Afropolitan Journals

ISSN: 3027-2971 www.afropolitanjournals.com

Pricing Strategies and Subscribers' Patronage: A Case Study of Multi-Choice/Dstv in Calabar, Nigeria

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***DOI**: https://doi.org/10.62154/ajmbr.2025.018.010627*

Abstract

The study investigated the effect of pricing on the subscribers' patronage of satellite television services in Calabar metropolis. The objectives were to determine the effect of skimming and penetration pricing on subscribers' patronage of Multichoice/DSTV services in Calabar. The strategy made reviewed on key concepts bordering on the independent and dependent variables. The study adopted a survey research designed to elicit specific information from respondents through the use of questionnaires. Data were obtained from the primary and secondary sources. The study adopted a simple random and a convenience sampling technique. The analysis of 246 administered questionnaires revealed the following results with a simple regression analysis technique. Penetration pricing strategy has a significant effect on subscribers' patronage of Multichoice/DSTV satellite services while the skimming pricing does not. The study recommends that Multichoice/DSTV should maintain the current low pricing strategy. The high pricing strategy should be modified to increase patronage for the classic packages of Multichoice products. That firms should consider market segmentation strategy in order to cater for their existent diverse customer segment.

Keywords: Pricing, Patronage, Skimming Price Strategy, Penetration Price Strategy.

Introduction

Price is the value of product attributes expressed in monetary terms which a consumer pays or is expected to pay in exchange and anticipation of the expected or offered utility (Okwara et al. 2019). Price serves as the yardstick by which industrial and commercial clientele assess the worth of a product, exerting a profound influence on the selection of brands amidst competing options (Goodie-Okie, 2022). Apart from world-class product development, pricing is a key to success, it is vital in attracting and capturing demand. Pricing is essential in optimizing the genuine value of your product in the competitive marketplace (John, 2018). It is the amount of money or goods needed to acquire another goods and its accompanying services. It can retain or repel customers or prospect consumers depending on the usage. Junior et al (2018) asserted that price is the sole component within the marketing mix that yields revenue, and also the most adaptable facet of this mix due to the fact that pricing determinations can be promptly executed (e.g. price adjustments) and effortlessly tailored to the circumstances enveloping a company's internal or external milieu. According to the words of Thomas Nagle. Production, distribution (place) and promotion create value, while pricing harvest the value", Price also communicates to the market the company's intended value positioning of its product or brand (Kotler, 2013).

Considering the fact that price is cost to consumer, every rational buyer will necessarily desire to spend their money on goods or services that is of value to them "This consideration has necessitated the need for consumers to be skeptical and logical when they wish to make any purchase with their scarce resource (money) mostly on durable products (Weber, 2010). No wonder car owners sometimes, prefer to take a public transport to get to their destination in the bid to economize scarce resource so far as the basic satisfaction is gotten. This is usually the economic strategy which consumers use to get their needs and wants through making the best pricing choice of products to consume.

Such instances are more pronounced in developing countries such as Nigeria. For example, satellite television viewing centres have become a good business and a strong intervention to sport enthusiasts who finds it difficult to pay the high subscription cost of owning a satellite television channels in Nigeria. At the early stage of satellite television introduction in 1990s into the shores of Nigeria, only the elites and dedicated television enthusiasts ever went through the trouble and expense of putting satellite television dish on their houses (Kombol, 2015). But recently, it has already become a popular choice for many television viewers in Nigeria because the use of viewing centres has increased affordability and accessibility to the programmes on satellite television stations which is more preferred to local stations in Nigeria.

There are numerous benefits which satellite television channels offer to her subscribers. In addition to job creation and EPL matches, it also serves as pluralist developer and also opening up the ordinary citizen's horizon to images from the whole world and bringing about the development of multilingual channels (Wedell and Tudesq, 1997). In conflict prune areas like Nigeria, the reports from satellite television stations can be compared with local stations in ascertaining the level of truth, thus the real situation since local stations can be influenced by stakeholders. It also solves the problem of range and distortion usually encountered by local media through transmitting broadcast signals from satellites orbiting the earth.

Although broadcast television has been and still is the basic and the most popular means of television entertainment in Nigeria, but the major limitations had been the problem of range and distortion. Presently, these limitations and problem have become history through the introduction of satellite television which transmits broadcast signals from satellites orbiting the earth. Igbokwe (2009) opined that people all over the world with the rural areas in Nigeria not exempted, have access to movies, sporting events and news from around the world and the promise of high movie-picture and sound via satellite television stations.

