

# FACTORS INFLUENCING DIFFERENTIAL PRICING STRATEGY OF HOTELIERS IN CALABAR METROPOLIS, CROSS RIVER STATE

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## Abstract

*The study investigated the factors influencing differential pricing strategy of hoteliers in Calabar Metropolis. The objective was to assess the influence of room view/ facilities, accessibility and seasonality of events on differential pricing strategy of hoteliers in Calabar Metropolis. Survey design was adopted. Questionnaire was used to collect primary data for the analysis. Three null hypotheses were formulated and tested. The Pearson moment correlation statistical tool was used to analyze the hypotheses with the aid of statistical package for social sciences (SPSS) version 23. The result revealed that augmented room view/facilities, accessibility of hotels and seasonality of events have significant relationship with differential pricing strategy of hoteliers in Calabar Metropolis. It was recommended that there should be a proper collaboration between destination managers and hoteliers for effective policy formulation on room design/arrangements as well as siting of hotel locations. The study also recommended participation of hoteliers in seasonal events planning in Calabar Metropolis.*

**Key words:** Room, facilities, differential pricing, strategy and hoteliers

## Introduction

The availability of standardized rooms /facilities, accessibility and seasonality of events are very critical in differential pricing strategies and the strategic marketing planning of hotels. Strategic marketing planning requires a definition of the overall approach the business will take to meet its objectives. To do this, hoteliers must identify their key success factors in the industry such as unique opportunities, unique resources, and unique skills, and determine the specific gaps they must fill and offering augmented services to customers and guests (Nebel, Rutherford, & Schaffer, 1998). Service augmentation encompasses dimensions such as distribution strength, staff-customer interactions and the firm's reputation as well as enhance services impact on the sales and profitability of firms. Differential pricing strategy takes advantage of a company's position and service offerings to maximize sales and profit. Also, it allows service providers to adjust prices (rates) based on various situations and circumstances. It is also used to describe the practice of charging different prices to different buyers for the same quality and quantity of product or service. The manipulation of services and pricing strategies in the hotel industry in Calabar is the major concern of many hoteliers because of the unique and dynamic nature of the industry's environment. Thus, the crux of this research work is to examine the factors affecting differential pricing strategy of hoteliers in Calabar metropolis.

## Statement of the problem

Performances and accomplishments of organizational goals and objectives of hotels are measured based on service offerings. Several factors influence the differences in service offerings and pricing strategies in the hotel industry. They stress both the importance of the quality of the customers' interaction with service organization and accessibility of the service. Differences in service offerings do impact on the accruable revenue and profits of the hotel. These enhanced (augmented) services do attract additional charges (bills) resulting in differences in the prices of their offerings. In most cases, these price differentials of hotel (services) offerings may be due to specialized skills displayed by the staff of the hotel, room view and facilities, hotel ambiance, seasonality of hotel business, accessibility of the hotel, events and traffic volume of customers at a particular time. Thus, the premise of this research is to determine the relationship between

three factors (room/facilities, accessibility and seasonality of events) and differential pricing strategy of hoteliers in Calabar Metropolis.

### **Objectives of the study**

The main objective of this study was to determine the relationship between three factors (room/facilities, accessibility and seasonality of events) and differential pricing strategy of hoteliers in Calabar metropolis.

The specific objectives were:

1. to determine the relationship between room view and facilities, and differential pricing strategy of hoteliers in Calabar Metropolis;
2. to assess the relationship between accessibility of hotels and differential pricing strategy of hoteliers in Calabar Metropolis; and
3. to examine the relationship between seasonality of events and differential pricing strategy of hoteliers in Calabar Metropolis.

### **Research hypotheses**

The following null hypotheses were formulated and tested.

1. Room view and facilities do not have significant relationship with differential pricing strategy of hoteliers in Calabar Metropolis.
2. Accessibility of hotels does not have significant relationship with differential pricing strategy of hoteliers in Calabar Metropolis.
3. Seasonality of events does not have significant relationship with differential pricing strategy of hoteliers in Calabar Metropolis.

### **Literature review**

#### **Factors that affect price and pricing decisions**

Price is the amount of money charged for a good or service. It is the sum of the values consumers are willing to exchange for the benefits obtaining, using or consuming the good or service. Also, it is the only marketing-mix variable that produces revenue to the firm or service provider (Kotler, Bowen & Makens, 2006). Thus, it is important to appreciate the value of price in achieving a firm's overall objectives. And, pricing is the method of determining the value a producer will get in exchange of goods and services. The price and pricing decisions of many organizations are affected by several factors which can be grouped into two categories – the internal and external factors.

