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Competitive Pricing and Organizational Performance of Alcoholic Beverage Distribution Firms in Machakos County, Kenya

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ABSTRACT

Purpose: The purpose of this study was to examine the relationship between competitive pricing and organizational performance of alcoholic beverage distribution firms in Machakos county, Kenya.

Methodology: The study employed a mixed methods research design and the data were collected from alcoholic beverage distribution company managers and staff within Machakos county sing structured and semi structured questionnaires and interview guides. Descriptive and inferential statistics including Pearson correlation and multiple regression were applied. When dealing with markets in which customers can easily look at price and switch from one supplier to another, competitive pricing is a key strategic factor for firms.

Findings: The descriptive results yielded an average score of 4.30 (SD = 0.74) which falls within the generally accepted range of agreement. The Pearson correlation was used to examine the relationship between competitive pricing and organizational performance, and the results indicated that there was a strong positive correlation ($r = .783$, $p < .05$). Multiple regression analysis also revealed that competitive pricing was statistically significant ($\beta = .281$, $p < .05$) for organizational performance. This was all corroborated by the qualitative evidence, which suggests that appealing and responsive pricing helps to attract customers, keep them, grow sales, and expand the market.

Unique Contribution to Theory, Policy and Practice: This study expands resource-based view and porter's generic competitive advantage theory to alcoholic beverage distribution context in a devolved county economy. It informs the county licensing and levying regulation to balance affordability and business sustainability. Distribution firms can adopt data-driven competitive pricing to improve sales volume, market share, sales profitability and customer retention.

Keywords: *Competitive Pricing, Organizational Performance, Alcoholic Beverage Distribution, Pricing Strategy, Market Share, Customer Retention*

JEL Codes: *L10, L66, M31, D40, L81*

1 Introduction

1.1 Background of the Study

The price represents one of the most significant decisions that a firm can make as it directly affects the customers' decision on whether to buy or not, the firm's revenue generation, positioning of the firm in the market, and profitability. Price is one of the few marketing mix elements to create revenue; it also provides a firm's message to customers. Businesses have to therefore price their products at a sufficiently high level to customer to be attractive, but at the same time consistent with the costs of doing business and the desired level of profit. (Oguya, 2012a) suggested that significance of competitively priced products can be especially crucial when consumers have several choices from which to pick and when price variations can affect the supplier the customer selects.

Competitive pricing is related closely from a strategic point of view, with cost leadership. Porter (1985) states that a cost structure in which a firm can compete with other firms and earn acceptable returns is the way to get the advantage. Cost advantages can give companies more flexibility in reacting to the market since a reduction in operating expense can allow the company to be competitive without sacrificing profits (Oguya, 2012b). As a result, the price should not be considered outside of the bounds of the firm's overall operation and cost-management abilities.

Pricing is also very relevant in distribution business, where companies act as an intermediary between the producers and commercial customers(Trebicka et al., 2023). When setting selling prices, alcoholic beverage distributors need to take into account procurement costs, transportation costs, inventory costs, market demand, competitor prices, customer purchasing power and anticipated margins.

Pricing-organizational outcomes relationship has been discussed in Kenyan business studies. The results of the small and medium manufacturing industries in Nairobi County showed that there is a positive relationship between pricing strategy and performance of the manufacturing firms, and pricing decisions were influenced by competitive environment and market factors (Oduor, 2023). Likewise, some studies conducted on the micro, small and medium enterprises (MSMEs) in Kenya have found that applying good pricing practices led to better organizational performance, which points to the need for customers demand, competition and internal costs to be taken into consideration when setting prices for MSMEs. The research interest on pricing as a strategic capability has continued with recent studies on competitive pricing related to performance of cooperatives in Kenya (Kungu et al., 2015).

In the view of (Dhiki, 2022) alcoholic beverage distribution sector pricing decision is strategic as the distributors are often competing for the same customers and have relatively similar products. In such cases, being able to provide high-value prices can affect the customer

acquisition, volume of sales, market share, and customer retention. The study thus investigated the link between competitive pricing and organizational performance of alcoholic beverages distribution companies in Machakos County, Kenya.