Research has unveiled the high embrace of satellite television by Nigerians considering the imbibed benefits accruable from it usage. This was asserted by Kombol (2015), who researched on the high patronage of satellite television viewing centres spread across the country. According to him, these centers have become a popular choice for many television viewers in Nigeria who patronize it because of the increased affordability and accessibility to the programmes on satellite television stations, though these centres, are heavily patronized not by the elites, but by the lowest classes in the society which actually form the larger part of Nigeria's population. Again, Nwabueze et al (2012) stated the preference of satellite television to local media in Nigeria. Their research proved that Nigerians prefer satellite television broadcast because of the wireless nature, presence of more channels, and its high movie-pictures and sound when compared to local media in the country. Despite available empirical studies supporting the increasing patronage of DSTV in Nigeria, there exists a gap in understanding the cost paid by subscribers in relation to the pricing strategies implemented by these digital satellite television providers. This gap in knowledge poses a challenge for the TV companies in formulating effective strategies to retain their customers. For instance, if we delve deeper into the pricing strategies of DSTV, we may find that they offer different packages tailored to meet the diverse needs of their subscribers. These packages could range from basic plans with limited channels to premium plans with exclusive content. By understanding the cost-benefit analysis of each package, subscribers can make informed decisions based on their preferences and budget constraints. Hence a consideration of the best pricing strategy to adopt is paramount.

Price skimming will be advantageous because it allows companies like DSTV to capture the market's early adopters who are willing to pay a premium for exclusive services. For example, by offering a high-end package with advanced features at a higher price point, DSTV can cater to customers seeking top-notch entertainment options. On the other hand, price penetration involves setting lower prices to attract a larger customer base. This strategy could be beneficial for DSTV to penetrate new markets or compete with other providers by offering affordable options to a broader audience. DSTV's pricing strategies play important role in attracting and retaining subscribers. Whether they opt for price skimming or price penetration, the key is to align the pricing strategy with the target market's preferences and purchasing power.

However, in recent times, there has been a growing outcry among subscribers regarding the continuous increase in the prices of various plans offered by DSTV (Vanguard News, 2024). This surge in prices has led to a significant backlash from customers, resulting in a revolt against DSTV and a strong demand for the services of indigenous providers. The question that arises is: what exactly is DSTV doing wrong? What steps have they failed to take to address the concerns of their Nigerian subscribers? The persistent clamor from customers in Nigeria raises important issues that cannot be ignored. To delve deeper into this matter, it becomes crucial to analyze DSTV's pricing strategy in detail. By conducting an in-depth examination of their pricing model, it may be possible to uncover the root causes of dissatisfaction among subscribers.

Also, there is scarcity of empirical data on the impacts of price on subscribers' patronage of satellite television in Calabar, Cross River State, Nigeria, hence this research will seek to explain subscribers’ behaviours as it's explained by the pricing strategies of DSTV service provider. The major purpose for this research is to vividly ascertain the impacts of price on subscribers' patronage of satellite television in Calabar, using Multichoice Satellite Television as a case study. The study objectives include;

1. To determine the effect of skimming pricing strategy on subscribers' patronage of Multichoice Satellite Television services.
2. To determine the effect of penetrating pricing strategy on subscribers’ patronage of Multichoice Satellite Television services.

Literature Review

Theoretical framework

For this study, the demand and supply theory was adopted. According to Gordon (2022), the theory of supply and demand offers a comprehensive framework for understanding the complex relationship between consumers' desire for goods and the availability of those goods in the market. This theory suggests that when there is an increase in demand for a particular product—meaning that consumers are eager to buy more of it—producers will respond by increasing the supply to meet that demand. On the contrary, in the event of a decline in demand for a product, producers will adjust their supply to avoid surplus inventory. This intricate interplay between supply and demand stands as a cardinal tenet of economics, demonstrating how consumer preferences and producer reactions converge to mold market equilibrium. This theory holds significant relevance and applicability to the examination of pricing strategies and the patronage of DSTV subscribers. This is because when consumer demand for a particular product or channel decreases, manufacturers will respond by reducing their production output or removal of such channel to prevent an oversupply in the market. This adjustment in supply helps maintain a balance between the quantity of goods available and the level of consumer interest, ultimately influencing market prices. Moreover, understanding the dynamics of supply and demand is crucial for businesses like DSTV to effectively manage their subscription packages. For instance, if there is a sudden surge in demand for a specific channel or service, DSTV can adjust their pricing strategies to capitalize on this trend and attract more subscribers. By continuously monitoring consumer preferences and adjusting their offerings accordingly, companies DSTV can stay competitive in the ever-evolving market landscape. In essence, the interplay between supply and demand serves as a fundamental principle that guides decision-making processes across various industries, shaping market dynamics and influencing business strategies.