#### **Internal factors**

Internal factors are the company's choices and actions that are within its control and if needed can be altered. Some of these factors include:

- a. **Return on investment (ROI)**-A firm may set as a marketing objective, the prerequisite that all products achieve a certain percentage return on the organization's spending on marketing the product. This level of return along with an estimate of sales will help determine suitable pricing levels needed to meet the ROI objective (Aakar & Shansby, 1982 in Haron, 2016).
- b. **Cash flow**-Firms might seek to set prices at a level that will insure that sales income will cover product production and marketing costs. This is most likely to happen with new products where the organizational objectives permit a new product to simply meet its expenditures while efforts are made to establish the product in the market (Aakar & Joachimsthaler, 1999 in Haron, 2016).
- c. **Market share**-The pricing decision might be important when the firm has a goal of gaining a hold in a new market or retaining a certain percentage of an existing market (Akaka & Alden, 2010 in Haron, 2016).
- d. **Maximize profits**-Mature products that appeal to a market that is no longer growing may have a company target requiring the price be set at a level that optimizes profits.
- e. **Fixed costs**-Likewise referred to as overhead costs, these represent costs the marketing organization sustains that are not affected by level of production or sales.

- f. **Variable costs**-These costs are directly related with the production and sales of products and, consequently, might change as the level of manufacture or sales changes. Typically variable costs are assessed on a per-unit basis since the cost is directly connected to individual items (De Mooji, 2003 & Ger, 1999 in Haron, 2016).

### **External factors**

These are factors not under the controlled of the company but will influence its pricing decisions. It behooves firms/service providers (hoteliers) to conduct researches to monitor their impact and strategize to adapt to these effects on their operations and performance.

- a. **Elasticity of demand**- Knowing how price changes influence the market necessitates the marketer to have a firm understanding of the idea economists call elasticity of demand, which relates to how purchase amount changes as prices change (Bloom, 2005 in Haron, 2016).
- b. **Customer expectations**-Possibly the most noticeable external factors that influence price setting, are the expectations of customers and channel partners. When it comes to making a purchase decision customers assess the overall “worth” of a product much more than they assess the price (Holt, 1995 in Haron, 2016). When deciding on a price marketers need to conduct consumer research to determine what “price points” is satisfactory (Douglas, 1986 in Haron, 2016).
- c. **Direct competitor pricing**-Almost all marketing decisions, including pricing, will contain an evaluation of competitors’ offerings. The impact of this information on the actual setting of price will be contingent on the competitive nature of the market. For example, products that dominate markets and are viewed as market leaders might not be heavily influenced by competitor pricing since they are in a commanding position to set prices as they see fit (Zukin, 2004 in Haron, 2016).

### **Pricing methods**

**Pricing methods** are the ways in which the price of goods and services can be calculated by considering all the factors such as the product/service, competition, target audience, product’s life cycle, firm’s vision of expansion, etc. influencing the pricing strategy as a whole. They can be broadly classified into two parts namely, cost oriented and market oriented pricing methods.

#### **Cost-oriented pricing methods:**

These methods use production cost as a basis for price calculation of the finished goods. And they cover the following ways of pricing:

- a) **Cost-plus pricing:** It is one of the simplest pricing method wherein the manufacturer calculates the cost of production incurred and add a certain percentage of markup to it to realize the selling price. The markup is the percentage of profit calculated on total cost i.e. fixed and variable cost.
- b) **Mark-up pricing-** This pricing method is the variation of cost plus pricing wherein the percentage of mark-up is calculated on the selling price.
- c) **Target-return pricing-** In this kind of pricing method the firm sets the price to yield a required rate of return on investment (ROI) from the sale of goods and services.

#### **Market-oriented pricing methods:**

These methods calculate price base on market conditions and they include the following:

- a) **Perceived-value pricing:** In this pricing method, the manufacturer decides the price on the basis of customer’s perception of the goods and services taking into consideration all the elements such as advertising, promotional tools, additional benefits, product quality, the channel of distribution, etc. that influence the customer’s perception.

