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NEW PRODUCT PRICING STRATEGY AND CUSTOMER PATRONAGE IN NIGERIA'S BEVERAGE INDUSTRY: EVIDENCE FROM COCA-COLA STARLIGHT AND COFFEE MOCHA

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ABSTRACT

The rising emphasis on self-care and wellness has led the beverage industry to witness substantial growth, reaching $95.44 million in revenue by 2024, with an annual growth rate of 10.79%. To stay competitive, companies are compelled to focus not only on product innovation but also on effective pricing strategies for new products. The research examines the impact of new product pricing strategies on customer patronage in Nigeria's beverage market, specifically targeting Coca-Cola's Starlight and Coffee Mocha products. By adopting an exploratory research design, online survey data was gathered from 400 Coca-Cola consumers through structured questionnaires measured by a five-Likert rating scale, resulting in a 96.75% response rate. Statistical analyses, including descriptive statistics, ANOVA, and linear regression, were conducted using the SPSS version with an R2 of 64.7% (for customer loyalty) and 51.4% (for brand image), respectively, underscoring the statistical relationship between the research variables. The findings revealed a positive correlation between new product pricing strategies and customer patronage using game and naïve pricing theories, with a p-value of 0.803 (for customer loyalty) and 3.341 (for brand image), respectively exceeding the benchmark of 0.50 as a significant level. The research concludes that companies should strike a balance between skimming and penetration pricing strategies to ensure long-term success, which in turn shapes customer loyalty and fosters a positive brand image. The research recommends that Coca-Cola should use skimming and penetration pricing strategies as a tool to optimise consumer satisfaction and market objectives by conducting regular market research to understand consumer perceptions and tailoring skimming and penetration pricing strategies to specific market segments based on their purchasing power and preferences. The research recognises the potential for biases in data collection arising from unequal online access among Coca-Cola consumers in Nigeria. This may result in a limited representation of diverse consumer behaviours, as varied cultural, economic,

and social dynamics influence purchasing behaviours across Africa and other continents in the world.

***Keywords**: Brand Image, Customer Patronage, Consumer Loyalty, New Product, Nigeria's Beverage Industry, Pricing Strategy*

1. Introduction

The beverage market is expanding significantly as consumers' perceptions of self-care and wellness continue to grow globally. The industry's revenue reached $95.44 million in 2024 and is expected to grow at an annual rate of 10.79% through 2028, when it will reach a market volume of US$143.80 million (Statista, 2024). This expansion is mirrored in the anticipated increase in user numbers, expected to reach 32.4 million by 2028, with user penetration rising from 14.6% in 2024 to 17.8% by 2028. Furthermore, the average revenue per user (ARPU) is projected to be $4.51 million by 2028 (Statista, 2024). This growth underscores the dynamics of the beverage industry, which is undergoing transformational changes due to the advent of the fourth industrial revolution, popularly coined Industry 4.0 (41R). This new manufacturing paradigm, characterised by the intensive use of modern technologies, has made the market more competitive than ever, posing challenges that require companies to swiftly respond with innovative and customised products (Ali & Aboelmaged, 2022; Hassoun et al., 2024; Yunus, 2021; Buer et al., 2021).

In the 21st century, the global business environment, particularly in the food and beverages (F&B) sector, has become increasingly competitive by recording over seven (7) products phased out in the industry, including Fanta Chapman, Afri-Cola, Krest Bitter Lemon, Limca, and Gold Spot, owing to poor pricing tactics (Doering, 2017). Companies are compelled to consistently embrace not only product innovation and development to adapt to external pressures and maintain a competitive edge, but also an effective pricing tactics. This volatile market environment and continuous innovation changes leave F&B companies with no choice but to focus on developing both new products and compelling pricing strategies that not only attract customer loyalty but also sustain patronage, which drives competitive advantage (Gupta, Ivanov, & Choi, 2021). However, the essential challenge facing businesses today is strategic adaptation in both local and international markets. To

achieve competitive patronage, companies must develop sound strategies that differentiate them from their competitors. Among these strategies, pricing plays a pivotal role. This is necessary as many businesses underestimate the impact of pricing on consumer purchasing behaviour, yet it is essential for companies to understand how new product pricing strategies influence consumer decision-making. This understanding enables them to formulate effective strategies that enhance their competitiveness in the market (Liozu & Hinterhuber, 2022; Zhou & Gupta, 2019a). Thus, setting a price too high for a new product may drive consumers to competitors, while pricing too low can attract the wrong customer segment.

When developing pricing strategies, a company considers customer patronage as the sole market factor, purposefully aligning the chosen strategy with its objectives, culture, and target market. Pricing then must convey value to the consumer, influencing their purchase decision (Tong et al., 2020). Regardless of the adopted pricing approach, the importance of pricing as a strategy cannot be understated. It plays a significant role in the economy by balancing demand and supply, providing incentives for new products, and distributing income between buyers and sellers (Assad et al., 2024). An organisation aiming to meet customer needs must offer a product at a price that is acceptable to the target market. Price directly impacts a firm's profitability and is a crucial element of the marketing mix, alongside product, place, and promotion (Sholichah et al., 2021). It influences how consumers perceive a product and how sellers intend to maximise their returns. Price is, therefore, one of the catalysts behind a firm's product success, as it defines the value of the firm and its product (Ali & Anwar, 2021).

Despite academia's extensive research on the relationship between price and customer purchasing choice (Ahmad et al., 2023; Osano & Lutego, 2022; Elgarhy, 2023; Yakubu et al., 2019; Hamilton-Ibama & Owuso, 2022), limited studies have explored the pricing dimension within the realm of new products. Specifically, no Nigeria's studies have been found within the context of Coca-Cola Starlight and Coffee Mocha, introduced towards the end of 2021 and 2022, respectively. However, existing studies have primarily focused on established products, overlooking the dynamics of pricing and consumer behaviour for novel offerings (Hamilton-Ibama & Owuso, 2022).