Also, the Uses and Gratifications theory, originally proposed by Lasswell in 1948, serves as a foundational framework for understanding the choices individuals make in consuming media. This theory delves into the motivations behind why people opt for specific media platforms, such as DSTV over other satellite providers' decoders, and what they derive from engaging with these particular channels, known as the gratification component. For instance, a viewer may choose DSTV for its diverse range of channels catering to various interests, providing entertainment, news, sports, and educational content all in one package.

The Uses and Gratifications theory not only sheds light on the selection process but also explores the psychological and social aspects driving these choices. By examining the appeal of certain media forms, this theory offers insights into the decision-making process of individuals, emphasizing the role of personal needs and preferences. For example, a subscriber might choose DSTV for its interactive features, allowing them to engage with content in real-time through voting or interactive games, enhancing their overall viewing experience.

Concept of pricing

The monetary value that corporations assign to their product or service is referred to as price (Komaromi, 2016). According to Anno et al., (2023), when consumers are faced with decisions about what to buy, the price of a product or service often takes center stage. This is because the price point holds significant weight in their decision-making process, impacting how they perceive the overall value of what they are considering purchasing. For instance, when comparing two similar products, a consumer is more likely to choose the one with a lower price, assuming all other factors are equal. The importance of price can be seen in various scenarios. Take, for example, a budget-conscious shopper looking for a new laptop. They might compare prices across different brands and models to find the best deal that fits their financial constraints. In this case, the price not only influences their perception of value but also determines whether they can afford the purchase at all.

Furthermore, the significance of price extends beyond individual buying decisions. In a competitive market, businesses must carefully consider their pricing strategies to attract customers and stay ahead of their rivals. A slight adjustment in price can lead to a significant shift in consumer behavior, impacting sales and market share. Customers are often attracted to products and services that are more affordable, as they seek to maximize their budget and obtain the best possible deal (Abdulsalam, Tajudeen & Francis, 2024). Consequently, businesses must understand this tendency and consider competitive pricing strategies to appeal to price-sensitive consumers while still maintaining quality and profitability.

As noted by Kotler and Keller (2016), pricing is one of the most flexible marketing mix elements, capable of being adjusted quickly in response to market dynamics. It serves as a critical determinant of profitability, market positioning, and customer perception. . It reflects the value the company places on its offerings and seeks to balance affordability for customers with the need to sustain the business (Sammut-Bonnici and Channon, 2015). Abdulsalam, Tajudeen, and Francis (2024) elucidate pricing as the monetary value attributed to a product or service, reflecting the aggregate worth that consumers are willing to exchange for the advantages derived from its acquisition or utilization. This highlights the interplay between price and perceived value in consumer decision-making. Underscoring the dual nature of pricing as both a quantitative and qualitative decision-making process, Nagle and Müller (2018), opined that pricing is the essential practice of assessing the value that a company will gain in return for its products and services. It is a strategic decision influencing market positioning, profitability, and consumer behavior. When companies set the prices of their offerings, they do so bearing in mind several factors and these factors give raise to the different kinds of prices which include: cost-plus pricing, Value-Based Pricing, dynamic pricing, and price discrimination among others. Understanding these diverse viewpoints aids businesses in developing effective pricing strategies that align with market conditions and consumer behaviour.

Price skimming

This approach involves establishing a premium price for a product upon its introduction, leveraging the readiness of early adopters to invest in a novel offering (Okwara, Iwuoha and Onyeme, 2019). Commonly employed during the market entry phase, this strategy aims to optimize revenue from consumers who exhibit lower price sensitivity and show eagerness to be among the first to embrace the product.

As the initial demand from early consumers begins to decline, the company gradually lowers the price to attract a broader, more price-sensitive market segment. This strategy allows the business to reach a wider customer base while still benefiting from the high profit margins achieved during early sales.

Besanko and Winston, (2000) as cited in Kurubo and Onuoha (2020), posited that the strategy of price skimming empowers a company to ascertain and charge each individual customer their respective reservation price. Each customer has a maximum price they are willing to pay for a product or service based on their perceived value and budget constraints. By understanding and charging customers based on their reservation price, companies can optimize their pricing strategy to extract maximum value from different market segments. A key assumption of price skimming is that since each consumer pays a price at or below their reservation price, they feel satisfied with their purchase. However, there is a paucity of research on consumers' reactions to price skimming beyond the initial purchase determination. Most inquiries concentrate on the optimization of firm profits and the variables influencing it, such as sales, diffusion rates, and competition as evidenced by the studies of John (2018), Junior et al., (2018), Okwara et al. (2019), and Kar (2019). However, delving deeper into consumers' reactions to price skimming reveals a nuanced landscape that extends beyond the initial purchase decision. While the existing research primarily focuses on firm profitability optimization and related variables like sales, diffusion rates, and competition, there is a growing need to explore the long-term implications of price skimming on consumer behavior and brand loyalty.