1.2 Theoretical Framework

The study was grounded in the following theories;

1.2.1 Bertrand's Theory of Price Competition

This study was anchored in two theories; Bertrand's Theory of Price Competition and Game Theory. Bertrand (1883) puts the argument that in markets characterized by a few sellers offering similar products, competitive advantage is majorly determined by how firms strategically set and adjust prices in relation to each other rather than by volume offered. Price competition does not primarily imply charging the lowest price in the market, but rather possessing the operational leeway to maneuver prices through instruments such as discount structure, price flexibility and promotional offers while still safeguarding acceptable profit margins and product quality (Cabral, 2016).

Competitive pricing could thus be closely tied to the firm's ability to align its internal cost management with external price adjustment. A firm that can efficiently coordinate procurement, transportation, inventory holding, warehousing and administrative functions will have greater discretion to dictate and adjust market prices. However, companies burdened with high operating costs can be less responsive in countering rivals' price reductions through margin adjustments and flexible price incentives.

The theory is especially applicable to alcoholic beverage industry as price competition can be quite fierce, and competing products can be fairly similar. Bertrand's framework can thus be considered as a theoretical lens through which companies that streamline their cost architecture become more aggressive in pricing and more effective in appealing to price-conscious buyers. For alcoholic beverage distributors in Machakos County as argued by (Trebicka et al., 2023), the theory justifies the use of quantity discounts to wholesale customers, flexible pricing to counter competitor undercutting, value for money packaging to enhance customer perception, and time-bound promotions to stimulate demand, all of which are presumed to influence sales volume, market share and customer retention.

1.2.2 Game Theory

Game Theory is a complementary view that focuses on interdependent decision-making and the resources and capabilities that the organization may possess as a way of explaining how superior organizational outcomes can be achieved (Delker, 2024). Von Neumann & Morgenstern (1944) and Nash (1950) postulate that firms can secure sustainable competitive advantage by deploying resources and capabilities that are valuable, rare, inimitable and non-substitutable in a strategic

pricing contest where each move anticipates competitor countermoves. Barney (1991) suggests that the possession of such VRIN attributes enhances organizations to formulate pricing strategies that rivals are unable to replicate.

When it comes to pricing, there could be factors outside the pricing itself that can affect consistency in providing competitive pricing. The nature of supplier relationships, access to competitor price intelligence, availability of skilled pricing personnel, financial muscle, inventory control systems and distribution coverage can significantly shape how a firm formulates and implements its pricing game plan (Lucy, 2015). One of the reasons for competitive pricing may be explained as the strategic capability that is achieved by leveraging internal resource endowments to outmaneuver competitors.

In the context of Machakos County, Game Theory applicability is reflected in the pricing interdependence among alcoholic beverage distribution firms where a discount or promotion by one distributor triggers immediate retaliation or matching by others. Distributors endowed with superior resources such as exclusive supplier agreements, real-time market intelligence, experienced sales teams and efficient stock control as suggested by (Dhiki, 2022) are better positioned to sustain prolonged price flexibility and promotional campaigns, thereby translating competitive pricing into enhanced organizational performance measured by sales revenue, market share growth and customer retention.

1.3 Problem Statement

Alcoholic beverage distributors are in a market where customers can shop around for the lowest price from one supplier, and quickly switch to a different supplier if the price of the alcohol changes (Ndwandwe & Khoza, 2026). It is, therefore, the duty of the distributor to set a price that will make it appealing to the customer, but at the same time will cover the cost of procurement, transport, inventory, administration, and other costs. If this balance is not achieved, sales, customer switching or reduced margins and market position may suffer (Cabral, 2016).

The challenge is further complicated when businesses experience fluctuations in their operational costs and also have varying customer purchasing power (Chen et al., 2014). A distributor can also want to keep a competitive price and have an increase in transportation costs, inventory expenses, taxes, and/or procurement expenses. On the other hand, it can be challenging to lure and keep price-sensitive consumers if the price is higher than the market. Pricing decision would then impact on the customer relationships, customer growth, expansion of the markets and profitability as well (De Toni et al., 2017).