- b) **Value pricing:** Under this pricing method companies design the low priced products and maintain the high-quality offering. Here the prices are not kept low, but the product is re-engineered to reduce the cost of production and maintain the quality simultaneously.
- c) **Going-rate pricing-** In this pricing method, the firms consider the competitor's price as a base in determining the price of its own offerings. Generally, the prices are more or less same as that of the competitor and the price war gets over among the firms.
- d) **Differential pricing:** It is a discriminating or multiple pricing strategy whereby a seller/service provider charges different prices on the same good or service to different people. Differential pricing requires segmentation of the market, and sellers try to charge the highest price they believe the individual consumers are willing to pay the amounts.

### **Basis for differential pricing**

- a) **Customer-segment pricing:** Different group of people pays different prices for the same kind of a product on the basis of a segment they belong to.
- b) **Image pricing:** Charge different prices for the same kind of a product on the basis of an image a product enjoys in a market.
- c) **Product-form pricing:** Different prices charged for different variants of the same product. For example, the price of the same size of rooms may vary because of different add-on features.
- d) **Location pricing:** The companies charge different prices for the same product on the basis of different locations where it is offered.
- e) **Time pricing:** The price of a product varies with the time and season. Such as charging less in the off-seasons as compared to the peak seasons/ time.

### **Service augmentation and differential pricing strategy**

Service augmentation is a marketing strategy employed by providers in response to business objectives and customers' demand in the hotel industry. It involves evaluating the business environment and determining additional skills (offerings) used to meet company's objectives and customers' needs. Service augmentation helps an organization by rapidly deploying assessed and supported technology as well as business experts to the appropriate section of the firm. Service augmentation makes available services at the disposal of the customers as required. Kihima, Nzioka and Kiuava (2014) argued that the connection between hotel services and customers demand is the difference in the prices of service offerings – room rates and other facilities. Differential pricing enables hoteliers to profit from their customers' unique valuation by offering customers different prices for the same product or service offerings. The range of prices created by differential pricing contributes to the pricing windfall with higher margins from higher prices. The end result is the differential pricing strategy occasioned by differences in room view/facilities, seasonality of events, accessibility and hotel ambiance.

### **Room view /facilities and differential pricing strategy**

Service differential is the crux of the differences in the offerings of hotels. Ansari Kumar and Sabri (2004) assert that service augmentation as a tool for price differential in hotels make use of standard of housekeeping, or cleanliness, staff-customer relationship, design and size of rooms, location and other room's facilities. Poon and Low (2005) opined that determinants and influences on hotel occupancy and standard of housekeeping include cleanliness, value for money, customer service, design and view of rooms, ventilation and technical facilities in the rooms. Mohsin and Lockyer (2010) proposed that among the variety of attributes customers use to select and judge hotels they stay, is the quality of service they receive. Thrane (2006) summarized service quality of hotels to include, hotels star rating, corporate affiliation, the presence of pool and spa, as well as location, safety and security. Anderson (2000) held that room rates are influenced by room view, internet services and the size of beds. Kitsios (2006)

acknowledged that the survival of a hotel depends very much on the service offerings. Enhancements make the difference in service offerings and can impact on pricing strategy of a hotel.

### **Accessibility of hotels and differential pricing strategy**

Accessibility in the hotel industry is referred to the ease with which a guest or tourist access or get in-contact with a hotel. It includes superstructure and infrastructural facilities in hotels. Ebitu (2015) posited that accessibility and comfortability of hotel services influence the size and direction of tourist flow. Accessibility in this respect include accommodation (capacity and quality of hotel), infrastructure (physical surrounding and ambiance of hotels) and fund management in the development of tourism facilities. She affirmed that performances of hotels and other hospitality establishments which are measured from repeat visits, using mathematical tools of return on investments and sales ratios, depend on the prices hoteliers charged.

Mohsin and Lockyer (2010) opined that physical elements and service quality are the major determinants for choice and selection of hotels by guests, consequently differences in service pricing. Physical elements include accessibility to the hotel and the service scape – the ambiance of the facilities of the hotel. Poon and Low (2005) assert that the choice of a hotel to stay has much to do with physical attributes and ambiance. They concluded that these elements (physical attributes and ambiance) are major determinants of pricing of service offerings in hotels.