Typically, a company like multichoice channel television maintains the elevated price point until competitors begin to enter the marketplace. Upon the arrival of competing products, the company can then adjust its pricing strategy downward. This shift is crucial as increased competition often leads to price reductions across the industry, which can ultimately affect profit margins for all participants in the market. The primary objective of this strategy is to recover as much revenue as possible during the initial launch phase before the competitive landscape begins to shift (Korubo & Onuoha, 2020). This careful balance allows the firm to retain its market position while adapting to changing consumer dynamics and competitive pressures.

Concept of price penetration

Price penetration is a strategy where a product is initially offered at a low price to rapidly capture market share and generate word-of-mouth awareness (Odunlami et al., 2024). This approach is particularly effective in highly competitive markets with elastic demand. By setting lower prices, businesses can attract customers, establish their brand, and foster customer loyalty (Kotler & Keller, 2016). The primary objective is to drive market adoption, encourage trial, and create buzz, ultimately leading to organic promotion. The product is introduced at a price lower than competitors or its anticipated long-term cost, making it more appealing to consumers. As adoption grows, the brand strengthens its market presence, and positive word-of-mouth further enhances recognition. Once a loyal customer base is established, the company may gradually raise prices to improve profitability.

Concept of subscribers' patronage

Customer patronage is a significant behavioral concept in marketing, as described by Ding, Lu, and Ge (2015). It refers to the decision-making process through which customers deliberately choose to engage with one organization over its competitors within the same industry. This preference can be influenced by various factors and reflects an individual's loyalty to a brand or service. Furthermore, Garga and Bambale (2016) define customer patronage as the extent to which customers consistently select a company's products or services. This selection is largely based on the customers' evaluations, which are shaped by their personal experiences with the company's offerings. These experiences can encompass aspects like customer service interactions, product performance, and overall satisfaction.

Subscribers' patronage refers to the decision of buyers of a firm's offering to start and maintain their subscription to a service. According to Zeithaml (1988), subscribers determine the value of a service by comparing it to its price. This evaluation process is crucial as it influences their overall satisfaction and loyalty. In highly competitive markets, where multiple service providers offer similar products, customers become increasingly sensitive to fluctuations in price. As a result, even minor price increases can trigger dissatisfaction, leading to churn—where customers choose to switch to a competitor. Consequently, it is essential for businesses especially Multichoice satellite television aiming to retain their clientele and maintain a competitive edge in the industry to understand their business environment.

Another important factor to consider is perceived fairness. In pricing, it plays a crucial role in enhancing customer satisfaction and fostering brand loyalty. Research conducted by Grewal et al. (1998) indicates that when businesses adopt transparent pricing practices and effectively communicate any changes in prices, they significantly reduce the likelihood of subscriber attrition. This suggests that customers value honesty and clarity, which leads to a more positive relationship with the brand. Providing bundled services or incorporating value-added features can greatly enhance the perceived value of a product or service, ultimately encouraging customers to remain loyal over the long term. This comprehensive value proposition not only satisfies diverse customer needs but also positions Amazon as a preferred choice, reinforcing customer retention and commitment (Simon, 2015).

Price skimming and customer patronage

Yuan et al., (2022) described price skimming as a strategic approach where a novel product is introduced at a premium price point to optimize profits by targeting segments willing to invest more. Furthermore, price skimming enables companies to swiftly recoup their research and development expenditures prior to competitors entering the market. By attracting the most lucrative customer segments initially, enterprises can solidify a robust market stance and finance forthcoming product advancements. Nevertheless, a pivotal obstacle of price skimming lies in upholding customer engagement as prices gradually decline. According to Abdulsalem, Tajundeen, and Francis (2024), corporations face the critical task of effectively managing customer expectations in order to maintain and expand their market share. This involves not only meeting but exceeding customer needs and desires. Moreover, articulating a clear value proposition is essential for businesses to differentiate themselves from competitors. By clearly communicating the unique benefits and advantages they offer, companies can attract and retain customers. Notwithstanding, a critical challenge associated with price skimming pertains to sustaining customer interest as prices progressively decrease over time (Czinkota et al., 2021). Firms must proficiently manage customer expectations and convey the value proposition of their offerings to retain market share amidst evolving pricing dynamics. In the domain of customer patronage, the implementation of price skimming underscores the significance of harmonizing profitability with customer contentment. It is imperative for companies to strike a nuanced balance between maximizing profits through premium pricing and nurturing enduring relationships with their clientele.

