

PROMOTIONAL INTENSITY AND CONSUMER PRICE SENSITIVITY IN A RECESED ECONOMY

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Abstract

The rate at which consumers respond to promotion especially now that Nigeria as a developing country is threatening with a recession even though the statutory authorities of the government claims the country is out of recession but the citizens are yet to feel this impact. It's against this backdrop that this work examined promotional intensity and consumer price sensitivity among automobiles users within Ilorin metropolis. To achieve this specific objective, a previously validated instrument was employed to gather data from carefully selected three hundred and nineteen (319) respondent's usable copies out of three hundred and fifty (350). This study throws more light on how the basic and popular elements of marketing communication affect automobile users' pricing behaviour which invariably affects their effective demand. Findings show that promotional intensity have positive outcome on the level of price sensitivity of consumers in the study area and ranking order is employed to know the effectiveness of each marketing communication tool where the respondents claims shows advertising intensity, personal selling frequency sales promotion inducement show 61.4%, 59.2%, 58.0% respectively

Keywords: *advertising intensity, personal selling frequency, sales promotion, recession, consumer's price sensitivity*

INTRODUCTION

The current state of the Nigerian economy since 2016 when "Economic Recession" is announced is seriously threatening consumer to make purchasing decision and marketers are finding it difficult to appropriate for promotional activities that will override the level of price sensitivity of their target audience. This in turn is affecting realization and achieving set organizational and marketing objectives. It is important to understand that before introducing promotional programmes, organizations must originally define their target markets and determine the products that drive reverberate most with those consumers and businesses. In addition to pricing choices and distribution channels management that would best serve those target markets, they must decide how to introduce, create awareness for and convince consumers about their products. Promotional tactics for target audiences can range from television commercials to social media marketing on Facebook, Twitter, Instagram, etc. It is the job of marketers to create and place product advertisements in settings where local consumers will be most interested to receiving and acting on those products campaign.

The price of goods and service is constantly increasing due to economic factors and indices associated with economic depression in the country e.g. high inflation rate,

commodity market fluctuation, volatile exchange rate, unemployment, bankruptcies, low manufacturing outputs, *etc.* and consumers are very sensitive the way they spend in satisfying their needs. Again, cost of production is very high and most companies either fold-up or reduce personnel since they cannot meet up with skyrocket prices of both local and foreign raw materials used in their production (Allafrica, 2014). Thus, selected consumers recoil at the thought of parting with their hard-earned cash in cases where they perceive the risk of an inequitable exchange (Edward&Ronald, 2009). Consumers can be considered 'cost-oriented' (Morganosky, 1986).

Plainly, price is the amount of money charged for a product or service and pricing decision predicates certain business performances indices in terms of market acceptance of new product, turnover, market share, profitability, and other bottom line measurements of existing brands (Ferrel&Hartline,2005; Kotler & Armstrong, 2013). Equally, pricing is one of the marketing elements that determine the success of other mix being the only marketing strategies that serve as revenue generation to the company while others represent cost. Consumers are rationale being and differ in how much they are willing to pay for a given product to satisfy their needs. This is one of the reasons managers find it very difficult to fix price for their product and also, the decision of how to price their product and at what range consumers are willing to accept and pay for the company product.

Study Objective

The general objective of this study is to investigate consumer price sensitivity and the effects on effective demand in recessed economy evidence from buyers of foreign used cars patronage in Ilorin city. The specific objective of this study is to determine if intensity of advertising, frequency of salesman's visit and inducement of sales promotion will override consumers' price sensitivity in a recessed economy.