While some previous research has looked at pricing strategies and organizational performance in other industries in Kenya, including manufacturing, agrochemicals, telecommunications, and small and medium businesses, there is little sector-specific evidence that exists on the pricing strategies and performance of alcoholic beverage distribution firms (Binner, 2026). The existing

evidence shows that pricing strategies could be linked to firm performance, but the process by which a competitive pricing is linked to the firm performance in the context of the distribution firms needs to be examined (Chen et al., 2014).

This study aims to fill this gap by probing into the issue of competitive prices and organizational performance of alcoholic beverage distributors in Machakos County. The analysis centers on the relationship between competitive pricing and some measurable organizational outcomes such as sales volume, market share, customer retention, profitability and organizational performance.

1.4 Research Objective

General objective

To determine the effect of competitive pricing on organizational performance of alcoholic beverage distribution firms in Machakos County, Kenya.

Specific objectives

The study was guides by three specific objectives

i. To assess the effect of discount structure on organizational performance of alcoholic beverage distribution firms in Machakos county, Kenya.
ii. To determine the effect of promotional pricing on organizational performance of alcoholic beverage distribution firms in Machakos county, Kenya.
iii. To evaluate the effect of price flexibility on organizational performance of alcoholic beverage distribution firms in Machakos county, Kenya

1.5 Significance of the Study

The study is applicable to managers of firms involved in the distribution of alcoholic beverages as they will find its pricing implications to be crucial in attracting and retaining customers as well as ensure long-term profitability. The results bring evidence to support pricing decisions, market monitoring, customer segmentation, and positioning in the market.

The study is also applicable to researchers and scholars interested in the fields of competitive strategy, pricing, distribution management and organizational performance. The study's findings are specific to the context of alcoholic beverage distribution sector in the Machakos County and hence are less captured in the literature.

In addition, policy and industry stakeholders can benefit from increased knowledge on the link between competitiveness in prices and business performance, for markets where companies are facing changing economic and regulatory conditions.

2 Literature Review

2.1 Competitive pricing concept

Competitive pricing involves determining and/or modifying prices based on competing firms, customer buying habits, market demand, and the firm's cost structure. It doesn't mean that a firm should always offer the lowest price in the market. Rather, it calls for the firm to determine prices which are considered "attractive" to customers when compared with the alternatives they have, while also enabling the business to be economically viable.

The distribution markets are competitive and the price is influenced by a number of interrelated factors. They are supplier prices, operating costs, customer purchasing power, competitor prices, margins the firm expects, demand and the strategic goals of the firm. A determination of Selling Price is actually not enough to say that pricing is effective; it needs to be monitored on an on-going basis.

Price is also closely related to customer perceptions of value. The bottom line is that customers don't always choose which suppliers to use based on price. Purchasing decisions may be affected by the product availability, service reliability, supplier relationships and the convenience, which may interact with price. For this reason, firms must think of prices in terms of a whole value proposition instead of just a way to cut costs.

Kenyan SME research revealed that pricing strategy is significantly correlated with performance and highlighted the need to take into account the competition in the market, customer demand, and internal costs when determining prices. In a similar study, the positive association between pricing strategies and competitive outcomes has been reported for manufacturing firms in Kenya.

2.2 Competitive pricing and organizational performance

The influence of competitive pricing on organizational performance is multi-faceted, encompassing sales revenue, sales volume, market share and customer retention(Cabral, 2016). Competitive pricing enhances sales revenue by improving the firm's appeal to price-sensitive customers. When customers perceive that a firm offers competitive prices in relation to competitors, they are likely to patronize the firm leading to an expanded market base, consequently increased sales revenue (Oguya, 2012b). In the context of alcoholic beverage distribution, price perception is a critical influent of purchase decision, especially in a market with homogeneous product where price becomes a key determiner (Oguya, 2012a).

More competitive or reduced prices can influence sales volume, increase purchase frequency and trigger customer switching from rival distributors (Kungu et al., 2015). However, the correlation between price and sales volume is not necessarily linear. While leaser prices may stimulate higher turnover, if the incremental revenue generated fails to compensate for reduced margins, aggressive pricing can adversely affect profitability (De Toni et al., 2017). Therefore,

competitive pricing requires strategic balance between margin preservation and volume growth to ensure sustainable performance.