Additionally, there is limited academic coverage regarding the understanding of how economic factors like brand image and customer loyalty influence the acceptance and success of these products in Nigeria's beverage market (Kilders et al., 2021). The interaction between pricing strategies and consumer preferences, especially within unique flavours like Starlight and Coffee Mocha, remains underexplored in Nigeria (Chukundah, 2023). Consequently, the study explores how the dimension of new product pricing strategies impacts customer patronage in Nigeria's beverage industry, with a focus on Coca-Cola's Starlight and Coffee Mocha. The study's specific objective is to:

I. Analyse the effect of skimming pricing on consumers' loyalty to Coca-Cola Starlight,
II. Assess the influence of penetration pricing on the brand image of Coca-Cola Coffee Mocha.

The research is important for several reasons. Initially, it fosters the value proposition of both academia and industry because it contributes to the empirical and theoretical understanding of consumer behaviour in emerging markets, particularly in the context of the beverage industry, shedding light on how economic factors influencing consumer choices and brand loyalty showcase interactions between product and consumer (Hamilton-Ibama & Owuso, 2022). Moreover, the research has practical implications for industry practitioners, especially marketing managers in the beverage sector. By analysing the pricing strategies of Coca-Cola Starlight and Coffee Mocha, companies can gain a better understanding of effective pricing tactics to attract and retain customers in the long run. This knowledge can help businesses enhance their competitive advantage, improve customer satisfaction, and ultimately increase profitability (Kilders et al., 2021). Additionally, the research's focus on two specific products within the Coca-Cola brand portfolio allows for a nuanced analysis of pricing strategies within the same company, offering a current comparative perspective that can inform decision-making for other brands and products in the same and related industries. Finally, the research provides a prescriptive value by serving as a source of reference in marketing literature (Chukundah, 2023), making it instrumental in advancing knowledge in both academia and industry by highlighting the importance

of pricing strategies in shaping customer patronage in the Nigerian beverage market.

2. Review of Literature

2.1 Conceptual Clarification

Overview of Pricing Strategy

The concept of pricing strategy continues to evolve in academic literature, as it holds different meanings for various stakeholders due to its non-universal nature. According to lenders, it represents interest; to insurers, a premium; to transporters, a fare; and to guest lecturers, an honorarium (Nzegwu & Towolawi, 2023). Price is essentially the amount a customer pays for a product or the total value exchanged for the benefits of owning or utilising a product or service. Its significance as a purchasing incentive is crucial in price management, as it not only shapes the perception and valuation of prices but also impacts consumer buying decisions. Marketing research, like Anno et al., (2023), indicates that price is a critical factor in purchasing decisions, particularly for frequently bought products, influencing choices of store, product, and brand. Pricing, therefore, involves setting a price for a product or service, which significantly affects profit levels. Chen et al., (2020) view price as the cost incurred in producing, delivering, and promoting a product, charged by the organization. Quareshi, (2023) suggests that monetary cost is a key factor in consumers' perceptions of a product's value. Price can be defined as the actual or assessed value of a valuable product available for exchange, or simply the amount of money paid for a product. Abiodun and Kolade, (2020) found a significant relationship between price and business performance, indicating that the price set for a product or service greatly influences its marketability. Pricing for products or services that are commonly available in the market tends to be more elastic, meaning that unit sales will fluctuate more significantly in response to price changes.

Strategy is a comprehensive approach that an organisation develops to deliver products or services that meet customer needs while achieving stakeholder goals (Schmuck & Benke, 2020). Successful strategies provide a unique attribute, maintaining a competitive edge as circumstances change. Strategy involves decision-making patterns, shaping the future, and using available resources for desired outcomes, differing from mere planning (Secundo et al., 2022). Classical theorists view strategy as discovering, formulating, and implementing a doctrine that ensures long-term success if faithfully

adhered to (Akomea-Frimpong et al., 2022). From a systems theory perspective, strategy is the interplay of an organisation's internal and external dynamics, leading to actions within a socioeconomic context (Shamil et al., 2022). By aligning with the societal-marketing philosophy, pricing in new businesses depicts a strategic approach to selling products or services. Effective pricing is supported by thorough research on the market, consumers, and competitors (Aman, 2022), as pricing influences revenue generation, profits, and investment in the company's long-term sustainability.

Dimension of Pricing Strategy in Product Development

As customer preferences evolve with fashion trends, companies like Coca-Cola engage in new product development, focusing on creating innovative products with enhanced features or improving existing ones. As these products progress through their life cycle, pricing strategies are adjusted accordingly (Zhou & Gupta, 2019b). The introduction phase features low-cost items, making Coca-Cola set lower prices for a new product like Coke Zero to attract early adopters and encourage trial, even though this impacts its initial profitability. However, as the product enters the growth phase and demand rises, Coca-Cola increases the price to capitalise on its popularity while still retaining customers who value the product (Kiiru et al., 2017; Liu, 2020). Moreover, during the maturity phase, where the market is saturated, Coke Zero prices are typically kept stable to maintain customer loyalty, despite competitive pressures from its rival. Finally, despite the product name being relatively new, it is not widely recognized as a competitive product, indicating its decline phase. This decline in demand often results in Coca-Cola offering price discounts or even discontinuing the product in the future (Chua et al., 2020). This phenomenon is evident in the case of Coca-Cola's Tab, a product that increases brand loyalty but ultimately results in customers switching to other brands. Therefore, Keisar and Lev, (2023) propose that companies face the challenge of setting initial prices when launching a new product, with options such as market-skimming or market-penetration pricing strategies.

Yuan et al., (2022) describe price skimming as a strategy where a new product is launched at a higher price to maximise profits by targeting segments willing to pay more. This approach is effective for premium products like the latest iPhone and Tab smartphones from Samsung, Nokia, and Huawei, which

attract consumers eager for cutting-edge technology. However, Czinkota et al., (2021) caution that this strategy is only viable if the product's quality justifies the high price, production costs remain manageable despite lower volumes, and the market is not easily accessible to competitors who might offer lower prices. Consequently, for many years, Coca-Cola has successfully implemented this meet-the-competition pricing strategy, which involves setting prices on par with those of other soda brands. This approach aims to quickly attract a large consumer base and secure a significant portion of the market (AlJazzazen, 2019). Essentially, Coca-Cola leverages the initial brand perception around its products to achieve this goal. This is reflected in Coca-Cola Starlight, a limited-edition flavour, where the company's ongoing effort is to innovate and keep consumers interested by offering new and unique experiences at a high price that reflect its flavour. When it comes to price-skimming, Coca-Cola starts with a high price for a product and then gradually reduces it over time due to emerging competition. This strategy is typically employed for innovative or distinctive products to maximise profits before competitors emerge or the initial excitement fades (Cakranegara et al., 2022). However, as Coca-Cola adopts a price-skimming strategy for Coca-Cola Starlight by fixing it for $2.40, they intend to capitalise on the enthusiasm and uniqueness of this product. This is meant for early adopters, keen to try the new flavour, who would be willing to pay a premium (Etana, 2020). As the initial demand is met and the novelty decreases, Coca-Cola has recently lowered the price to attract a wider audience and sustain sales.