### **Seasonality of events and differential pricing strategy**

Seasonality is the major factor responsible for the fluctuations in tourists' and visitors' flow to a destination and by extension hotel occupancy rates. Seasonality has major effects on the operations of tourism firms. Taylor and Kimes (2010), assert when hotels implement differential pricing strategies, guests are charged different room rates for similar rooms depending on customer characteristics. Hotels theoretically can charge as many different rates as they would like, but if customers view the hotel's rate policies as unfair, they are unlikely to patronize the hotel in the future. Its effect is seen in differential pricing strategy of hoteliers. The strategies used to address the effects of seasonality include pricing strategies, attraction and market diversifications, and modifying holiday seasons to accommodate existing facilities during the peak period. They said, most of the differential pricing strategies used in curbing seasonality effects are seasonal price variations where prices of room rates and service offerings are based on augmentation of service either low or peak period. Cross River State Tourist Bureau records affirmed that the peak season for hotel business in Calabar is during the Calabar carnival period because this event is the biggest carnival in Africa and attracts many visitors both local and foreign into the city. Hoteliers by "word of mouth" said the carnival period gives them room for price adjustment in their service offerings.

## **Research methodology**

### **Research design**

The study adopted the cross sectional survey design and investigated the relationship between influencing factors and differential pricing strategy

### **Population/sample of the study**

The population of the study consists of hoteliers and customers of hotels, guest houses, resorts and lodges in Calabar Municipality and Calabar South Local Government Areas of Cross River State. The judgmental sampling technique was employed for the study whereby respondents are selected based on the researcher's belief that they met the requirements of the study (Shukla, 2008). Sample was made up of 240 respondents selected from different hotels, guest houses, resorts and lodges in the study area. The Taro Yamane formula was adopted for the sample size determination. This is due to the fact that sample population is known.

### **Data analysis and discussion of findings**

Data were collected with a 5 point Likert scale questionnaire. A total of 150 questionnaire copies were self-administered, but 130 copies were duly completed, returned and used for analysis with the Pearson product moment correlation co-efficient.

Table 1

Respondents' accommodation classification

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid HOTEL	56	43.1	43.1	43.1
GUEST HOUSE	35	26.9	26.9	70.0
RESORT	14	10.8	10.8	80.8
LODGE	25	19.2	19.2	100.0
Total	130	100.0	100.0	

Source: Field survey, 2017

Table 1 shows that 56 respondents (43.1 percent) were from hotels; 35 respondents (26.9 percent) were from guest houses; 14 respondents (10.8 percent) were from resorts; and 25 respondents (19.2 percent) were from lodges.

Table 2 Status of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid HOTELIERS	55	42.3	42.3	42.3
GUESTS	75	57.7	57.7	100.0
Total	130	100.0	100.0	

Source: Field survey, 2017

Table 2 shows that 55 respondents (42.3 percent) were hoteliers; and 75 respondents (57.7 percent) were guests.

Symbols for data analysis/hypothesis testing were for tables 3- 6.

Strongly disagree –SD; disagree – D; undecided – U; agree – A; and strongly agree –SA

Table 3 Respondents' views on room view and facilities

S/N	Statements	SD	D	U	A	SA
1.	The rooms have strategic viewing points	0 (0%)	17 (13.1%)	9 (6.9%)	67 (51.5%)	37 (28.5%)
2.	The rooms have different bed sizes	0 (0%)	9 (6.9%)	6 (4.6%)	85 (65.4%)	30 (23.1%)
3.	The rooms have good ventilation and air-conditioning system	3 (2.3%)	10 (7.7%)	27 (20.8%)	76 (58.5%)	14 (10.8%)
4.	The rooms have good lighting system	0 (0%)	9 (6.9%)	29 (22.3%)	75 (57.7%)	17 (13.1%)
5.	The rooms have functional electrical facilities (Refrigerator, Phone, Television)	0 (0%)	5 (3.8%)	31 (23.8%)	77 (59.2%)	17 (13.1%)
6.	The hotel has internet facilities	0 (0%)	11 (8.5%)	16 (12.3%)	77 (59.2%)	26 (20.0%)