Pricing policy plays a key role in market share expansion. Consistent provision of competitive prices helps a company to keep existing customers while attracting new ones from rivals, thereby gradually expanding its footprint within its niche (Oduor, 2023). Empirical evidence has established a link between competitive pricing practices, market positioning and firm performance in Kenya, indicating that firms that effectively deploy competitive pricing strategies achieve stronger market presence and competitiveness (Binner, 2026).

In the context of alcoholic beverage distributors in Machakos County, effective management of discount structure, price flexibility, value for money and promotional pricing is therefore expected to influence organizational performance through enhanced sales revenue, improved market share, sustained customer retention and optimized profitability.

2.3 Empirical Evidence

Empirical studies confirm that pricing has an impact on organizational results in various industries. The study of small and medium manufacturing companies in Nairobi County found a positive correlation between pricing strategy and the performance of the companies, suggesting that pricing was influenced by the competition and market conditions faced by the companies.

The study on MSMEs in Kenya also revealed a positive correlation between good pricing strategies and overall organizational performance. The study highlighted that while reducing prices is important, it is important to take into account the pricing objectives, target customers, demand, competition, and internal costs.

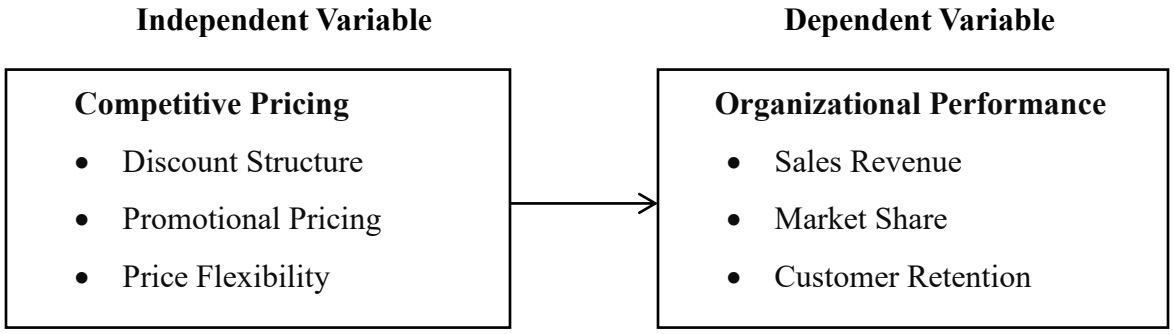
For the telecom sector, Yussuf and Kilei (2024) studied pricing strategies and brand performance in Kenya, and found that competitive pricing, cost standards, and periodic pricing adjustment were linked to customer satisfaction and market performance.

Also, other evidence from Kenya shows that competitive pricing can be a part of achieving competitive advantage. The study on pricing strategy of selected cement manufacturing companies revealed that there is a positive and statistically significant relationship between competition-based pricing and the competitive advantage. The results support the notion that pricing can be used as a strategic tool and not just as a marketing tool.

However, it is not always exactly the same evidence in all sectors. The pricing outcomes are influenced by the nature of the market, price sensitivity of customers, cost structure, product differentiation and competition. The present study contributes to this discussion by taking a look at competitive pricing among the alcoholic beverage distribution firms in Machakos County.

2.4 Conceptual Framework

In the study, the independent variable is competitive pricing while organizational performance is the dependent variable.



Source 2026

The conceptual relationship assumes that as the competitive pricing is more effective, the organizational performance will also be more effective. The concept is that if the prices react the right way to people's purchasing power and to the competition in the market, they can attract customers, stimulate sales, aid market expansion, and help keep customers and make them profitable.

3 Methodology

3.1 Research Design

The research design adopted by the study was a mixed research design as it used both quantitative and qualitative research methods. The quantitative component allowed the structured items of the questionnaire to measure competitive pricing and organizational performance, while the qualitative component allowed further insight in how the managers and employees understand the implications of pricing and consequences of pricing for the organization.

The design was suitable, as competitive pricing has measurable perceptions as well as processes that would be better explained in a context, which are managerial.