Tien, (2020) describes market-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). For this strategy to succeed, certain conditions must be met: the market must be highly sensitive to price changes, production and distribution costs should decrease with increased sales volume, and the low price must deter competition and

be sustainable over time (Kazemtarghi et al., 2021). Consequently, Coca-Cola's penetration pricing strategy for its Coffee Mocha product in Nigeria is a targeted approach to capture market share in the ready-to-drink (RTD) coffee category. By offering smaller and value-based pack sizes, Coca-Cola aims to appeal to price-sensitive, low-income consumers, designed to lower the barrier to entry for consumers who may be hesitant to try a new product due to budget constraints (Guo & Wen, 2021). As a result, the introduction of smaller packs at lower price points can increase the product's accessibility and encourage trial usage among consumers. However, this approach also poses challenges as it may impact profit margins, and there is a risk that consumers may perceive the product as lower quality due to the lower price (Gao et al., 2022). Therefore, Coca-Cola needs to ensure that the cost reduction does not compromise the product's taste or quality, as this could affect brand perception and long-term success in the market.

Interplay of Customer Patronage with Customer Loyalty and Brand Image

The fundamental purpose of establishing a business is to generate customer satisfaction, which leads to increased customer patronage (Ginting et al., 2023). Quality offerings drive brand existence and resilience, as satisfied customers are more likely to continue patronising a company's brand. Rita et al., (2019) assert that a company's efforts to satisfy its customers contribute to building loyalty towards its brand, product, or service. Thus, the importance of customer patronage in enhancing a brand's reputation cannot be overstated in building excellent loyalty in customers' minds. This aligns with Kurdi et al., (2020) presumption, who describe customer patronage as the support and benefits an organisation receives from its customers. This support can be measured in terms of sales volume, profit margins, and customer retention levels, which are all indicators of customer loyalty and brand image. Alternatively, Dam and Dam, (2021) see customer patronage as a deep commitment to repurchasing a firm's products, even in the face of competition. As competition grows, factors like economic conditions, competition, social and psychological factors, product or service attributes, and marketing strategies influence customer patronage (Darmawan, 2023; Adebisi & Akinruwa, 2019). Customer patronage is crucial for a firm's continued operation, stability, and market share, as it

involves not only customers who choose a company's products over competitors' offerings but also promoting the brand to other competitors' customers.

Loyalty in marketing refers to a customer's consistent purchasing behaviour (Khairawati, 2020). Loyal customers make repeated purchases, buy various products or services, recommend the brand, and resist competitors' products. It is the intention to continue business with an organisation, such as repurchasing (Soderlund, 2020). Customer loyalty can be attitudinal, focusing on maintaining a relationship with a service provider, or behavioural, based on repeat purchases compared to other brands (Jenneboer et al., 2022). Loyalty can be proactive, where a consumer consistently chooses a brand without considering alternatives, or situational, chosen for specific occasions. Commitment, a key component of loyalty driving brand image, is the intention to remain dedicated to a service provider (Arslan, 2020). It is a function of satisfaction from previous interactions and is a valuable asset for a firm. Committed customers are less likely to switch brands and contribute significantly to a company's customer lifetime value (CLV). The evolving focus of marketing emphasises not only meeting customer needs but also involving customers in the product development process. As the marketing arena continues to emerge, the interplay of customer patronage, loyalty, and brand image is crucial for business success (Bola, 2023). Customer patronage is driven by satisfaction and loyalty, which enhances a brand's image. A strong brand image attracts and retains loyal customers, creating a virtuous cycle supporting business continuity and growth (Lola, 2022). Therefore, in an era of fierce competition and abundant choices, companies must prioritise creating satisfied and loyal customers to ensure long-term success and growth through brand image.

Marketing Evolution of Coca-Cola Starlight and Coffee Mocha

Coca-Cola Starlight was a limited-edition variant of Coca-Cola, launched in 2022 as the inaugural product in the Coca-Cola Creations line. This beverage featured a red colour and a unique taste inspired by space. In the UK, it was known as Coca-Cola Intergalactic, while in South Korea and Thailand, it was called Coca-Cola Stardust and Coca-Cola Starshine, respectively (Gallagher, 2022). The release of Coca-Cola Starlight was announced on February 17, 2022, with the company highlighting its reddish hue and taste notes

reminiscent of stargazing and a cold journey to space. Oana Vlad, senior director for global brand strategy at Coca-Cola, mentioned that the drink was inspired by the company's partnership with NASA (Garcia, 2022). Coca-Cola Starlight was part of Coca-Cola Creations, an innovation platform selling limited-edition flavours (Robert, 2022). It was available in North American stores starting February 21, 2022, in both regular and Zero Sugar formats. However, due to market saturation and competition, it was partially discontinued on August 1, 2022, and succeeded by Coca-Cola Dreamworld later that month (Teague, 2022). Despite this, Coca-Cola Starlight remains on the market due to its continued popularity. While initially positioned as a premium product with limited- editions, its pricing approach contributed to its appeal and perceived value among consumers (Bai, 2023). As a unique offering, Coca-Cola priced Starlight relative to its regular products, capitalising on its novelty and the perceived exclusivity of a limited-edition release. However, as market saturation and competition increased, Coca-Cola adjusted by offering promotions to maintain sales momentum (Liu, 2020). This led to the shift to Coca-Cola Dreamworld, indicating a strategic move to refresh the product line and adjust pricing to appeal to a price-sensitive consumer base or differentiate itself from competitors.