Source: Field survey, 2017

Statement 1 in Table 3 shows that 17 respondents (13.1 percent) disagreed to the rooms having strategic viewing points; 9 respondents (6.9 percent) were undecided; 67 respondents (51.5 percent) agreed; and 37 respondents (28.5 percent) strongly agreed. Statement 2 in Table 3 shows that 9 respondents (6.9 percent) disagreed that the rooms have different bed sizes; 6 respondents (4.6 percent) were undecided; 85 respondents (65.4 percent) agreed; and 30 respondents (23.1 percent) strongly agreed. Statement 3 in Table 3 shows that 3 respondents (2.3 percent) strongly disagreed that the rooms have good ventilation and air-conditioning system; 10 respondents (7.7 percent) disagreed; 27 respondents (20.8 percent) of the respondents were undecided; 76 respondents (58.5 percent) agreed; and 14 respondents (10.8 percent) strongly agreed. Statement 4 in Table 3 shows that 9 respondents (6.9 percent) disagreed that the rooms have good lighting system; 29 respondents (22.3 percent) were undecided; 75 (57.7 percent) agreed; and 17 respondents (13.1 percent) strongly agreed. Statement 5 in Table 3 shows that 5 (3.8 percent) disagreed that the rooms have functional electrical facilities; 31 respondents (23.8 percent) were undecided; 77 respondents (59.2 percent) agreed; and 17 respondents (13.1 percent) strongly agreed. Statement 6 in Table 3 shows that 11 respondents (8.5 percent) disagreed that the hotel has internet facilities; 16 respondents (12.3 percent) were undecided; 77 (59.2 percent) agreed; while 26 respondents (20.0 percent) strongly agreed.

Table 4 Respondents' views on accommodation accessibility

S/N	Statements	SD	D	U	A	SA
1.	The hotel is located in an accessible site	3 (2.3%)	8 (6.2%)	3 (2.3%)	54 (41.5%)	62 (47.7%)
2.	The hotel has transport facilities for guests	24 (18.5%)	45 (34.6%)	6 (4.6%)	32 (24.6%)	23 (17.7%)
3.	The hotel is close to airport	24 (18.5%)	36 (27.7%)	8 (6.2%)	34 (26.2%)	28 (21.5%)
4.	The hotel is close to public facilities (market, malls etc.)	18 (13.8%)	30 (23.1%)	18 (13.8%)	31 (23.8%)	33 (25.4%)

Source: Field survey, 2017.

Statement 1 in Table 4 shows that 3 respondents (2.3 percent) strongly disagreed that the hotel is located in an accessible site; 8 respondents (6.2 percent) disagreed; 3 respondents (2.3 percent) were undecided; 54 respondents (41.5 percent) agreed; and 62 respondents (47.7 percent) strongly agreed. Statement 2 in Table 4 shows that 24 respondents (18.5 percent) strongly disagreed that the hotel has transport facilities for guests; 45 (34.6 percent) disagreed; 6 (4.6 percent) were undecided; 32 respondents (24.6 percent) agreed; and 23 (17.7 percent) strongly agreed. Statement 3 in Table 4 shows that 24 (18.5 percent) strongly disagreed that the hotel is close to airport; 36 respondents (27.7 percent) disagreed; 8 respondents (6.2 percent) were undecided; 34 respondents (26.2 percent) agreed; and 28 respondents (21.5 percent) strongly agreed. Statement 4 in Table 4 shows that 18 respondents (13.8 percent) strongly disagreed that the hotel is close to public facilities (market, malls etc.); 30 respondents (23.1 percent) disagreed; 18 (13.8 percent) were undecided; 31 respondents (23.8 percent) agreed; and 33 respondents (25.4 percent) strongly agreed.

Table 5 Respondents' answers to seasonality of events

S/N	Statements	SD	D	U	A	SA
1.	The hotel accommodates carnival guests	0 (0%)	3 (2.3%)	0 (0%)	57 (43.8%)	70 (53.8%)
2.	The hotel accommodates conference guests	6 (4.6%)	21 (16.2%)	9 (6.9%)	61 (46.9%)	33 (25.4%)
3.	The hotel accommodates guests attending sporting events	3 (2.3%)	3 (2.3%)	12 (9.2%)	84 (64.6%)	28 (21.5%)
4.	The hotel accommodated guests attending traditional ceremonies and festivals	3 (2.3%)	6 (4.6%)	19 (14.6%)	85 (65.4%)	17 (13.1%)

Source: Field survey, 2017.