Thus, although price skimming is widely used by managers and investigated in the economics and strategy literatures, it has received little attention in consumer research. The pricing skimming paradox investigates the relationship between price skimming and post-purchase consumer attitudes and behavioural intentions. Prior research has found pricing information, even when revealed after purchase and consumption, affects customer satisfaction levels (Okwara, Iwuoha, and Onyeme 2019; Kurubo and Onuoha, 2020; Kawira, 2021). Thus, the study hypothesizes that:

H_{01}: Skimming price strategy has no significant influence on Multichoice Satellite

Penetration pricing strategy and customer patronage

A company employs penetration pricing with the expectation that eventually the price will be raised once the initial marketing objectives are fulfilled. Its aim is to attract the customers to try the company's product. According to korubo and onuoha (2020) price penetration is a pricing strategy where the price of a product is initially set low to rapidly reach a wide fraction of the market and initiate word of mouth. The strategy works on the expectation that customers will switch to the new brand because of the lower price.For Tien, (2020) penetration pricing as a strategy where a company sets a low initial price for a new product to attract a large number of buyers and gain a significant market share. This approach aims to quickly penetrate the market by offering a price lower than competitors, encouraging customers to switch to the new product (Huse et al., 2022). The strategy is effective in markets with little product differentiation and price-sensitive demand. However, it can lead to lower short-term profits but can be justified by the long-term benefits of a higher market share (Okoye-Chine, 2021). In relation to customers' patronage, price penetration plays a crucial role in shaping consumer behavior and brand loyalty. When customers perceive value in a product due to its affordability, they are more likely to become repeat buyers and advocates for the brand. Therefore, implementing a price penetration strategy requires a deep understanding of consumer preferences and market dynamics to strike the right balance between pricing and profitability. Ultimately, by strategically setting prices to penetrate the market, companies can position themselves for long-term success and sustainable growth. Thus, the study hypothesizes that:

H_{02}: Penetration price strategy has a significant effect on Multichoice Satellite Television services on subscribers' patronage.

Empirical review

Kawira (2021) conducted a study focusing on the impact of pricing strategy on the performance of Micro, Small, and Medium Enterprises (MSMEs) in Kenya. The research employed a descriptive survey research design, where 368 MSME owners were surveyed. To analyze the data, a simple regression analysis was utilized. The findings of the study emphasized the significant influence of pricing strategies on the performance of MSMEs in Kenya. This implies that the way pricing is structured and implemented can greatly affect the success and growth of these businesses. The gap between this study and ours which is on patronage of satelite television is that while Kawira's study delved into the realm of pricing strategy and its impact on MSMEs in Kenya, our research focuses on a different aspect, specifically the patronage of satellite television services. By examining the factors influencing consumer choices in this sector, we aim to shed light on the dynamics of the entertainment industry and its implications for businesses operating in this space. Also, just as pricing strategies play a crucial role in the success of MSMEs, understanding consumer preferences and behaviors is essential for satellite TV providers to tailor their offerings effectively. Factors such as content variety, pricing packages, and technological advancements all contribute to shaping consumer decisions in this competitive market.

Kurubo and Onuoha (2020) conducted a study focusing on the impact of pricing strategies on the marketing performance of selected beverage firms in Rivers State, Nigeria. Employing a cross-sectional research design, the study engaged 238 employees from 5 beverage companies in the region. The results unveiled a significant relationship between pricing strategies such as price skimming, penetration pricing, and price discrimination, and customer satisfaction levels. To elaborate, price skimming involves setting an initial high price to target early adopters willing to pay a premium, while penetration pricing aims at capturing market share by setting a low price initially. Additionally, price discrimination entails charging different prices to different customer segments based on their willingness to pay.

In comparison to our own study, where we delved into the intricate realm of pricing strategies and their profound impact on customer satisfaction within the beverage industry, the parallel lies in the essence of exploring how strategic pricing can influence consumer perceptions and behaviors. However, a notable disparity between this study and ours is the distinct focus on varied consumer segments and their preferences. While our study on Multichoice television subscribers’ patronage aimed to understand what pricing strategy is most favourable to customers while also considering their viewing patterns and subscription choices of different demographic groups, this particular study seems to concentrate more on the pricing dynamics and its direct correlation to customer satisfaction levels within a specific industry.

Odunlami and Eniola (2024) conducted a thorough examination on the pricing strategies and customers’ patronage during the challenging times of the Covid-19 pandemic. Their study focused on the behavior of consumers in Lagos and Ogun states, Nigeria, specifically in relation to fast-moving goods. By utilizing a survey research method, they were able to uncover valuable insights. The findings of the study revealed that pricing strategies (penetration, skimming and discrimination) has significant effect on customer patronage amongst consumers of fast moving goods in Lagos and Ogun states, Nigeria. Drawing parallels to our own study on pricing strategies and subscribers' patronage of DSTV, it becomes evident that both research works delve into the realm of consumer behavior and the influence of pricing mechanisms. While Odunlami and Eniola's study centers on fast-moving goods, our study focuses on a different market segment, namely the digital television industry. Despite the differing industries, the core focus on pricing strategies and customer loyalty remains consistent.