Coca-Cola Coffee Mocha was launched in the United States in January 2021 alongside Dark Blend, Vanilla, and Caramel flavours, blending the classic Coca-Cola taste with Brazilian coffee extract (Wiener-Bronner, 2021). The U.S. launch followed the success of similar products in global markets, marking the 50th market to debut the product after its initial release in Japan. Despite positive initial reception and consumer interest, the Coca-Cola with Coffee line was discontinued in the U.S. in November due to declining sales, although it remains available in countries like Japan and Australia (Bunton, 2023). This history of coffee-flavoured Coca-Cola products also includes Coca-Cola Blak, introduced in 2006 but discontinued after 17 months due to its strong aftertaste and consumer perceptions influenced by the product feature. This varied reception of these products underscores the nuanced consumer relationship with coffee and cola combinations. While being positioned as a premium product with a limited edition, its pricing approach is based on its segmentation, as varied consumers demand

different quantities, contributing to its appeal and perceived value among consumers (Keyser & Neuman, 2023). As the market became more welcoming of new entrants, Coca-Cola adjusted by offering discount pricing to maintain its presence in price-sensitive consumer minds (Chua et al., 2020). This led to a shift in consumer perception, indicating a strategic move to refresh its broader image and adjust its pricing to appeal to a price-sensitive consumer base or differentiate from competitors.

2.2 Empirical Review and Hypothesis Development

Several academic studies have examined pricing strategies within the context of behavioural and non-behavioural science. Hamilton-Ibama and Owuso, (2022) employed a survey to investigate how pricing approaches impact customer fidelity among Port Harcourt's food and beverage producers, uncovering a positive link with consumer loyalty. However, the study's scope leaves room for novel products, which may provide insights into how novel pricing tactics could influence initial market reception and ongoing consumer support for new entrants in a competitive market. Yakubu et al., (2019) adopted an online survey to explore how companies' pricing tactics affect consumer loyalty, affirming that pricing significantly influences loyalty. Despite the study's significance, it does not specifically address how the pricing of new products shapes initial consumer engagement. This gap is crucial by offering insights into how firms drive early market adoption and sustained customer support in a competitive landscape, which is particularly relevant for new product entries in emerging markets like Nigeria.

Sukesti et al., (2021) adopted an ex-post facto design to examine how pricing strategies affect company earnings, discovering that a strategy focused on value-based pricing and higher prices tends to boost profitability. However, the study leaves room for pricing strategies from a customer perspective, which is vital because it could reveal insights on how unique pricing models for new products can influence consumer behaviour and business success in a distinct market like Nigeria's, where consumer preferences and price sensitivity differ. In contrast, De-Toni et al., (2022) conducted survey research to analyse how value-based pricing influences customer contentment, concluding that it has a non-significant effect on incurred costs, competitors' pricing, or past product prices. Despite this study's holistic view, it does not

directly address how such pricing strategies affect new product patronage. This is necessary within Nigeria's beverage sector with varied value perceptions, potentially enhancing market penetration and customer loyalty.

Du et al., (2020) conducted qualitative research by exploring pricing tactics' influence on mechanism choice in reward-based crowdfunding, revealing consumers interpret a product's price as a marker of its value. However, the study neglects novel products as Nigeria's beverage industry recorded phased-out products. This will provide insights into consumer responses to pricing strategies in a market driven by demand for tailored-made approaches in a culturally and economically relevant context for maximising market penetration and customer loyalty. Similarly, Eastman et al., (2021) adopted a survey approach to examine how the Big Five personality traits and social media engagement impact individuals' price sensitivity. While the findings indicated that the research revealed no variations between generations regarding their price sensitivity, there were distinctions in personality traits, with millennials exhibiting more openness, while baby boomers tended to be more conscientious, agreeable, and neurotic. However, the study is outside Nigeria's beverage sector, despite being recognised as an emerging economy. Thus, researching this geographical area can provide insights into its different economic and cultural contexts.

This encourages tailor-made strategies for local markets effectively.

Finally, Osano and Lutego, (2022) conducted a five-likert scale questionnaire to explore the influence of pricing strategies on customer retention among small-scale metal mechanics and fabricators in Tanzania. It was discovered that the adoption of value-based, competition-based, and cost-based pricing practices by management significantly affects small-scale metalwork operators. Similarly, Elgarhy, (2023) employed a survey design to investigate how service quality, loyalty programmes, pricing strategies, and customer engagement impact firms' performance. The results indicated that these factors positively influence customer retention. However, these studies' scope is limited to developing countries, leaving the beverage industry unexplored. Therefore, researching this sector, especially in Nigeria, is pivotal because it could reveal how innovative pricing can attract and retain customers in the context of a developing

economy where consumers may be more price-sensitive and where the beverage industry is intensely contested.

To address the variable, policy, and product gap identified in the empirical literature, Figure 1 reflects the study's conceptual framework by outlines a hypothesised relationship between new product pricing strategies (skimming and penetration pricing) and customer patronage (customer loyalty and brand image). This hypothesis development and testing is essential to understanding how introductory pricing strategies can shape consumer behaviour and brand perception. For instance, soft drink firms can understand which strategy might work best for them in aligning their pricing strategies with their overall brand strategy and long-term objectives. This is because it can provide insights into how pricing affects customer acquisition, retention, and the overall strength of a brand. By examining these relationships empirically, researchers can validate the assumed causal links and quantify the impact of pricing strategies on customer behaviour and brand perception in Nigeria. As a result, the below hypotheses are developed and tested:

H_{01}: Skimming Pricing does not have a significant effect on the consumers' loyalty to Coca-Cola Starlight,

H_{02}: Penetration Pricing has no positive influence on the brand image of Coca-Cola Coffee Mocha.