LITERATURE REVIEW

According to Kokemuller (2017) in his own thought price sensitivity of a product refers to the level of importance buyers place on price relative to other purchasing criteria. Customers looking for top quality or service, for instance, are usually less price sensitive than economical bargain hunters. The level of sensitivity for a given product is known in economics as elasticity of demand. Elasticity of demand is a measurement of the willingness of customers to stretch with a product price increase. The law of demand in economics prescribes that if all other market factors remain constant, a relative price increase would lead to a drop-in quantity demanded. High elasticity for a given product means that customers are more willing to purchase the product even with price increases. Inelastic demand means even modest price increases may significantly lower demand. From an economics viewpoint, businesses should set prices at the precise best point at which supply and demand produce the optimum revenue. This is known as equilibrium price. In reality, it is very difficult to achieve the perfect price, though computer software models and real-time analysis of sales volume at given price points has aided in this area (Arsham, 2015). Even if a slight price increase diminishes sales volume, the relative gains in revenue on each product may overcome a proportionally smaller decline in customer purchases. Several common factors affect the level of sensitivity customers generally have within a particular industry or toward a certain product. Buyers of luxury goods are often less sensitive than buyers of everyday items. The more options a buyer has, the more sensitive he is to a price change in most cases. Higher-priced products, such as cars, air-conditioners and washing

machine, typically lead to greater price sensitivity since they take up a large percentage of the buyer's budget.

Branding and pricing strategies underwrite to the level of price sensitivity in the market. Companies classically use advertising and other promotional techniques like sales promotion, personal selling and public relations to enable consumers less price-focused and more concerned with core product benefits the product offered. After positioning a brand, the marketer should establish a mission for the brand and a vision of what the brand must be and do (Kotler & Armstrong, 2013).

Brand marketing can give consumers fascinating reasons to pay a premium. The reasons can relate to product quality, special ingredients, processes and craftsmanship. Various brands are activated through conclusive messages of a storied heritage and legacy. Frequently, the appeals are to status benefits, even if they are enjoyed only temporarily (Wyner, 2017). In addition, Kotler and Armstrong (2013) said the stoutest brands go beyond feature or benefit position, they are placed on robust beliefs and values. The more a customer values other benefits, the less-price sensitive he becomes. Additionally, establishing and maintaining a higher-end upfront price point is a common approach to making customers less price-conscious. According to Kotler (2000) targeting higher-income buyers is another strategy. Some companies use penetration pricing, or low upfront prices to attract customers, often at the risk of establishing price-orientation and sensitivity at the onset of a product launch. Price sensitivity is the degree to which the price of a product affects consumers' purchasing behaviors. In economics, price sensitivity is commonly measured using the price elasticity of demand. It can be measured by dividing the percentage in the quantity purchased of the product or service with the percentage change in the price. Price sensitivity can be defined as the degree to which consumers' behaviors are affected by the price of the product or service. Price sensitivity is also identified as price elasticity of demand and this denote the extent to which sale of a particular product or service is affected. Another way of explaining price sensitivity is the consumer demand for a product is changed by the cost of the product. It basically helps the manufacturers study the consumer behavior and assists them in making good decisions about the products. The level of price sensitivity varies depending on various products and consumers. A clearer understanding of the variation in price sensitivity will support retailers articulate better promotional and price conclusions, the relationships between promotional decisions and price sensitivity is particularly important to retailers and which directly influence the consumers' price sensitivity towards a particular product (Shankar & Krishnamurthi, 1996)

Thus, we hypothesized:

Ho₁: There is no relationship between advertising intensity, frequency of salesman's visit, high inducement of sales promotion and consumer price sensitivity in a recessed economy.

Price Sensitivity Modalities and Operations

In the work of Nagle and Holden (1995: 95–99), different modalities and phases of operationalizing of price sensitivity are examines and discussed, and they are enumerated and discussed below:

Firstly, Perceived substitutes effect states that buyers are more price sensitive the higher the product's price relative to its perceived substitutes. New customers to a market may be unaware of substitutes, and thus pay higher prices than more experienced buyers. A customer from remote area in southern part of Nigeria who just got a phone may not be

aware about the substitute since his intention is just to get a phone. Branding can also overwhelm, to a certain level, the substitute effect. For instance, Nigerian Friesland Campina's Peak milk has maintained a relatively expensive price because it positions itself as an alternative to less-cholesterol milk, not a substitute to regular evaporated milk. Customers have a reference price when there are many substitutes and as long as the offering is within that range — sometimes referred to as a zone of indifference (Kotler, 2000). It will be considered acceptable, the point being that your marketing can influence which products customers will compare yours with, possibly pushing up the price they are willing to pay.