Abdulsalam et al (2024) conducted a study focusing on the effectiveness of digital pricing strategies in influencing customer purchasing decisions within the E-commerce industry using the APLS-SEM approach. The research delved into how online retail outlets in Nigeria leverage digital pricing tactics to sway the buying behavior of Generation Z consumers. It was discovered that these strategies wield a significant influence on the youth demographic, prompting recommendations for online businesses to incorporate promotional campaigns and diversify their product offerings for strategic advantage. Additionally, the study suggested that governmental bodies should play a role in overseeing the implementation of fair pricing practices in the market. As a contrast between this research and our own investigation on pricing strategies and subscriber loyalty in the context of DStv, it becomes evident that both studies underscore the critical role that pricing mechanisms play in shaping consumer behavior. While Abdulsalam et al. focused on the impact of digital strategies on Gen Z consumers in Nigeria, our study delved into the correlation between pricing strategies and customer loyalty within the subscription-based television service industry. Despite the differing contexts, both studies shed light on the importance of understanding consumer preferences and market dynamics to optimize business performance. Ultimately, they emphasize the need for businesses to adapt their pricing strategies to cater to evolving consumer demands and preferences in an increasingly digital marketplace.

A study conducted by Shrivastava et al., (2024) focused on investigating the impact of pricing and packaging on consumer buying behavior. The study delved into how various pricing strategies influenced customers' choices in selecting channels, all while gauging their satisfaction levels. It was found that product pricing played a crucial role in determining buyers' decisions. This aligns with our own research on pricing strategies and subscribers' patronage of DStv. To elaborate, consider a scenario where a company offers different pricing tiers for its services. Customers who opt for the higher-priced packages may expect premium features or exclusive content, while those choosing the lower-priced options might prioritize affordability over additional perks. This dynamic interplay between pricing and consumer behavior underscores the significance of strategic pricing in influencing purchasing decisions. Drawing parallels between the study by Shrivastava et al and our own research, both investigations share a common focus on how pricing strategies impact consumer choices. However, while their study explored the effects of multiple pricing strategies on channel selection, our research specifically delved into how pricing influences subscribers' loyalty to DStv and is also geographically limited to Calabar, Nigeria.

Baird (2024) conducted a thorough investigation into the impact of customer loyalty programs and pricing strategies on contemporary consumer behavior within UK supermarkets. The study was prompted by a notable shift in the functionality of loyalty cards, moving from a simple points accumulation system to a more direct reduction in shopping prices. By focusing on how loyalty influences consumer behavior, the research delved into the habits of 152 respondents. The findings shed light on various aspects, such as the tendency of consumers to frequent multiple supermarkets, their increased spending on groceries, and their loyalty to a particular supermarket over time. Additionally, the study highlighted the positive reception of loyalty pricing among customers. Distinguishing between Baird's study on loyalty programs and pricing in supermarkets and our own research on pricing strategies and subscriber patronage of DSTV, we can identify both similarities and differences. For instance, while Baird's study emphasizes the impact of loyalty on consumer behavior in a retail setting, our research hones in on the relationship between pricing strategies and customer loyalty within the context of a subscription-based service like DSTV. Despite the differing industries, both studies underscore the significance of pricing and loyalty in shaping consumer decisions and preferences. Baird's study provides valuable insights into the evolving landscape of customer loyalty and pricing dynamics in the UK supermarket sector. By understanding how these factors influence consumer behavior, businesses can tailor their strategies to better meet the needs and expectations of their clientele. Similarly, our research on pricing strategies and subscriber loyalty at DSTV contributes to the broader discourse on customer retention and satisfaction in the realm of subscription services.

Conceptual Model

In this study, we developed a conceptual research model aimed at exploring the impact of two independent variables—price penetration and price skimming—on the dependent variable of subscribers' patronage. Price penetration refers to a strategy where a business sets a low initial price for a new product or service to attract customers and quickly gain market share. On the other hand, price skimming involves setting a high initial price for a product to maximize revenue from early adopters before gradually lowering the price.

This model illustrates how these pricing strategies influence customer behavior and subscription decisions, ultimately affecting the overall patronage levels among subscribers. By analyzing these relationships, we aim to gain deeper insights into effective pricing strategies that can enhance customer engagement and loyalty.