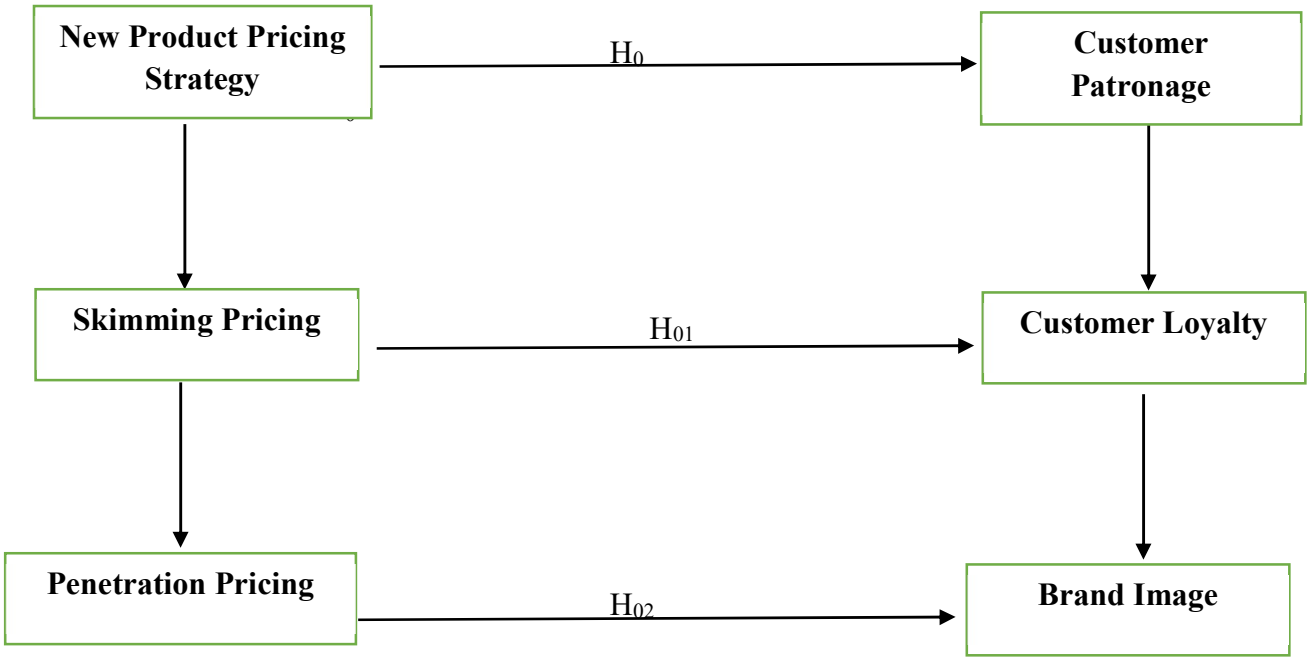


Figure 1: Conceptual Framework (Author, 2024)

2.3. Theoretical Framework

The research is guided by the presumption of game pricing theory and naïve pricing theory. According to the Naïve pricing theory introduced by Nagle and Holden in 1995 (Muhsen et al., 2022), prices remain dynamic over time, as the price of a product today determines its price tomorrow. Yin and Han, (2021) suggest that this approach to pricing is intuitive for those who may not fully grasp the factors influencing price dynamics. This theory analogy is anchored on child upbringing; it is unreasonable to expect a child to remain the same size as they grow older. Thus, it is equally unrealistic to assume that the market price of a product will remain unchanged when factors such as production costs or consumer value perceptions shift. Therefore, when prices of goods and services increase without any corresponding enhancement in quality, quantity, or overall consumer satisfaction, discerning consumers are likely to seek alternative products that offer better value for money (Pyle et al., 2021). As a result, companies that fail to justify price increases with tangible improvements risk losing customers, which can have a detrimental impact on their profitability. However, Mohd et al., (2020) criticise this theory by considering it to have limited applicability due to the inherent nature of prices to fluctuate.

According to game pricing theory developed by Eziyhoshy in 1990 (Yang et al., 2021), price predicts the outcomes of interactions among agents, where the actions of one agent directly impact the payoffs of others. Xiong and Su, (2022) describe price as the study of decision-making in scenarios involving multiple individuals. Yang et al., (2021) view it as a tactic for understanding phenomena observed when decision-makers interact. Kong et al., (2022) view them as models of conflict and cooperation among intelligent, rational decision-makers. According to game theory, price is anchored on two assumptions. Firstly, each market player acts in self-interest, pursuing well-defined objectives with rationality and aiming to maximise their payoff functions by paying a lesser price. Finally, when devising courses of action (strategy), a marketing player considers the potential responses of other players to price fluctuation, taking into account their knowledge or expectations of others' behaviour. Lu et al., (2021) note that companies need to be vigilant in understanding consumer behaviour and

carefully selecting pricing strategies. This is because consumers seek to protect their interests regarding the price they pay for goods to avoid exploitation by manufacturers, as they tend to favour products that are priced moderately and offer satisfactory value.

The theoretical framework is adopted for several reasons. By applying game theory, companies can anticipate consumer reactions to different pricing strategies and adjust their approaches accordingly (Zhao & Zhao, 2023). Coca-Cola can use early adopters' behaviour and market forces for its previous brand to predict how consumers might respond to the pricing of Starlight and Coffee Mocha. This strategic approach can help Coca-Cola optimise its pricing strategy to enhance customer patronage, ensuring that the products are priced in a way that attracts consumers while maintaining profitability. Also, the Naive Price Theory offers valuable insights by emphasising the importance of aligning price adjustments with perceived value enhancements in the eyes of the consumer (Zhang et al., 2023). For Coca-Cola, strategically pricing new products like Starlight and Coffee Mocha involves not just setting prices based on production costs or market competition but also considering the perceived value and satisfaction these products offer to Nigerian consumers. This is because, in a market with evolving consumer preferences and growing demand for innovative and differentiated beverage options, Coca-Cola's pricing strategy for new products should reflect a balance between cost, quality, and consumer satisfaction (Lee, 2021). By doing so, the company can ensure that the prices of Starlight and Coffee Mocha are justified in the eyes of consumers, thereby fostering customer patronage and sustaining profitability in Nigeria's competitive beverage industry.

4. Research Methodology

Research Design and Data Collection Strategy

The research was anchored on an exploratory research design guided by an online survey to delve into the critical aspects of individuals' perceptions, motivations, and behaviours regarding pricing dimensions in product development. This approach is ideal for uncovering the intricate relationships between sociological and psychological factors relevant to the study variable (Casula et al., 2021; Swedberg, 2020). The exploratory nature of the research was instrumental in understanding specific

phenomena and conducive to applying advanced statistical techniques, like Analysis of Variance (ANOVA), which played a significant role in the quantitative research. Consequently, a self-administered online questionnaire was used to gather information from the target group, identified as "Coca-Cola consumers." The survey was divided into two sections, labelled "A" and "B." Section 'A' focused on collecting demographic information, such as gender and product experience, while Section 'B' aimed to capture the participants' perspectives on new product pricing and customer loyalty. To ensure precise measurement, the questions were structured using a five-point Likert scale, with options ranging from Disagree (D) scored as 1, Strongly Disagree (SD) scored as 2, Neutral (N) scored as 3, Agree (A) scored as 4, and Strongly Agree (A) scored as 5. This scale was chosen to facilitate the quantification of responses, allowing for efficient data compilation, analysis, and interpretation of the results (Pescaroli et al., 2018).