3.2 Target population

The study was carried out in the alcoholic beverage distributers' firms in Machakos County, Kenya. The population targeted was 150 licensed alcoholic beverage distribution firms throughout the county.

Selection of the distribution sector was made as this sector involves distributors in a space where the purchase cost, demand of customers, the competitor's price, transportation cost all interact directly with pricing policies.

3.3 Sample Size and Sampling Technique

The sampling frame of this study consisted of 150 licensed alcoholic beverage firms operating within Machakos county. A sample size of 20 firms was drawn for the study, a representative sample from the selected firms comprised 200 respondents. These respondents included those who had knowledge of firms pricing, sales and marketing activities, distribution and operations. 186 responses were received, which is 93% of the total. The response rate ensured that statistical analysis that was done for the study was adequate according to Mugenda wa Mugenda (2003) response rate above 80% is excellent.

3.4 Data Collection Instruments

The primary quantitative data were taken using structured questionnaires with five-point Likert scale items giving scores from strongly disagree to strongly agree. The competitive-pricing measures received perceptions discount structure, promotional pricing and price flexibility. Semi-structured interview questions were used to obtain qualitative data. The interviews aimed to determine how companies react to the price of their competitors, purchasing power of customers, discounts from suppliers, market conditions and how important price is to customers.

3.5 Validity and Reliability

Review of the questionnaire to make sure that the items measured the constructs being examined. The criterion of reliability was the internal consistency of the measurement items set as a criterion of Cronbach's alpha. Internal consistency of the competitive-pricing construct was satisfactory and the items could be used to proceed with description and inference. This is by the expert’s judgement.

3.6 Data Collection Procedure

A permission form was signed prior to the data collection. A questionnaire was completed with some respondents in the participating firms, and interviews were done with pertinent managers and high-level personnel. The respondents were briefed on the objective of the study with the participation being voluntary. Questionnaires were checked for completeness after completion before coding and analysis.

3.7 Data Analysis

Both descriptive and inferential statistics were used to analyze quantitative data. Means and standard deviations were used for descriptive analysis to determine the perception of respondents on competitive pricing and organizational performance. The strength and direction of a relationship between competitive pricing and organizational performance were determined using Pearson's product-moment correlation. Multiple regression analysis was then employed to ascertain the contribution of competitive pricing in the larger cost-leadership model. The statistical significance (5%) was determined. Qualitative interview data was analyzed

thematically, with the main points emerging from the data, which included common themes related to pricing, customer behavior, sales, market share and profitability, were interpreted in conjunction with the quantitative findings.

3.8 Ethical Considerations

The study was conducted on a voluntary basis. The purpose of the research and intended use of the information they would provide in response to the research was explained to the respondents. Confidentiality and anonymity were preserved and information gathered from participants was only used for academic research.

4 Results

4.1 Response Rate

From the 200 questionnaires administered to the respondents 186 were completed well and returned, contributing to 93% respond rate. The number of responses yielded data that were large enough for the statistical analysis and interpretation of the relationship between competitive pricing and organizational performance (Kothari, 2016).

4.2 Descriptive Results for Competitive Pricing

The descriptive analysis showed high interrater reliability on the importance of competitive pricing.

Table 1: Descriptive results for competitive pricing

Statement	Mean	SD
Discount structure attracts more customers	4.41	0.65
Promotional pricing improves sales volume	4.35	0.70
Customers are sensitive to product prices	4.29	0.82
Pricing strategies influence market share growth	4.27	0.74
Competitive pricing improves sales revenue	4.18	0.80
Aggregate Mean	**4.30**	**0.74**

Source 2026

The overall mean score of 4.30 represents an overall high level of agreement that competitive pricing is important to organizational performance from a group of respondents. More customers are attracted by competitive pricing (M = 4.41, SD = 0.65) and this ranking was the highest. This indicates that one of the most immediate results that was seen by customers was the result of keeping competitive prices. Lower prices boost sales volume also was highly rated (M = 4.35, SD = 0.70). This means that the answers given correlated ‘attractive prices' with increased

purchasing activity. Likewise, customers' sensitivity to product prices was confirmed (M = 4.29, SD = 0.82), indicating the need to pay attention to customers' price responses when deciding on prices. Pricing strategies that have an impact on market share growth had a mean of 4.27 (SD = 0.74); they believed that pricing had an impact on increasing firms' market presence. Competitive pricing improving profitability earned the lowest mean score of 4.18 (SD = 0.80) but was still above 4.00 indicating good agreement. Overall, the results suggest that cost competitiveness was not only seen as a way to provide cost reduction to customers but also a strategic tool associated with customer acquisition, sales growth, market share and financial performance.

