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PRICE PERCEPTION AND SALES PERFORMANCE OF HI-QUALITY BAKERY, CALABAR

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Abstract

The study investigated the effect of price perception on sales performance of Hi-quality bakery. A survey research design was used, where a sample of 60 customers responded to the questionnaire. Simple regression with the aid of SPSS was used to test for significance of the variable. The result shows that price perception affects sales performance Hi-quality bakery. This implies that the price of Hi-quality bakery is fairly inelastic. The study recommends that Hi-Quality Bakery maintain modest price increases aligned with cost-benefit considerations and conduct regular customer surveys to monitor changes in price perception.

Keywords: Bakery products, Consumer Perception, Price and Sales Performance

Introduction

In today's highly competitive marketplace, particularly within the fast-moving consumer goods (FMCG) sector, understanding what drives consumer purchase behaviour is fundamental to business sustainability. As consumer needs evolve and the market becomes more segmented, businesses must align their value offerings with consumer expectations to remain competitive. For bakery businesses such as Hi-Quality Bakery, identifying and responding to key drivers of customer loyalty and sales performance, especially under challenging economic conditions, is critical to survival and growth.

Among the many factors influencing consumer behaviour, consumer perception, and specifically price perception, plays a pivotal role in shaping buying decisions. Price perception refers to how customers interpret a product's price about its quality, fairness, and value. While a physical product may offer tangible utility, it is often the psychological interpretation of price, whether perceived as fair, competitive, or reflective of product quality, that ultimately determines purchase intent. As noted by Eze and Ozo (2005), consumer perception is the way consumers select, organise, and interpret marketing stimuli, which includes pricing. Scholars such as Brassington and Pettitt (2006) and Kotler & Armstrong (2010) have reinforced the notion that perception is shaped by experience,

personality, and mood, and often translates into perceptions of product image, service quality, and brand trust. Ekerette (2005) also emphasized that price perception is affected by variables such as store image, promotion, and perceived ethics.

In the bakery industry, sales performance is often a reflection of the organization's ability to balance cost, value, and consumer satisfaction. Bakery products, including bread, cakes, pastries, and snacks, are often classified as convenience goods due to their high frequency of purchase and essential role in household consumption. In Nigeria, the bakery market is large and segmented by income levels and socio-economic backgrounds. However, sales performance in this sector is influenced by many factors—among which price remains one of the most visible and sensitive. Sales performance indicators such as revenue, customer retention, and product turnover are often linked directly to consumer attitudes toward pricing.

The relationship between price perception and sales performance is increasingly relevant for businesses like Hi-Quality Bakery. According to Bolton and Lemon (1999), consumers are more sensitive to prices they perceive as unfair or misaligned with product value. This sensitivity is further magnified by high consumer involvement, as posited by Kellogg et al. (1997), where consumers who are more informed and engaged in the buying process tend to exhibit higher price awareness. In the bakery context, this means that consumers who regularly purchase bread and other pastry items develop clearer perceptions of what prices are acceptable, and this influences their loyalty and willingness to patronize certain brands. A positive perception of price can enhance customer satisfaction and drive repeat sales, while a negative perception may lead to decreased patronage and poor business outcomes.

Problem Statement

Despite the critical role of price in marketing strategy, many bakery firms in Nigeria struggle with pricing inconsistencies, influenced by factors such as high cost of imported raw materials, exchange rate fluctuations, and supply chain disruptions (Arinze, 2025). Agencies like NAFDAC and the Standard Organization of Nigeria (SON) play a regulatory role in ensuring quality and standardization, which also affects pricing structure. However, the mixed application of pricing strategies and unclear pricing parameters has led to inconsistent price perceptions among consumers—many of whom now associate certain brands with overpriced or undervalued products. As Faminu (2022) notes, many bakeries shut down within five years of operation due to poor patronage and financial instability, often driven by misaligned consumer perceptions.

In the case of Hi-Quality Bakery, despite significant investment in high-standard pastry production, there is growing concern over stagnating or declining sales. A major challenge appears to be the perception of product pricing among consumers in Calabar, which may not align with the bakery's value proposition. The influence of price perception on the company's sales volume, customer retention, and competitive advantage has not been sufficiently studied. This raises the need for a focused investigation into how consumer price perception impacts sales performance, especially within a dynamic and price-sensitive consumer market.