Population, Sample Technique and Sample Size

The research focused on consumers of Coca-Cola in Nigeria, chosen for their first-hand experience with the brand. Their familiarity with Coca-Cola products provides valuable insights relevant to the study's topic, given their interactions with the brand in the context of Nigeria's beverage industry and local communities. However, as probabilistic sampling techniques ensure equal sample representativeness, the study was anchored on simple random sampling techniques that accurately reflect the specificity of the target population, thus enhancing the generalizability of the research findings. This approach is ideal as researchers can estimate sample parameters with known probabilities, making the results statistically sound, which are fundamental in providing insights into consumer preferences. This thereby contributes significantly to pricing research in the behavioural field. The Taro Yamane probability sampling technique was employed (Umar & Wachiko, 2021), resulting in a sample size of 400 Coca-Cola consumers. Its selection was based on insights from consumer interactions, noting that Coca-Cola has 40 million consumers in Nigeria’s beverage industry (Grey, 2021). This enables treating the sample as representative of the entire research population. This approach allows the researcher to make inferences about the

larger population, simplifying the research process and reducing the time and effort required compared to examining every individual in the population (Sarker & Al-Muaalemi, 2022).

$n = N/ 1+ N (e)^2$……. Equation (1)

Where: 'n' = sample Size, 'N' = finite population of 40 million consumers, 'e' = significance level of 5% tolerable error

$n = 40 \text{ million}/ 1+ 40 \text{ million } (0.05)^2 = 400$ consumers……. Equation (2)

Data Analysis Approach and Research Model

To ensure data precision, an extensive data cleaning process was undertaken, focusing on rectifying missing values and outliers. This preparation paves the way for further organisation of the data into pertinent sections for analysis and interpretation. Then, the data is processed, coded, and categorised to enhance the effectiveness of the analysis, in accordance with the guidelines set by Montgomery et al. (2021). Subsequently, descriptive statistical methods, such as tabulation, frequency, and percentage, were employed to gain a comprehensive understanding of the data distribution and to identify significant response patterns among the participants. Finally, Linear Analysis of Variance (ANOVA) and Regression Coefficient® models were applied to rigorously test the study's hypothesis and to elucidate the relationships between variables. The below model equation is designed:

$Y = f(x)$ ……Equation (3)

$X = f(X_1, X_2 ..... X_n)$ ……Equation (4)

By application, the model turns out to the following based on the research variable:

$CP(Y) = f(NPPS)$ … ……. (5)

$CP(Y) = \alpha + \beta_1 PS + \beta_2 PP + e$…….. (6)

Where: X = Dependent Variable, Y = Independent Variable, CP (Y) = Customer Patronage,
PS (X) = Price Skimming, PP (X) = Penetration Pricing, α = Regression Constant, e = Error term $\beta_1 - \beta_3$ = Regression Coefficients

Results of the Validity and Reliability Testing

The coefficient alpha, also known as Cronbach's alpha, was utilised to assess the internal consistency of items within each scale. Table 1 displays the coefficient alpha values, which range from zero to one, with higher values indicating stronger internal

consistency among the items. The scores for Cronbach's alpha and composite reliability for the research variables fall between 0.894 and 0.834, indicating the research findings are valid and the research instrument is reliable. This is in line with Kennedy, (2022) and Amirrudin et al., (2021) assertion that a Cronbach's alpha coefficient ranging from 0.6 to 0.7 signifies acceptable reliability, while 0.8 or higher indicates good reliability, with Bell et al., (2024) and Haji-Othman and Yusuff, (2022) recommending a threshold of 0.5 for composite reliability. Table 1 provides evidence of the reliability of the research instrument and the validity of the research findings. These results have important implications for the overall quality and credibility of the research conclusions.

Table 1: Validity and Reliability Result

Measurement Scale	Cronbach's Alpha	Composite Reliability	No of Items
Skimming Pricing	.894	.905	4
Penetration Pricing	.796	.876	4
Customer Loyalty	.898	.871	2
Brand Image	.752	.918	2

Source: SPSS Output (2024)

5. Result Presentation and Discussion of Findings

According to Table 1, focusing on Coca-Cola's consumer base, a survey was completed by 387 out of 400 participants, resulting in a commendable 96.75% response rate, which underscores the basis of the research reliability result. A significant 81.10% of the respondents identified themselves as Coca-Cola consumers, underscoring the brand's robust presence in the market. The duration of patronage varied, with 31.87% for 4-6 years, 26.20% for 7-9 years, and 22.80% for 1-3 years. However, a mere 2.80% have been loyal for over a decade, while 16.30% reported no patronage, indicating Coca-Cola's success in attracting new customers, albeit with potential challenges in long-term retention. The survey also revealed a male majority (57.90%) among respondents, suggesting gender-specific consumption trends. Although the respondents' academic backgrounds were diverse, engineering (29.50%), social

sciences (22%), business and management (19.40%), arts and humanities (13.70%), and others (15.50%) were the most represented fields. This diversity highlights Coca-Cola's widespread appeal across different academic disciplines. The findings highlight Coca-Cola's popularity but also point to the necessity of strategies for sustained customer engagement. The gender and academic diversity among the respondents indicate the need for inclusive and targeted marketing approaches. These insights are crucial for Coca-Cola to tailor its marketing strategies effectively to maintain and enhance its market position for new products.