Secondly, **unique value effect** emphasizes that customers are less price sensitive the more they value the unique attributes of the offering from competing products. This is precisely why marketers expend so much energy and creativity trying to differentiate their offering from that of their competitors. According to Toyota Inc., it develops a secret formula for making its car more durable and economy fuel consumption and was able to increase its market share in the automobile industry since customers have strong brand loyalty and trust about Toyota brands even their market growth skyrocketed on yearly basis (Thomas, Simon & Kadiyali, 2010).

Another operation of price sensitivity is **Switching cost effect** in which customers will be less price sensitive the higher the costs (monetary and nonmonetary) of substituting vendors. According to Bonnici (2015) switching cost arise from all impacts that an additional can have on the buyer's value chain including any connections with the supplier's value chain. Five-star hotel management may be reluctant to switch to three- or one-star hotel fees because of the enormous investment they have in operating a standard hotel even during recessed economy. Personal relationships are most vulnerable to this type of perceived cost, due to the emotional investment the customer has completed in the relationship.

Another method in the work of Nagle and Holden (1995) **Difficult comparison effect** which states customers are less price sensitive with a known or reputable supplier when they have difficulty in comparing alternatives. The GSM companies in Nigeria employ this strategy by offering different features among their myriad calling plans, making it deliberately very difficult to compare one company's offering to another. For example, iPhone has successfully used it in their market communication approach to express product features that attract the target market.

A further modality for operating price sensitivity is **Price quality effect** which states customers are less sensitive to a product's price to the extent a higher price signals better quality. These products can include image products, exclusive products, and products without any other cues as to their relative quality. It is held that only 15 out of a hundred of Rolls Royce customers ask about price before acquiring (Docters *et. al*, 2004).

The **End-benefit effect** is strategic in B2B i.e. industrial marketing. The effect states that the larger the end-benefit, the less price sensitive the buyer. This effect is especially important when selling to other businesses. What is the end-benefit they are seeking? Is it cost minimization, maximum output, quality improvement? The fulfilment of the end-benefit is often gauged by its share of the total cost. In the work of Dudu and Agwu (2014) the effect refers to the relationship a given purchase has to a larger overall benefit, and is divided into two parts which include derived demand (the more sensitive buyers are to the

price of the end benefit, the more sensitive they will be to the prices of those products that contribute to that benefit).

Additional modality for operating price sensitivity is **Shared-cost effect** which states that when you spend someone else's money on yourself, you are not prone to be price conscious. The smaller the portion of the purchase price buyers must pay for themselves, the less price sensitive they will be (Dudu & Agwu, 2014). This is one reason airlines, hotels, and rental car companies can all price discriminate against business travellers, because most of them are not paying their own way. This also explains some of the success of the frequent flyer and other reward programs. Many business travellers value these rewards and will not accept alternative offerings, especially since they are reimbursed anyway.

Conclusively other modality for operating price sensitivity **Fairness effect** which emphasizes Philosophies of fairness can definitely affect customers, even when they are not economically (or mathematically) rational. As cited by Line and Merkebu (2016) from the work of Martin-Consuegra *et al* (2007) perceived price fairness is essential to post-consumption evaluations of an experience, there is a need to establish a definitive account of the mechanisms through which image and price fairness affect the consumption of highly experiential products. If a gas station sells gas for N1000.00 per gallon and gives a N50.00 discount if the buyer pays with cash, and another gas station offers the same gallon at N990.00 but charges a N65 increase if the customer pays with a credit card, which station will sell more gas to credit card users? The economic cost is exactly the same, but most people will psychologically prefer to deal with the first station and not the second because there appears to be something inherently unfair about being assessed a surcharge.

Evaluating price sensitivity is unquestionably an important task for any firm that wants to capture the value it receives from its offerings. Taking into account these eight factors of price sensitivity is a good start to formulating firm's pricing strategy (Nagle & Holden, 1995).