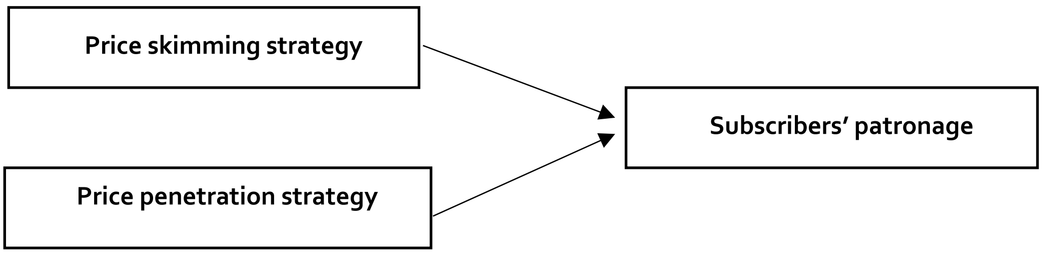

Figure 1: Pricing Strategies and Subscribers' Patronage
Source: Researchers' Conceptual Model (2024).

Methodology

The study adopted cross-section survey and descriptive research design. This design was considered appropriate as the study intends to get the opinions of Multichoice satellite television subscribers' on the influence of the products' price in relation to their patronage. The area studied was Calabar (the Capital city of Cross River State, Nigeria). Calabar was chosen for this research considering the vast social frisk of the people and entertainment need which posed satellite television as a market that would gain huge market share when the right pricing strategy is implemented. The target population of the research included all subscribers of Multichoice services comprising of private users only which were: students, civil servants, public servants, entrepreneurs, sport enthusiast, and pensioners residing in Calabar Metropolis, Cross River State, Nigeria.

The exact numerical figure of all users of was unknown therefore, the topmans sample size determination technique was utilized. In other to do this, the researcher conducted a pilot survey using a random sample of 20 customers of Mutichoice in Calabar. Out of the 20 customers, 16 of them, representing 80% of the respondents agreed that the variables developed for the study (price skimming and price penetration) influenced their patronage of Multichoice, while 4 of them, representing 20% of the respondents, disagreed that the variables influenced their patronage of MultiChoice. To determine the sample size, therefore, the Tobman formula was applied as follows:

$$n = \frac{1.96^2 (0.8x0.2)}{0.05^2}$$

$$= \frac{3.8416 (0.16)}{0.0025}$$

$$= \frac{0.614656}{0.0025}$$

n = 246 customers approximately

Convenient and simple random sampling technique were used. A structured questionnaire was used to obtain data from respondent. Data were analysed using multiple regression analysis regression with the aid of Statistical Package for Social Sciences (SPSS, Version 26). A sample of 246 respondents were used for the study.
The researcher ensured that all the variables of the study were measured using the instrument adopted from the study of Odunlami and Eniola (2024) where all variables in the questionnaire exceeded the benchmark of 0.7 Cronbach alpha coefficients after the reliability test. The research instrument comprised 12 items. Internal consistency method of reliability was used to test the reliability of the research instrument. Cronbach alpha was used to test the internal consistency of the research instrument. The questionnaire comprised of two major sections: Section A (demographic profile of the respondent) and Section B (Research construct items). The questionnaire comprised of major construct items.

Result and Discussion Findings

Table 1: Model Summary showing the relationship between penetration pricing and skimming pricing on subscriber's patronage of Multichoice satellite television services.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.225[a]	.051	.041	1.78708

Source: Fieldwork 2024

a. Predictors: (Constant), penetrating pricing, skimming pricing

Table 2: ANOVA[a] showing the relationship between penetration pricing and skimming pricing on subscriber's patronage of DStv

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	33.602	2	16.801	5.261	.006[b]
1	Residual	629.153	197	3.194		
	Total	662.755	199			

Source: Fieldwork 2024

a. Dependent Variable: dependent variable
b. Predictors: (Constant), penetrating pricing, skimming pricing

Table 3: Regression coefficients[a] showing the relationship between penetration pricing and skimming pricing on subscriber's patronage

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	6.673	.628		10.620	.000
1	Skimming pricing	-.059	.067	-.061	-.869	.386
	Penetrating pricing	.224	.069	.228	3.229	.001

Source: Fieldwork 2024

Interpretation of Result

The simple regression analysis conducted above reveals a model summary with r value of 225° and F value 5.261, P<0.05. The correlation coefficient in line with individual t test reveals the relationship between the predictor variable and the criterion variable of which skimming pricing 386,P>0.05, penetration pricing .001, P <0.05 which further reveals that between the two predictor variables, penetration pricing has a strong significant relationship with the level of subscriber's patronage because of its individual (P value of.001, P<0.05) while the relationship of skimming pricing does not significantly have an impact on the level of subscriber's patronage because of its individual (P value of 386, P>0.05)
Conclusively the coefficient of determination(r-square) reveals that penetration pricing strategy has a 51% impact on subscribers' patronage of Multichoice/DSTV in Calabar, Nigeria.