Table 2: Demographic Characteristic

Basis	**Factor**	**Frequency**	**Percentage**
Responses	Filled	387	96.75%
	Unfilled	13	3.25%
	Total	**400**	**100%**
Coca-Cola Patronage	Yes	314	81.10%
	No	73	18.90%
	Total	**387**	**100%**
Frequency of Patronage	1-3years	88	22.80%
	4-6years	123	31.87%
	7-9years	101	26.20%
	10years and above	11	2.80%
	No patronage	63	16.30%
	Total	**386**	**100%**
Gender	Male	224	57.90%
	Female	163	42.10%
	Total	**387**	**100.0%**

Field of Discipline	Social Sciences	85	22%
	Arts and Humanities	53	13.70%
	Engineering	114	29.50%
	Business and Management	75	19.40%
	Others	60	15.50%
	Total	**387**	**100.0%**

Source: *SPSS Output, (2024)*

Statistical Output for the Hypothesis Development

Table 3: Decision Rule

Statistical Test	**Rule**	**Decision**
ANOVA (F-test)	If $P_{\text{-value}}$ ($F_{\text{-calculated}}$) < $F_{\text{-critical}}$ (@)	Reject H_0
Regression ®	If $R_{\text{-value}}$ ($R_{\text{-calculated}}$) < $R_{\text{-critical}}$ (@)	Reject H_0

Source: Öztürk and Başar, (2022)

According to Table 3, for ANOVA, the null hypothesis (H0) is rejected if the calculated F-value (F-calculated) is less than the critical F-value (F-critical) at a specific significance level (@). However, for the regression coefficient, H0 is rejected if the R-value (R-calculated) is less than the critical R-value (R-critical) at a specific significance level (@). This will then suggest a statistically significant linear relationship between two variables or otherwise.

H_{01}: Skimming Pricing does not have significant effect on the consumers' loyalty of Coca-Cola Starlight

Table 4: Analysis of Variance (ANOVA) Result

Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	2179.683	3	726.561	222.575	.000[b]
	Residual	1188.220	364	3.264		
	Total	3367.902	367			

a. Dependent Variable: Consumer Loyalty

b. Predictors (Constant): Skimming pricing

Source: SPSS Output (2024)

Table 4 reveals a highly significant correlation between skimming pricing strategies, such as loss leader pricing and event pricing, and consumer loyalty to Coca-Cola Starlight, with a significance level (Sig.) of.000 and an F-value of 222.575. The substantial F-value indicates a significant impact of the independent variables on the dependent variable. The regression sum of squares (2179.683) considerably exceeds the residual sum of squares (1188.220), further supporting the model's explanatory capability. The probability value of 0.000 indicates that the regression relationship is highly significant in predicting the impact of skimming on consumer loyalty to Coca-Cola Starlight products. The F-statistic is significant since the probability value (0.000) is below the alpha level of 0.05, leading to the rejection of the null hypothesis and acceptance of the alternative hypothesis. This implies that skimming pricing strategies significantly influence consumer loyalty.

Table 5: Regression Model Summary

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	Coefficient	T-statistics
1	.804[a]	.647	.644	1.80675	.863	1.636
a. Skimming Pricing (Predictors): Sample and Event Pricing						

Source: SPSS Output, (2024)

Table 5 indicates that the coefficient of determination (R^2) is 0.647, with an adjusted R2 of 0.644 and a significance level (P-value) of less than 0.05. This suggests that approximately 64.4% of the variance in consumer loyalty to Coca-Cola Starlight can be explained by skimming pricing, with the remaining variance attributed to random error. The relatively high R^2 value demonstrates a strong fit of the model, indicating that skimming pricing significantly influences consumer loyalty. Furthermore, the regression analysis shows a coefficient value of 0.863 for the independent

variable (skimming pricing), with a t-statistic of 0.863 and a P-value of 0.000. Since the P-value is below the threshold of 0.05, it can be concluded that an increase in skimming pricing statistically leads to a significant and positive impact on consumer loyalty. This highlights the importance of maintaining a positive brand perception to enhance customer loyalty and patronage by focusing on strategies that improve their brand image and perceived value to attract and retain customers effectively.

H_{02}: Penetration Pricing has no positive influence on the brand image of Coca-Cola Coffee Mocha

Table 6: Analysis of Variance (ANOVA) Result

Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	1844.740	3	614.913	127.543	.000[b]
	Residual	1745.285	362	4.821		
	Total	3590.025	365			

a. Dependent Variable: Brand Image

b. Predictors: (Constant), Penetration pricing

Source: SPSS Output, (2024)

Table 6 highlights a strong correlation between penetration pricing strategies, including buy one and get one free pricing and discount offers' pricing, and the brand image of Coca-Cola Coffee Mocha products. This relationship is statistically significant, as indicated by a significance level of 0.000 and an F-value of 127.543. The high F-value suggests that the independent variables have a notable impact on the dependent variable. Moreover, the regression sum of squares (1844.740) substantially surpasses the residual sum of squares (1745.285), indicating the model's robust explanatory power. The probability value of 0.000 confirms the statistical significance of the regression, demonstrating a strong predictive relationship between penetration pricing strategies and brand image. Given that the probability value is below the alpha level of 0.05, the null hypothesis is rejected in favour of the alternative hypothesis. This means that penetration pricing strategies are a significant determinant of the brand image of Coca-Cola

Coffee Mocha. This suggests that Coca-Cola can effectively enhance the brand image of its Starlight product by employing discount pricing and buy one, get one free offers as a dimension of penetration. This approach can be a crucial part of Coca-Cola's marketing strategy, potentially leading to increased customer retention and a long-term brand image that results in greater profitability and market competitiveness.

Table 7: Regression Model Summary

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	Coefficient	T-statistics
1	.717[a]	.514	.510	2.19573	3.341	7.235
a. Penetration Pricing (Predictors): BOGO and Discount pricing						

Source: SPSS Output, (2024)

Table 7 shows an R coefficient of 0.717 (71.7%), suggesting that penetration pricing positively influences brand image. The R 2 further supports this with an R-squared value of 0.514 and an adjusted R-squared of 0.510, indicating that penetration pricing explains 51% of the variation in brand image. The significance of this relationship is confirmed by a p-value of 0.000. Additionally, the independent variable's slope coefficient of 3.341, along with a t-statistic of 7.235, reinforces this positive impact. Given the p-value of 0.000, the positive coefficient is statistically significant, leading to the rejection of the null hypothesis that penetration pricing has no positive influence on the brand image of Coca-Cola Coffee Mocha. Instead, the alternative hypothesis is accepted, emphasising the critical role of penetration pricing in enhancing brand image as a high-value offering. This highlights that, by focusing on improving service quality, Coca-Cola can not only attract brand image but also retain customers, thereby enhancing their competitive edge and ensuring long-term success. This notion emphasises the importance of cost efficiency as a strategic approach to reducing prices and increasing brand image, which boosts customer satisfaction and loyalty.