According to Kotler (2000) identifies the following to be objectives of marketing promotion

- **Creating awareness** – Generally, innovative products and new companies are frequently unknown to a market, promotion plays vital roles in creating awareness of both products and companies to the target audiences which mean initial promotional efforts must focus on establishing an identity, tell the market who they are, what they have to offer and values attached.
- **Interest of company product** – Moving a buyer from awareness of a product to making a purchase can present a significant challenge. Customers go through many stages before showing interest whether to purchase immediately or postpone till later date. Promotion is the key marketing element that enticed the customer's mind to companies' products and make sure targeted customers have strong interest about the companies and the products. The focus on creating messages that convince customers that a need exists has been the hallmark of marketing for a long time with promotional appeals targeted at basic human characteristics examples are emotions, fears, sex, and humour (Kotler & Armstrong, 2013).
- **Provide information about the company & its product** – The primary objective of marketing promotion is to provide information to target audiences about the products and also ensure company gets feedback about customers' responses to product whether

positive or negative. Some promotion is designed to assist customers in the search stage of the purchasing process and in some cases, such as when a product is so novel it creates a new category of product and has few competitors, the information is simply intended to explain what the product is and may not mention any competitors. In other situations, where the product competes in an existing market, informational promotion may be used to help with a product positioning strategy

- **Encourage Demand** – According to Dekimbe and Hansens (1995) The precise promotion can initiative customers to make a purchase. In the case of products that a customer has not previously purchased or has not purchased in a long time, the promotional efforts may be directed at getting the customer to try the product. This is often seen in the Nigeria service sectors especially the telecommunication industries where varieties of promotion adopted is intended induce customers which in turn stimulate demand. The promotion explains to their target audience different low tariffs plan for both voice and data during peak period and off-peak hours, some tariffs enticed customers that they can browse free during early bird while others encourage customers to load certain amount of money and make free calls equivalent to three times of money recharged earlier, all these activities aimed at stimulating demand and increase profitability level.
- **Brand Reinforcement**– Through effective promotional campaign, companies can create a long-lasting relationship between company's products and her target market. When procurement is made, a marketer can use promotion to support and build a strong relationship that can lead to the purchaser becoming a loyal customer. For instance, most service sectors now requested for more information from their customers e.g. e-mail addresses, social media particulars, residence telephone numbers, birthdate of their spouse, children and many more (Dekimbe & Hansens, 1995).

Price Sensitivity of a Product

Nowadays, due to changed and fluctuating consumer demands and the rapidly developing technological reasons, companies and managers are in search of new strategies to make a difference in their products and services. As competition grow, marketers started to emphasis on new approaches and product innovations to attract consumers' perception and attention. One of the most effective ways of differentiating is using aesthetics. Visual aesthetics of products creates value for consumers. Visual aesthetics create significant value for product and makes it more special. Also, level of price sensitivity of consumer decreases when the product is more unique and prestigious (Mumcu & Kimzan, 2015). Kokemuller (2017) Price sensitivity of a product means the level of importance buyers place on price relative to other purchasing criteria. Customers looking for top value or service, for example, are usually less price sensitive than economical bargain hunters. The level of sensitivity for a given product is known in economics as elasticity of demand. Basic about elasticity of demand is a measurement of the willingness of customers to stretch with a product price increase. The law of demand in economics dictates that if all other market factors remain constant, a relative price increase would lead to a drop-in quantity demanded. High elasticity for a given product means that customers are more willing to purchase the product even with price increases. Inelastic demand means even modest price increases may significantly lower demand. Setting the right price, from an economics standpoint, businesses should set prices at the exact best point at which supply and demand produce the optimum revenue. This is known as equilibrium price. In reality, it is very difficult to achieve the perfect price, though computer software models and real-time analysis of sales volume at given price points has helped in this area. Even if a slight price

increase diminishes sales volume, the relative gains in revenue on each product may overcome a proportionally smaller decline in customer purchases. Several common factors affect the level of sensitivity customers generally have within a particular industry or toward a certain product. Buyers of luxury goods are often less sensitive than buyers of everyday items. The more options a buyer has, the more sensitive he is to a price change in most cases. Higher-priced products, such as cars, heating and cooling systems and washers and dryers, usually lead to greater price sensitivity since they take up a large percentage of the buyer's budget. Branding and pricing policies contribute to the level of price sensitivity in the marketplace. Companies typically use advertising and other promotional techniques to make consumers less price-focused and more concerned with core product benefits. The more a customer values other benefits, the less price sensitive he becomes. Additionally, establishing and maintaining a higher-end upfront price point is a common approach to making customers less price-conscious. Targeting higher-income buyers is another strategy. Some companies use penetration pricing, or low upfront prices to attract customers, often at the risk of establishing price-orientation and sensitivity at the onset of a product launch.

