eggs etc. can be produced in all seasons. Everything cannot be produced in all seasons. So, seasonal products affect agricultural market.

(b) Scattered Production: Except some limited goods most of the agricultural goods are produced in all parts of the country. As farmers live scattered in different parts of the country, middlemen collect agricultural products and supply to markets.

Marketing-related features of agricultural goods:

The major marketing related features of agricultural goods are as follows:

a) Perishable products: Most of agricultural products are of perishable nature, but all are not equally perishable within same duration of time. Some perish within shorter time and some others remain usable for little longer. Fish, milk, meat, fruits, vegetables etc. remain fresh only for shorter time, so they are quick perishable. Such products should be supplied to market as quicker and possible. Special cold storage is needed to keep such goods safe and fresh. Food crops/grains such as rice, wheat, mustard etc., remain usable relatively for long time.
b) Bulky products: Most of the agricultural products are weighty and bulky. So, transport and storage cost rise higher than the value of these products.
c) Quality and quantity variation: Quality and quantity of agricultural products become different according to the productivity of land, season and climate. The quality of seeds, use of fertilizers etc. also causes difference in quality.

Consumption-related features of agricultural goods:
The consumption features of agricultural products are as follows:
a. Continuous consumption: Agricultural products are very important to meet daily needs of people. So, it is necessary to have regular supply of agricultural products such as food grains, fish, meat, milk, fruits etc. to satisfy daily demand.
b. Inelastic demand: The demand for agricultural products remains relatively less elastic. Demand for such products does not decrease or increase due to rise or fall of prices. The consumers are compelled to meet their daily needs at minimum level, even if the price of agricultural products rises up.
c. Price fluctuation: The price of agricultural products remains unstable. It fluctuates time and again. The price of agricultural products is easily affected by supply and demand.

Methodology
The writer used descriptive survey design for this study. The population for this study is 22 distributors of Maizube Farm products in Bida modern market who were selected using simple random sampling method. Data from secondary sources were sourced from internet and books. For the primary data used, a well- structured self-administered questionnaire was used as the main tool for data collection and was administered to the 22 respondents by simple random sampling method. Reliability of the research instrument was calculated and the Cronbach's alpha coefficient was 0.868. Data were analysed using multiple regression analysis. Data were analyzed and validated using Statistical Package for Social Sciences (SPSS) with interpretation done by descriptive method and charts.

Discussion of Findings
For *hypothesis one*, the significance is 0.000 which is far less than 0.05, the null hypothesis (H_{01}) is rejected, this therefore shows that there is significant relationship between penetration pricing and effective marketing of agricultural produce.

For *hypothesis two***,** the significance is 0.000 which is far less than 0.001, the hypothesis which stated that bundle pricing influence effective marketing of agricultural produce of Maizube Farm in Minna is accepted. Therefore, it shows that there is a positive and significant relationship between bundle pricing and effective marketing of agricultural produce.
For *hypothesis three*, the significance is 0.000 which is far less than 0.05, the null hypothesis (H_{03}) is rejected; this therefore shows that there is significant relationship between loss leader pricing and effective marketing of agricultural produce of Maizube Farm in Minna.

Conclusion

The overall conclusion is that all the relationships between pricing strategy and effective marketing of agricultural produce were significant resulting in the rejection of all the three null hypotheses, $H0_1$ to $H0_3$ and accepted all the alternate hypotheses. This indicated existence of significant relationship between pricing strategy and effective marketing of agricultural produce. Thus, all the three research objectives were achieved.

Recommendations

It is therefore recommended that the management of Maizube Farms should further exploit the potentials offered by these pricing strategies that will see them acquire relevant pricing policy to boost their profitability by attracting more customers. Further, agricultural marketers should endeavour to understand the purchase attitudes and behaviour of consumers to serve as a guide towards appropriate formulation and design of pertinent pricing strategy that adequately informs the customers and arouse their desire and induce them to eventual patronage of their farm produce.

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