4.3 Organizational Performance

The performance of the organization was measured by the sales revenue, market share, customer retention, profit and overall organizational performance.

Table 2: Descriptive results for organizational performance

Organizational Performance	Mean	SD
Sales revenue has increased over the last five years	4.20	0.74
Market share has improved significantly	4.18	0.81
Customer retention has increased	4.22	0.76
Profitability has improved	4.30	0.68
Overall organizational performance has improved	4.34	0.64
Aggregate Mean	**4.25**	**0.73**

Author 2026

The overall mean score of 4.25 signifies high degree of consensus about positive organizational outcomes of the firms. The highest score was earned for the overall performance of the organization (M = 4.34, SD = 0.64), followed by profitability (M = 4.30, SD = 0.68), Customer retention recorded a mean of 4.22 (SD = 0.76), while sales revenue recorded 4.20 (SD = 0.74). The response was still very positive, but the mean for market share was the lowest at (4.18, SD = 0.81).

4.4 Correlation between Competitive Pricing and Organizational Performance

A strong positive correlation was found between competitive pricing and organizational performance, $r = .783$, $p<0.05$, using Pearson correlation analysis. This suggests that firms with a more positive outlook on competitive pricing also had a more positive outlook on their performance. The intensity of the relationship indicates the significance of pricing as a strategic issue in the firms. The finding also suggests that competitive pricing is related to organizational outcomes other than the specific sales transaction. Luring and pleasing pricing can help bring in

and sustain clients, expand sales, gain into new markets, and eventually lead to extra general efficiencies.

4.5 Regression Analysis

Multiple regression analysis was used to assess the role competitive pricing plays in the organization's overall performance within the larger framework of cost-leadership. The standardized regression coefficient for competitive pricing was $\beta = .281$ and $p < .05$. The positive coefficient (significant at the 0.01 level) suggests that competitive pricing is also a significant predictor of organizational performance when the other dimensions in the broader model are controlled for. The findings thus suggest statistical evidence of the relationship between competitive pricing and organizational performance. The larger regression model, that included low distribution cost, competitive pricing, technology adoption, and operational efficiency, gave an R^2 of .799. That is, the four variables combined accounted for 79.9% of the variance in organizational performance. This figure should NOT be interpreted as the proportion of performance explained by competitive pricing alone, but rather the proportion of performance explained by the combined model.

4.6 Qualitative Findings

The qualitative results corroborated the statistical results. Rather, participants in the interviews noted that customers often look at prices before making a purchase when shopping for alcohol. Managers commented that competitive pricing was vital to them to acquire price sensitive customers and maintain customer relationships. Competitor prices, customer purchasing power, supplier discounts and the firm cost structure also played a role in influencing pricing decisions, were also mentioned by the participants. It was considered an important attribute to get preferred discounts from suppliers as the latter's cost became the more important factor in determining the selling price. The interviews also confirmed that a competitive pricing structure would help to expand the market. Companies that managed to keep a favorable price were seen as more competitive for customers to take business away from other distributors. Competitive pricing was also associated with customer retention, where competitive pricing, coupled with the support of product availability and satisfactory service, was associated with such. The qualitative result supports the quantitative results that competitive pricing has a positive relation with the performance of the organizations.

5 Discussion

The study concluded that there is an excellent positive correlation between competitive pricing and alcoholic beverage distribution organizations' performance in Machakos County. A correlation coefficient of $r = .783$ suggests that there was a high degree of association between the two variables, competitive-pricing practices and organizational performance. The regression

result ($\beta = .281$, $p < .05$) also helps to support the significant predictive power of competitive pricing in the overall analytical model.