Price Sensitivity on Promotion

According to Erdem, Keane and Sun (2007) emphasizes advertising as informative, increases level of consumers' price sensitivity and competition among companies. There is a significant evidence for variation in price sensitivity of products across malls, shops and chains. Understanding the relationships between price sensitivity and promotional variables (such as price cut, feature advertising, and display), and between price sensitivity and pricing policy (Everyday Low Pricing [EDLP] and High Low Pricing [HLP]) is particularly important to retailers (Shankar, 1996). Advertising lessens price sensitive but increases the prices. Advertising is not lucrative because it lowers the elasticity of demand but lifts the level of demand. The more the noisy signs of product attributes in advertisements have lower variance alternative and have greater willingness to pay while non-risky consumers have higher variance even for the same features. This relates to the view that non-price advertising affect differently due to consumer's diverse tastes. Advertising raises the level of demand by increasing the equilibrium price elasticity and decreasing the equilibrium price. Price advertising and non-price advertising affects the demand curves by costs of gaining information related to price, types of consumers and consumer's tastes that visits the stores. Customers who are less sensitive to price are uncertain about attributes. Price advertising affects store's demand curves differently if consumers have different costs of acquiring price information, and different types of consumers visit each store. It means that advertising is complimentary to consumption and is steady with models where advertising increases willingness to pay for a brand by producing artificial differentiation and conveying information about brand attributes variable Brand choice, information and market power, quality of the brand, existence of the brand, heterogeneity of consumer's tastes, attributes of the brand, awareness of substitutes, Ad design, brand differentiation, barriers to entry and experience. The study of Danid and Kowalska (2018) further shows the strategic roles of advertising in stimulating demand in international new ventures (INVs) among SMEs.

Theoretical Framework

The major marketing theories related to promotion is push and pull strategy while the formal focus on distribution channels the latter relied heavily on marketing communication. For effective push strategy, the company sales force pushes the product through wholesaler and the wholesaler to retailer and to final consumer, the chain is not complete pending when the product gets to final consumers. According to Kotler (2000,

promotional marketing activities fall into one of two broad promotional concepts. These are known as the theories of "push" or "pull." All marketing promotion activities, including advertising, sales promotion, public relations and personal selling, fall into one of these categories. The push strategy concentrates promotional activity on distribution channels. In other words, the sales force pushes the product to wholesalers, who promote it to their retailer network, which then puts the product in a retail store for consumers to see and purchase (e.g., end-aisle displays of unknown products). The "pull" strategy, on the other hand, relies heavily on marketing communications to create awareness and desire, thus pulling consumers into a store to purchase products. Both of these theories have strengths and weaknesses.

METHODOLOGY

The study is a cross sectional research design using quantitative approach to gather information about the respondent. A total of three hundred and fifty (350) structured questionnaires were sent out, only three hundred and nineteen (319) questionnaires were properly filled and returned, which represented a response rate of 91% and this was considered satisfactory and perfect for the analysis. The originality of the questionnaire largely relied on oral interview which was conducted among the respondents to understand their responses to different promotional tools vis-à-vis their sensitivity to cars' prices movement, and the work of Shankar and Krishnamurthi (1996) alongside to develop the research objectives and questions that finally led to the questionnaire development. In order to facilitate easy computation and according to Kwara state independent electoral commission (2015) the adult population in Ilorin is 2.4 million. The sample size was determined through Yamane formulae (1967). Purposive sampling technique was employed in the course of the study. Stepwise-regression analytical tool used to see the reaction of the variables of each promotional tool to the level of price sensitivity.