Discussion of Findings

The results of the study indicated a significant relationship between pricing strategies and subscriber patronage in Calabar, Cross River State. Specifically, the test of hypothesis demonstrated that the penetration price strategy had a strong and notable impact on Multichoice/DSTV subscribers in the area. This finding aligns with prior research conducted by Shrivastava et al. (2024), which delved into the influence of pricing and packaging on consumer behavior. Moreover, Odunlami and Eniola (2024) emphasized the effectiveness of penetration pricing as a marketing strategy for business organizations. Further analysis revealed a positive correlation between penetration pricing strategy and business performance, particularly in terms of customer acquisition and retention. Companies with cost advantages due to scale, as highlighted by Bashorun et al. (2024), tend to benefit significantly from employing penetration pricing. On the other hand, the study also debunked the notion that skimming pricing has a substantial impact on subscriber patronage levels in Calabar, Cross River State. The data gathered and analyzed underscore the influence of penetration pricing strategy on subscriber patronage of DSTV in Calabar. This strategy emerges as a key driver of customer engagement and loyalty in the region. For instance, by offering competitive pricing that is lower than competitors, DSTV attracts more subscribers who are looking for affordable options without compromising on quality. The study's implications suggest that businesses looking to enhance their market presence and customer base should consider adopting penetration pricing strategies to achieve optimal results in competitive environments.

Moreover, when businesses implement penetration pricing, they can quickly gain market share and establish a strong foothold in the industry. This approach not only helps in increasing customer acquisition but also in building brand recognition and loyalty over time. It is essential to note that while penetration pricing can be effective, it is crucial for companies to assess their pricing strategies continuously to ensure long-term sustainability and profitability.

Noteworthy is the fact that this study is limited both in variable scope, geographical scope and research design hence, it would be inappropriate to generalize the findings of this study. However, by conducting further research that includes a broader range of variables and locations, a more comprehensive understanding of the impact of penetration pricing on subscriber patronage can be achieved. In conclusion, penetration pricing remains a valuable strategy for businesses seeking to expand their customer base and stay competitive in dynamic markets.

Conclusion

In conclusion, the study aims to address the existing empirical gap in the domain of pricing and subscribers' patronage of satellite television, with a specific focus on DSTV. While there have been numerous studies examining pricing in various industries such as beverages (Abdulsalam et al., 2024; Korubo and Onuoha, 2020), bottling companies (Okwara et al., 2019), and telecommunication (Kileo et al., 2023), there is a noticeable scarcity of literature on the subscribers' patronage of DSTV. This gap in research has prompted the undertaking of this study. To illustrate, the beverage industry has seen extensive research on pricing strategies, with studies delving into the effects of pricing on consumer behavior and market dynamics. For instance, Abdulsalam et al. (2024) explored how promotional pricing impacts consumer choices, shedding light on the importance of pricing strategies in influencing consumer decisions. Similarly, in the bottling industry, Okwara et al. (2019) conducted a study on pricing practices and their implications for market competitiveness, revealing key insights into the role of pricing in shaping industry dynamics.

Moreover, the telecommunications sector, as studied by Kileo et al. (2023), offers valuable insights into the relationship between pricing and subscriber behavior. Having an in-depth understanding how pricing strategies influence subscriber acquisition and retention is crucial for companies like DSTV operating in a competitive market landscape. By filling this research gap, this study seeks to contribute to the existing body of knowledge on pricing strategies and subscribers' patronage, particularly in the context of satellite television services.

In light of the limited research available on DSTV subscribers' patronage, this study is poised to provide valuable insights that can inform pricing strategies and marketing efforts in the satellite television industry. By exploring the factors influencing subscribers' decisions to choose DSTV over other alternatives, the study aims to offer practical recommendations for enhancing subscriber loyalty and market share. Overall, the research is driven by the need to bridge the existing gap in understanding the dynamics of pricing and subscribers' patronage in the context of DSTV.

Furthermore, this the findings of this study revealed that not all pricing strategies significantly impact on the level of subscriber's patronage of DSTV Calabar, Cross River State. From our findings, skimming pricing does not significantly have an effect on the level of subscriber's patronage of DSTV in Calabar, Cross River State. The research discovered that penetration has a 51% impact on the level of subscriber's patronage of DSTV Calabar, Cross River State. Therefore, the contribution made to the level of subscriber's patronage in the study area comes majorly from penetration strategy wherein skimming strategy lacks significant role on the level of subscriber's patronage of DSTV in Calabar, Cross River State.

Recommendations

i. The study recommends that initial low-price strategy for products should be adopted in a competitive market. This will surely lead to a high market share by the adopters.

ii. The high pricing strategy should be modified to increase patronage for the classic packages of Multichoice products

iii. Firms may also contemplate market segmentation to cater to diverse customer segments. They should streamline the existing array of offerings while also exploring additional options.

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