Statement 1 in Table 5 shows that 3 respondents (2.3 percent) of the respondents disagreed that the hotel accommodates carnival guests; 57 respondents (43.8 percent) agreed; and 70 respondents (53.8 percent) strongly agreed. Statement 2 in Table 5 shows that 6 respondents (4.6 percent) strongly disagreed that the hotel accommodates conference guests; 21 respondents (16.2 percent) of disagreed; 9 respondents (6.9 percent) were undecided; 61 respondents (46.9 percent) agreed; and 33 respondents (25.4 percent) strongly agreed. Statement 3 in Table 5 shows that 3 respondents (2.3 percent) strongly disagreed that the hotel accommodates guests attending sporting events; 3 (2.3 percent) disagreed; 12 respondents (9.2 percent) were undecided; 84 respondents (64.6 percent) agreed; and 28 respondents (21.5 percent) strongly agreed. Statement 4 in Table 5 shows that 3 respondents (2.3 percent) strongly disagreed that the hotel accommodated guests attending traditional ceremonies and festivals; 6 respondents (4.6 percent) disagreed; 19 respondents (14.6 percent) were undecided; 85 respondents (65.4 percent) agreed; were 17 respondents (13.1 percent) strongly agreed.

Table 6

Respondents' views on differential pricing strategy

S/N	Statements	SD	D	U	A	SA
1.	The hotel offers rebates for group guests.	0 (0%)	3 (2.3%)	0 (0%)	51 (39.2%)	76 (58.5%)
2.	The hotel offers discounts	0 (0%)	0 (0%)	3 (2.3%)	75 (57.7%)	52 (40.0%)
3.	Pricing are high during peak seasons	0 (0%)	6 (4.6%)	3 (2.3%)	68 (52.3%)	53 (40.8%)
4.	Early booking attracts low prices	6 (4.6%)	26 (20.0%)	19 (14.6%)	57 (43.8%)	22 (16.9%)

Source: Field survey, 2017.

Statement 1 in Table 6 shows that 3 respondents (2.3 percent) disagreed that the hotel offers rebates for group guests; 51 respondents (39.2 percent) agreed; and 76 respondents (58.5 percent) strongly agreed. Statement 2 in Table 6 shows that 3 respondents (2.3 percent) were undecided as to whether the hotel offers discounts; 75 respondents (57.7 percent) agreed; and 52 respondents (40.0 percent) strongly agreed. Statement 3 in Table 6 shows that 6 respondents (4.6 percent) disagreed that pricing is high during peak seasons; 3 respondents (2.3 percent) were undecided; 68 respondents (52.3 percent) agreed; and 53 respondents (40.8 percent) strongly agreed. Statement 4 in Table 6 shows that 6 respondents (4.6 percent) strongly disagreed that early booking attracts low prices; 26 respondents (20.0 percent) disagreed; 19 respondents (14.6 percent) were undecided; 57 respondents (43.8 percent) agreed; and 22 respondents (16.9 percent) strongly agreed.

Test of hypotheses

Hypothesis 1: Rooms view and facilities do not have a significant relationship with differential pricing strategy of hoteliers in Calabar Metropolis.

Table 7

Correlation table showing the relationship between room view/facilities and differential pricing strategy of hoteliers in Calabar Metropolis

		ROOM VIEW AND FACILITIES	DIFFERENTIAL PRICING
ROOM VIEW AND FACILITIES	Pearson Correlation	1	.285**
	Sig. (2-tailed)		.001
	N	130	130
DIFFERENTIAL PRICING	Pearson Correlation	.285**	1
	Sig. (2-tailed)	.001	
	N	130	130

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 7 above shows the correlation analysis of the relationship between room view/facilities and differential pricing strategy of hoteliers in Calabar Metropolis. The  $r^2$  value reveals that room view/facilities and differential pricing strategy are related by 28.5 percent. This indicates a weak relationship. Although

weak, this relationship is significant because the p-value 0.001 is less than 0.005. Thus, the null hypothesis is rejected and the alternative is accepted which implies that there is a significant relationship between room view/facilities and differential pricing strategy of hoteliers in Calabar Metropolis.