The choice of Kwara State for the study was, firstly, it is one of the States in the country that are tagged "Civil Servants" State due to the fact that the larger percentage of labour force are government workers at Federal, State and Local Government levels and lesser number of private employers except the informal and micro arms of SMEs.. Such States are highly affected by recession because the citizens' disposable income and consumer price index (CPI) adjust quickly to and reflect government fiscal policy which in the long run affects the welfare and standard of living of the people. Thus, the recession is more felt in Civil Servant States than other States that have higher operations and presence of private sector in terms multi-national companies (MNCs) and other stock exchange quoted companies. Unlike Civil Servant States where a whole family members may be employees of State, family in non-Civil servant States might only have only one member in civil service. Crucially, the private sector does not follow the government minimum wages scheme which is far lower than what the private sector pays its employees.

ANALYSIS AND PRESENTATION OF RESULTS

Table 1: Promotion Tools Intensity

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.716 ^a	.512	.511	.24834	.512	332.784	1	317	.000	
2	.719 ^b	.517	.514	.24746	.005	3.279	1	316	.007	
3	.723 ^c	.523	.518	.24645	.005	3.594	1	315	.005	
4	.723 ^d	.523	.517	.24663	.001	.539	1	314	.044	1.785

a. Predictors: (Constant), Promotional tools b. Predictors: (Constant), Promotional tools, Sales promotion

c. Predictors: (Constant), Promotional tools, Sales promotion, Mass media
 d. Predictors: (Constant), Promotional tools, Sales promotion, Mass media, Advertisement
 e. Dependent Variable: Consumer price sensitivity

Table 1 above provides the results of model summary on the promotional intensity that influence the level of consumer price sensitivity in a recessioned economy. From the above table, the result of Durbin-Watson statistic tests for the presence of autocorrelation among the residuals shows that $d = 1.785$. As a general rule of thumb, the residuals are not correlated if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50-2.50 since d is greater than 1.50, this result satisfies the assumption of independence of errors. This means that there was no problem of autocorrelation in the data used for independent variables.

Furthermore, the result (Table 1) shows the contribution of each factor to the value of R square. It can be observed that all the variables promotional tools (personal selling), sales promotion, mass media, advertisement have significant contributions to the value of R square change (.512, .517, .523, .523 respectively). This indicates the proportion of dependent variable that can be explained by each independent variable. It shows that promotional tool like personal selling explained the highest variation of 51.2% of the proportion of dependent variable. The result also reveals that overall, these factors in the promotional mix account for 52.3% variation of consumer price sensitivity in a recessioned economy. The low R square recorded is an indication that there are many factors in the promotional mix that also influence consumer price sensitivity and which were not captured in the study.

The result as further indicated by the change statistics that for promotional tool (personal selling) the value of F-change = 332.784 Being significant with p value of $0.000 < 0.05$, while sales promotion, F-change = 3.279 Which is significant with p value of $0.000 < 0.05$, mass media, F-change = 3.594 Which is significant with p value of $0.000 < 0.05$, advertisement, F-change = 0.539 Which is significant with p value of $0.000 < 0.05$. This means that all the variables use as promotional tools have significant contribution to the overall relationship with the price sensitivity.

Table 2: Results of ANOVA on Promotional intensity on Price sensitivity

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	20.524	1	20.524	332.784	.000
Residual	19.551	317	.062		
Total	40.075	318			
Regression	20.725	2	10.363	169.228	.000
Residual	19.350	316	.061		
Total	40.075	318			
Regression	20.943	3	6.981	114.943	.000
Residual	19.132	315	.061		
Total	40.075	318			
Regression	20.976	4	5.244	86.216	.000
Residual	19.099	314	.061		
Total	40.075	318			

a. Dependent Variable: Consumer price sensitivity

b. Predictors: (Constant), Promotional tools

c. Predictors: (Constant), Promotional tools, Sales promotion

d. Predictors: (Constant), Promotional tools, Sales promotion, Mass media

e. Predictors: (Constant), Promotional tools, Sales promotion, Mass media, Advertisement

Table 2 presents the result of ANOVA for each of the four variables. It shows that each of the four models have significant relationship with the dependent variable. For the first variable with one predictor $F(1,317) = 332.784$, with p value of $0.000 < 0.05$ which indicate significant relationship between personal selling and consumer price sensitivity. Similarly, for the second variable with two predictors, $F(2,316) = 169.228$ with p value of $0.000 < 0.05$. This indicates personal selling and sales promotion have significant relationship with consumer price sensitivity. Adding the third predictor, the results shows significant relationship with the dependent variable, $F(3,315) = 114.943$ with p value of $0.000 < 0.05$. For the fourth variable with four predictors, the result indicates significant relationship with consumer price sensitivity, $F(4,314) = 86.216$, with p value of $0.000 < 0.05$.