The descriptive findings give a good explanation for this relationship. The comments by the respondents were in strong agreement that competitive pricing will draw customers, boost sales volume, address customer price sensitivity, boost market share and increase profitability. Customer attraction was the highest-ranking item, indicating that price competitiveness is especially important at the time that customers are selecting from alternative suppliers.

The price/customer attraction relationship is in harmonic relationship with the theory of competitive strategy. Cost advantages can give firms the flexibility needed to be competitive in their markets, according to Porter (1985). For alcohol distributors, effective cost management can provide space to provide good prices for their alcohol consumers and still earn acceptable margins. Competitive pricing is then interpreted as a statement of cost and resource management skills, which is a hidden factor. Competitive pricing, therefore, is a statement of the cost and resource management skills that can be interpreted as a hidden factor.

The figure on sales volume is also noteworthy. The respondents were very convinced that price reduction leads to improvement in volume of sales. Competitive prices can lead to increased purchases and/or purchases that are larger than usual in those distribution markets where customers might make repeated purchases and compare prices from different suppliers. The goal, however, should not be to simply cut prices, but to find ways to cut costs. Instead, companies should go through the process of understanding how price, demand, costs and margins correlate so that they can be assured that the additional sales they generate will translate to a sustainable financial outcome.

The high rating associated with customer price sensitivity is another sign of the need for market intelligence. It is important for firms to know the nature of consumer response to price changes if price is going to be an effective means of establishing the price. A variety of factors can influence buying behavior, including customer purchasing power, competition pricing, product availability and perceived value. Thus, pricing must be constantly monitored in the market and not be based on a fixed price determined irrespective of market conditions.

The results align with the Kenyan SMEs as pricing strategy has been found to be correlated with firm performance, and when it is effective, it involves competition, customer needs, demand and internal costs. In addition, they are in line with prior research on pricing strategy and firm performance in Nairobi's manufacturing sector that has found a positive link.

The results also align with studies on pricing strategies in Kenya's telecom industry, which linked customer satisfaction with competitive pricing and regular price changes, highlighting the importance of price fluctuations in influencing user preferences and overall service satisfaction.

This implies that pricing's importance is not limited to the distribution arena, but that the pricing mechanisms differ, depending on the market.

A competitive pricing/market-share relationship is especially crucial. The respondents strongly agreed that pricing strategies have an impact on market share growth. If a distributor can provide good pricing, they might be able to bring in customers who are already using the competitors, and will be used by the company as well. But this market share is unlikely to be maintained if competitors offer competitive prices with a lack of service, limited stock or poor delivery. When considered in relation to the overall ability of the organization, pricing then seems to be the most useful.

Another important means by which pricing might affect performance is via customer retention. The qualitative results showed that the customers were more inclined towards staying with the suppliers who provided them with better prices, if they were accompanied by their product availability and service reliability. This does not imply that competitive pricing is just about customer transactions; it adds to the customer relationship as well.

The finding of profitability will be of special interest. The mean for profitability was the lowest of the competitive-pricing indicators, but still had a high score of 4.18. This could suggest that respondents knew that there was an important balance between customer affordability and financial returns. Lower prices can increase demand and excessive decreases in price can cause losses in margins. The balancing act is thus to find a price that is desirable to customers, affordable for the company and will provide a return.

This is in line with the Resource Based View (RBV) theory which posits that successful strategic outcomes are achieved based on how the internal resources and capabilities of the companies are used (Barney, 1991). Effective pricing decisions can be aided by supplier relationships, cost information, financial resources, market intelligence, inventory systems and skilled employees. Competitive pricing is not just about cutting prices, but about being able to do so: it's about information, coordination and disciplined decision making.

The study thus shows that competitive pricing has to be done in a wider context as a part of the strategic system. Companies should be aware of their pricing costs, be mindful of the competition, consider customer price sensitivity, keep supplier pricing agreements, and understand the impact of pricing on sales, market share, retention, and profitability.

5.1 Conclusion

The study found a positive and significant relationship between competitive pricing and performance of firms in the alcoholic beverage distribution sector in Machakos County. Overall, respondents indicated high levels of agreement that competitive pricing is effective for attracting customers, stimulating sales volume, meeting customers' price sensitivity, growing market share and profitability.