Discussion of Findings and Result Implication

In today's competitive market, influenced by technological advancements and product evolution, marketers recognise the importance of strategic pricing for a firm's

survival and market share sustainability. Pricing is a critical component of the marketing mix, as it not only generates revenue but also serves as an indicator of a product's success. Consequently, the research discovered that the new product pricing strategy has a positive impact on the customer patronage of Coca-Cola Starlight and Coffee Mocha. At first, the research discovered that skimming pricing, a strategy where a high initial price is set, accounts for 64.4% of the variation in Coca-Cola Starlight products' market performance as measured by consumer loyalty. This refutes H_{01} by aligning with the conclusion of past literature on pricing (Du & Chen, 2017; Spann et al., 2015; Sukesti et al., 2021; De-Toni et al., 2022; Dudu et al., 2020; Eastman et al., 2021). For instance, Du and Chen, (2017) research indicates that skimming pricing boosts consumer patronage by encouraging higher purchase volumes. Additionally, Spann et al., (2015) support this by demonstrating the significant influence of skimming pricing on customer patronage of digital cameras. These findings highlight that businesses must adopt strategic pricing to navigate competition and sustain market share in a way that reflects the perceived value of the product to attract and retain customers.

The research refutes H_{02}, demonstrating a significant correlation between penetration pricing and brand image. This aligns with past results on pricing (Ahmad et al., 2023; Osano & Lutego, 2022; Elgarhy, 2023; Yakubu et al., 2019; Hamilton-Ibama & Owuso, 2022). For example, Ahmad et al., (2023) conducted research that identified penetration pricing as a crucial factor positively affecting consumer behaviour. However, the study presents a paradoxical notion: while penetration pricing influences brand image, the slope value for this pricing strategy is negative in the context of Coca-Cola plc's Coffee Mocha products. This suggests that a persistent low pricing strategy may lead to a diminished brand image, possibly because consumers might associate low prices with inferior quality. Despite this, the p-value of the slope is 0.803, exceeding the significance threshold of 0.05, indicating that the results are not statistically significant. This highlights the complexity of pricing strategies and their impact on brand perception, while also underscoring the importance of considering both the significance and practical relevance of business decisions before fixing low prices.

The research findings have several practical implications. From a theoretical perspective, the research contributes by providing evidence on how pricing strategies influence customer patronage in the context of an emerging economy like Nigeria. This adds to the existing value of marketing literature on pricing strategies in behaviour research, particularly in the beverage industry. Empirically, the study offers insights into the variable efficacy of attracting customers and increasing market share. The findings can guide beverage companies in Nigeria and similar markets in making informed pricing decisions. From a managerial viewpoint, the study suggests that companies like Coca-Cola can tailor their pricing strategies for new products based on market conditions and consumer preferences. This can help them maximise profitability and maintain a competitive edge in the beverage market. Overall, the study provides valuable insights for both researchers and practitioners in understanding the dynamics of pricing strategies and customer behaviour in emerging markets.

6.0 Conclusion and Recommendation

Academic literature acknowledges price as an essential indicator of the firm's value proposition, influenced by factors encompassing cultural, psychological, market, and economic influence. It is a flexible and essential component of the marketing mix, significantly affected by external factors, as it regulates the demand-supply relationship, incentivizes new products, and facilitates income distribution between buyers and sellers. Consequently, the research acknowledges a positive relationship between the new product pricing strategy and customer patronage of Coca-Cola Starlight and Coffee Mocha in Nigeria. Specifically, Coca-Cola's use of skimming pricing for its Starlight products enhances consumer loyalty. Moreover, adopting sampling and event pricing strategies as a form of skimming pricing can boost customer loyalty and patronage. Additionally, penetration pricing strategies, as a construct of discounts and "Buy One and Get One" (BOGO) offers, can affect the image of Coca-Cola's Coffee Mocha products. Despite these results, firms need to pay attention to the potential risks and challenges associated with different pricing strategies. For example, skimming pricing may initially attract loyal customers, but it could also deter price-sensitive consumers or invite competition. Similarly, while penetration pricing can

boost market share, it might erode profit margins or dilute brand perception. Thus, companies must carefully balance their pricing strategies to achieve long-term success and maintain a positive brand image. Consequently, the below action plans are recommended:

I. Coca-Cola should utilise pricing as a tool to effectively optimise both consumer satisfaction and market goals, as the price sets the perceived value of a product in the intended market. This can be achieved by conducting regular market research to understand consumer perceptions of various pricing strategies, allowing it to choose the most effective approach for optimal results.

II. Coca-Cola should identify and target specific market segments that are interested in its new products and then tailor appealing pricing strategies, taking into account their purchasing power, preferences, and consumption habits. As a result, future researchers should explore how digital pricing strategies can influence consumer behaviour due to technological advancements that foster onsite stores.

Despite its significance to policymakers and academia, this study has limitations that warrant further research. The key issue is the generalizability of the findings. By being restricted to specific demographic and geographic segments called “Coca-Cola consumers in Nigeria," the research does not fully represent the diverse consumer base in Africa. Future studies should consider a broader spectrum of demographics, including rural and urban populations, to provide a more comprehensive understanding of pricing strategies' impact on patronage in Africa. The dynamic nature of consumer preferences and market conditions in the beverage industry, influenced by trends, economic fluctuations, and competition, means the study's findings may quickly become outdated. Thus, longitudinal studies could offer deeper insights into how pricing strategies should adapt over time to maintain customer loyalty and attract new patrons. Additionally, the influence of external factors such as economic instability, inflation, and regulatory changes on pricing strategies and customer behaviour is not extensively covered. These factors can significantly

impact both beverage companies' cost structures and consumers' purchasing power. Future research should incorporate these variables to better understand their role in shaping effective pricing strategies. Moreover, the study does not fully account for the psychological and cultural factors affecting consumer behaviour in Nigeria. Cultural preferences, brand perceptions, and attitudes towards foreign and local brands can greatly influence patronage. Further research could delve into these aspects to uncover more nuanced insights into how pricing strategies can be tailored to the Nigerian market. While the study provides valuable insights into new product pricing strategies and customer patronage in Nigeria's beverage industry, expanding the scope to include diverse demographics, external economic factors, and cultural influences will enhance the robustness and applicability of the findings.

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