Table 3

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	1.212E-16	.039		0.000	.000
	Personal selling	.431	.014	.431	-18.242	.000
2	(Constant)	1.218E-16	.039		0.000	.000
	Personal selling	.431	.056	.431	-2.682	.008
	Sales promotion	.137	.055	.137	-1.811	.007
3	(Constant)	1.349E-16	.039		0.000	.000
	Personal selling	.431	.056	.431	-2.603	.010
	Sales promotion	.137	.079	.137	.093	.926
	Mass media	.228	.060	.228	-1.896	.059
4	(Constant)	1.914E-16	.039		0.000	.000
	Personal selling	.431	.057	.431	-2.492	.013
	Sales promotion	.137	.079	.137	.069	.035
	Mass media	.228	.088	.228	-.751	.023
	Advertisement	.228	.069	.228	-.734	.004

Dependent Variable: Consumer price sensitivity

Table 3 (coefficient table) shows that the test for collinearity indicates that a low level of collinearity was present, because tolerance levels =1.0 and variance inflation factor (VIF) = 1.0 for the entire variable in the promotional tools. Thus, the variables selected for assessing independent variables in this research do not reach level that indicate collinearity.

Personal selling was the first variable entered, followed by sales promotion, mass media and advertisement. The result shows that for the first predictor, beta coefficient is substantial, positive and significant; Beta =.431, $t = 18.242$ and p value = $0.000 < 0.05$. This means that personal selling has significant influence on consumer price sensitivity. Beta coefficient for the second predictor, sales promotion is also moderately substantial, positive and significant; beta =.137, $t = 1.811$ and p value = $0.000 < 0.05$. In essence, sales promotion has significant effect on consumer price sensitivity. Again, Beta coefficient for the third predictor, mass media is also moderately substantial, positive and significant; beta = .228, $t = 1.896$ and p value = $0.000 < 0.05$. In essence, mass media has significant effect on consumer price sensitivity. Conclusively as shown in the table, Beta coefficient for the fourth predictor, advertisement is also moderately substantial, positive and significant; beta = .228, $t = .734$ and p value = $0.000 < 0.05$. In essence, advertisement has significant effect on consumer price sensitivity.

This result provided partial confirmation for the research hypothesis one. Interpretation of this result shows that all the four variables in the promotional elements are significant, the null hypothesis is hereby rejected and the alternative which states that

promotional tools (personal selling, sales promotion, mass media, and advertisement) have significant effect on consumer price sensitivity in automobile market in a recession economy is accepted.

CONCLUSION AND RECOMMENDATION

Price sensitivity is one of the main factors affecting companies pricing choices as well as its ultimate profitability. Today, customers are well informed about product or service alternatives, product benefits, features, qualities and prices through advertising, personal selling, sales promotion, social networks, and newspapers. As revealed from previous and this study customers are not too blind to buy a product without searching information about a product or service. Actually, consumers are sensitive to the prices because they want to get maximum value of using their money and time. Users of company's product are very rational to judge what they are getting from obtaining a product or service in exchange of their payments for it. Price sensitivity deals with the consumer's sensitivity to price changes and is important for strategic decisions. Price has a significant influence on the behavior of consumers and consequently on firm revenues and profits. It was discovered that promotional effort (advertising intensity, personal selling frequency and sales promotion inducement) have significant effect on consumer price sensitivity in automobile market in a recession economy through the use of stepwise regression analysis and ranking order was employed to know the effectiveness of each promotional tool.

This study has concluded within collected data and the analysis, that promotional intensity, in order for the dealers to build strong customers awareness and branding image of their products, they should budget reasonable amount for advertisement and little personal selling efforts so as to create awareness and induce their customers about their offer.

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