Objective

To determine the effect of price perception on the sales performance of Hi-Quality Bakery products in Calabar.

Hypothesis

H0: Price perception has no significant effect on the sales performance of Hi-Quality Bakery products in Calabar.

Literature Review

Price Perception

Price perception refers to how consumers interpret and internalize price information related to a product or service. According to Peter Dan and Olson (2000), price perception gives consumers an internal understanding that guides their buying decisions. This perception is shaped not only by the actual price but also by the consumer's mindset, expectations, and the context of purchase. For instance, a consumer's loyalty to a particular bakery outlet may stem not only from the affordability of products but from how well the pricing aligns with perceived product quality.

Kotler and Armstrong (2012) identified four key dimensions of price perception:

1. Affordable Prices – Consumer assessments of what is expensive, cheap, or reasonably priced vary based on personal economic situations and the marketplace context.
2. Price Suitability for Product Quality – Consumers often equate higher prices with superior quality. The price becomes a proxy for assessing value.
3. Price Competitiveness – In a competitive environment, prices reflect market dynamics, and vendors must strategically align their pricing with prevailing market trends.
4. Price Match with Benefits – Consumers evaluate whether the benefits derived from a product justify the cost. This perception is critical in determining their price sensitivity and ultimately their purchasing decision.

Prestige sensitivity, as discussed by Lichtenstein et al. (1993), further influences price perception. It reflects a consumer's attraction to high prices as a symbol of status and product superiority. For instance, a consumer may choose premium-priced bakery products not necessarily because of better taste or nutrition, but due to perceived prestige. Calder and Burnkrant (1977) argued that these social inferences contribute significantly to how consumers respond to price cues.

Sales Performance

Sales performance refers to a firm's ability to meet or exceed sales targets and expand its market presence. Behrman et al. (1982) defined it as achieving long-term goals such as increased sales share, cultivating key accounts, and expanding market penetration. Effective sales performance monitoring allows businesses to set realistic goals, track progress, and identify improvement areas (Donassolo & Matos, 2014).

Key performance indicators (KPIs) like revenue, units sold, conversion rates, and customer satisfaction scores are commonly used to measure sales outcomes. Yotapditya (2023) noted that consistent and strategic tracking of these indicators enhances managerial decision-making. In a volatile business environment such as Nigeria's, price perception may serve as a strategy for business continuity, especially in sectors like bakeries, where pricing directly affects consumer behavior.

Relationship Between Price Perception and Sales Performance

Consumer perception plays a central role in purchasing behavior. According to Kotler and Keller (2009), perception involves selecting, organizing, and interpreting information to form a coherent understanding of the

environment. When this perception centers on price, it becomes a significant determinant of consumer choice. Eze and Ozo (2005) found that many consumers equate higher prices with higher quality, thus enhancing brand image and influencing purchase decisions.

Multiple studies have supported this connection. For example, Sadiq et al. (2020) observed that high prices often lead to reduced sales volume, while underpriced products tend to move faster in the market. Huo et al. (2021) and Zhao et al. (2021) found that pricing, alongside product information, significantly affects buying behavior and satisfaction. Jadhav (2019) noted that consumers prefer reasonably priced bakery products over more expensive alternatives, indicating that pricing strategies influence sales outcomes.

Levrini and dos Santos (2021) used neuromarketing tools to establish that pricing is a critical factor in consumer purchase decisions. Their findings showed that both conscious and subconscious responses to price affect buying behavior. These empirical insights reinforce the notion that effective price positioning can lead to improved sales performance.

The market dynamics in Calabar further underscores this relationship. With a growing population and increasing demand for baked goods, pricing has become a competitive tool among bakery outlets. Although official statistics are scarce, observational data suggests a robust market for bakery products driven by affordability and perceived quality.

Theoretical Framework

The Transaction Utility Theory by Thaler (1985) offers a relevant explanation for the relationship between price perception and sales performance. The theory posits that total utility from a purchase includes both acquisition utility (benefits of the product) and transaction utility (psychological satisfaction from the deal). A consumer's satisfaction with a purchase is not only based on product benefits but also on the perceived fairness or attractiveness of the price. This theory highlights how price perception influences both immediate and long-term purchasing behavior.