The correlation between competitive pricing and organizational performance is high (r = .783), indicating a close relationship between the pricing practices and the performance of the organizations. This regression coefficient (β = .281, p < .05) also suggests that competitive pricing is a statistically significant factor in predicting organizational performance in the broader cost-leadership model.

The results indicate that competitive pricing is best achieved in conjunction with appropriate cost management, market information, customer understanding, and supplier relationship. The concept of competitive pricing should not be taken simply as a lower price than a competitor, however. Instead, it's the setting of prices that are attractive to customers and yet promote sustainable business performance.

5.2 Policy and Practice implications

These results have a number of implications for business practice. The key thing for managers, is to get competitive pricing into the overall strategic plan and not just into the sales of the day. Coordination of procurement, finance, sales and marketing and distribution activities is required in pricing.

The findings have significance for those involved in the industry as a whole, concerning the value of market information. Having accurate data on competitor prices, purchasing habits, and cost factors can enhance the accuracy of pricing decisions. Companies that routinely gather and study this type of data will be better equipped to answer to fluctuations in the market.

The results also have theoretical implications. The positive correlation of competitive prices and organizational performance also lends support to the relevance of cost leadership theory in explaining the way cost advantages, and pricing capabilities of firms, can help them compete. The Resource Based View, on the other hand, puts a focus on the firm's resources and capabilities to determine the effectiveness of pricing.

5.3 Limitation and delimitation of the study

The study was carried out in Alcoholic beverage distribution firms in Machakos County and thus the results of the study should be interpreted in this geographical context and industry. The relationships may vary in other counties or industries because of differences in market structure, customer behavior, competition and operating costs.

Respondents' perceptions of organizational performance were also heavily utilized in the study. financial Objective and operational data, like audited revenues, profitability, sales growth, customer turnover and market-share figures, could be included in future studies.

Further study could look into the competitive prices of other various counties in Kenya and see if the relationship found in Machakos county will be the same in those counties. Comparative

studies of alcoholic beverage distributors with other FMCG distribution companies would also help to uncover sector-specific pricing dynamics.

Longitudinal analysis would also provide better support for understanding the relationship, as it would look at whether there are enduring changes in sales and market share over time, as well as changes in customer retention and profitability, after changes in pricing.

5.4 Managerial, Theoretical and Research Implications

The findings indicate that, managers should consider competitive pricing as a strategy rather than sales ability. Prices can only be set by continually monitoring competitor pricing, customer purchasing power, supplier costs, and market conditions. Pricing decision should be considered in relation to discount structure, promotional pricing and price flexibility to assess whether organizational performance is realized.

Theoretically, the results validate the use of Cost Leadership Theory and Resource-Based View for alcoholic beverage distribution. Competitive pricing may also indicate the firm's ability to translate cost benefits and internal capacities to external value, while suppliers, market information, financial capacity and managerial skills can boost the firm's reaction to the variation in prices.

5.5 Recommendations

Alcohol distribution company managers need to develop systematic monitoring systems of competitors' prices and customers' buying habits. Prices should be evaluated periodically depending on market conditions and not solely on past prices.

Firms should also improve cost management as the price competitiveness is partly dependent on cost control of the cost structure. Care must be taken in monitoring the procurement cost, transportation cost, inventory cost and operating cost for any price alteration, which will not be beneficial to profit margin.

Another factor to consider for managers when pricing is customer segmentation. Customers can have varying price sensitivities and order quantities and customer expectations vary from one to another. A pricing system with the recognition of these distinctions can make it easier for the companies to stay competitive without implementing a single price cut for all customers.

Supplier relationships must also be taken into consideration strategically. Facilitate negotiating better purchasing terms, volume discounts and reliable supply arrangements can provide flexibility in setting competitive pricing. This can enable distributors to respond to market competition while protecting their margins.

Lastly, it is important to consider several measures of pricing performance, not just sales volume. Managers should consider how their pricing affects both sales revenue and market share,

customer retention and profitability at the same time. This can enable companies to identify between lower prices that drive sustainable growth and lower margins.

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