**Hypothesis 2:** Accessibility does not have significant relationship with differential pricing strategy of hoteliers in Calabar Metropolis

**Table 8**  
**Correlation table showing the relationship between accessibility and differential pricing strategy of hoteliers in Calabar Metropolis**

		ACCESSIBILITY	DIFFERENTIAL PRICING
ACCESSIBILITY	Pearson Correlation	1	.436**
	Sig. (2-tailed)		.000
	N	130	130
DIFFERENTIAL PRICING	Pearson Correlation	.436**	1
	Sig. (2-tailed)	.000	
	N	130	130

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 8 above shows the correlation analysis of the relationship between accessibility and differential pricing strategy of hoteliers in Calabar Metropolis. The  $r^2$  value reveals that accessibility and differential pricing strategy are related by 43.6 percent. This indicates a fairly strong relationship. This relationship is significant because the p-value 0.000 is less than 0.005. Thus, the null hypothesis is rejected and the alternative is accepted which implies that there is a significant relationship between accessibility and differential pricing strategy of hoteliers in Calabar Metropolis.

**Hypothesis 3:** Seasonality of events does not have significant relationship with differential pricing strategy of hoteliers in Calabar Metropolis.

**Table 9**  
**Correlation table showing the relationship between seasonality of events and differential pricing strategy of hoteliers in Calabar Metropolis**

		SEASONALITY	DIFFERENTIAL PRICING
SEASONALITY	Pearson Correlation	1	.378**
	Sig. (2-tailed)		.000
	N	130	130
DIFFERENTIAL PRICING	Pearson Correlation	.378**	1
	Sig. (2-tailed)	.000	
	N	130	130

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 9 above shows the correlation analysis of the relationship between seasonality of events and differential pricing strategy of hoteliers in Calabar Metropolis. The  $r^2$  value reveals that seasonality of events and differential pricing strategy are related by 37.8 percent. This indicates a fairly weak relationship. Though weak, this relationship is significant because the p-value 0.000 is less than 0.005. Thus, the null hypothesis is rejected and the alternative is accepted which implies that there is a significant relationship between seasonality of events and differential pricing strategy of hoteliers in Calabar Metropolis.

## **Discussion of findings**

The result of hypothesis one showed that there is a significant relationship between room view/facilities and differential pricing strategy of hoteliers in Calabar Metropolis. This supports the findings of Kitsios (2006) acknowledged that the survival of a hotel depends very much on the service offerings, and that enhancements make the difference in service offerings and can impact on pricing strategy of a hotel. Also, Ansari Kumar and Sabri (2004) assert that service augmentation as a tool for price differential in hotels makes use of standard of housekeeping, or cleanliness, staff-customer relationship, design and size of rooms, location and other room's facilities. From the test of hypothesis two, it was revealed that there is a significant relationship between accessibility and differential pricing strategy of hoteliers in Calabar Metropolis. This is in agreement with the study of Mohsin and Lockyer (2015), the ease of accessing a hotel, the ambiance and service quality are determinants for price manipulations in hotels' business.

Finally, hypothesis three results revealed that there is a significant relationship between seasonality of events and differential pricing strategy of hoteliers in Calabar Metropolis. This finding supports Taylor and Kimes (2010) that seasonality of events impact on the operations of tourism firms. When hotels implement differential pricing strategies, guests are charged different room rates for similar rooms depending on customer characteristics. Hotels theoretically can charge as many different rates as they would like, but if customers view the hotel's rate policies as unfair, they are unlikely to patronize the hotel in the future. Its effect is seen in differential pricing strategy of hoteliers. The findings also affirmed the opinions of hoteliers in Calabar Metropolis that, seasonality of events has a bearing on pricing of hotel services in Calabar.

## **Conclusion**

The study has shown that the relationship between service augmentation variables (room view/facilities, accessibility of hotels and seasonality of events in hotel business) and determine differential pricing strategy of hoteliers in Calabar Metropolis. Thus, it can be concluded that service augmentation strategies of hoteliers go a long way to impact on the price of their offerings, sales and profitability.

## **Recommendations**

Based on the above findings, the following recommendations are made;

1. Hoteliers should continue to ensure that service augmentation such as room view and facilities conform to their differential pricing strategies in Calabar Metropolis.
2. Hoteliers should provide good access to their hotels and other hospitality establishments in accordance with United Nations World Tourism Organization (UNWTO) code of ethics. The code recommends that hotels and other hospitality establishments should be made accessible to visitors and tourists.
3. There should be proper collaboration between events managers and hoteliers in Calabar Metropolis. This will afford hoteliers the opportunity of proper planning for seasonality of events in Calabar Metropolis.

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