Empirical Review and Hypothesis Formulation

Empirical studies provide concrete evidence of the impact of price perception on sales outcomes. Asep and Subekti (2019) found that perceived price, risk, and information quality significantly influenced online purchase decisions, explaining 58% of the variance. Similarly, Jaafar et al. (2012) discovered that 38% of respondents identified price as the most valued factor influencing perception and purchase intention.

Zhao et al. (2021) confirmed that pricing and packaging significantly influenced consumer decisions, with satisfaction serving as a mediating factor. Levrini and dos Santos (2021) showed that price was a dominant influence on consumer choice, even when brand and sensory attributes were controlled. These studies collectively demonstrate that price perception can directly and indirectly affect sales performance.

Methodology

This study adopted the survey research design. A survey research design is a research method in which information is gathered from a sample of people through a questionnaire (Ekerette, 2005). A questionnaire was constructed questionnaire for study. Reliability of the instrument was done using a cronbach alpha test with a result for price perception and sale performance were 0.7 each.

The research made use of simple random sampling technique to select a sample size of 60 respondents. Taro Yamane formula was used in arriving at this sample size.

Simple random sampling is a probability sampling technique that allows for randomization, it provides that target of the study equal opportunity to participate in the respondent to the questionnaires. It takes care of sampling bias. The customers of High quality Bakery who must have patronize their bakery products for more than five years. More so, simple regression analysis was used to test for significance of the independent variable

Results

Table 1
Model summary showing the relationship between price perception and sales performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.326[a]	.106	.087	1.298

a. Predictors: (Constant), Price Perception

Table 2
ANOVA[a] showing the relationship between price perception and sales performance of bakery products

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.601	1	9.601	5.697	.021[b]
	Residual	80.899	48	1.685		
	Total	90.500	49			

a. Dependent Variable: Sales performance
b. Predictors: (Constant), Price Perception

Table 3
Coefficients[a] showing the relationship between price perception and sales performance of Hi Quality bakery products

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.746	1.833		7.498	.000
	Price	.317	.133	.326	2.387	.021

a. Dependent Variable: Sales performance

Table 3 above report the regression analysis carried out to test the hypothesis above. The results show that price perception have no impact on sales performance of Hi-quality bakery Tables 2 and 3 further report an insignificant F statistic; ($F= 5.697$, $R^2 = 10.6\%$, $P.021>.05$). The correlation value of .326[a], shows a weak relationship between the two variables, R–square shows that price has 10 percent contribution to sales. The result of the study validates the transaction utility theory. Which means that beyond the price customers cares for other factor of purchase than the

actual price of the bakery products of high-quality bakery.

Discussion of findings

The research shows that price perception has an impact on sale performance of High Quality Bakery products. A study conducted by Asep and Subekti (2019) on Price Perception, Risk, Quality of Information, and It's Effect on Online Purchase Decisions in Jarkata, shows that The results of this study shows that perceived price, risk and quality of information influence the decision to make online purchases imported on the consumer surveyed.. The direct implication of the result supports to a large extent the findings of this study. The result implies bakery outlets with perceive prestige according to consumer perception in general may still maintain their customers base and sale without necessary being afraid of losing customer if their products is well perceived to deliver on price factor among other forms of perception. The result to a fair extend may support that for some convenient products with store effects, consumer may not be very elastic to price change because of the factor of consumer benefit alignment. Fatih (2014) and Ezekiel, Eze and Anyadighibe (2013) maintained that price is among the factors that influence patronage cum sales performance of an organizations product. However, the low contribution of price to sales volume as indicated in the study is owed to the fact their customer pay more attention other product attributes instead of price as such there are less sensitive to price change and will continue to patronize the outlet. It also shows that the sustained survival of the outlet for over -54 years is an evidence of good sales performance over years.

Conclusion

The study investigated the effect of price perception on the sales performance of Hi-Quality Bakery products in Calabar, Nigeria. The results showed that price perception has significant affect on the sales performance of Hi-Quality Bakery products.

Recommendations

Based on the study's findings, the following recommendations are made:

1. Hi-Quality Bakery should sustained marginal increment of her product price consistent with cost factors and associated product benefits.
2. Periodic survey on their consumer price perception should be conducted to ascertain when adverse effect may occur.,

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