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FACTORS AFFECTING PRICING OBJECTIVES IN SERVICE FIRMS

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Abstract

This paper reviewed pricing services objectives literature from the past sixteen years [2004-2019]. Using the well-known and international library, Emerald, the author has examined a sum of articles that were relevant. Papers have been extracted from four different top ranked journals. This systematic literature review has identified four themes reflecting factors affecting pricing objectives, namely; firm and buyer role, value of information, service life cycles and perceived fairness price. Findings revealed perceived fairness price to be associated with service pricing objectives. Unfortunately, social studies in this area did not give much attention to theories, thus there is an urgent call for submitting theoretical papers. Drawing on the literature, a conceptual framework is provided as a clear depiction of what has been studied. The paper discusses major issues of the research, the limitations and the future research avenues that we believe could make strong advancements in the field of price management. Finally, there is a paucity of existing literature focusing on pricing decisions management, especially for services. Studies do not delve into details on this subject, accordingly more investigations are requested with attention to the use of a plurality of methods.

Keywords

services marketing, pricing objectives, customer perceived value, fairness.

1. INTRODUCTION

Price has always been the central issue for both, the marketing and economic disciplines (Ingenbleek, 2007; Skouras, 2005; Varian, 1989). Price determination is not only important for companies and their customers but it is as well for the whole economy. Price has been carefully explored and it represents the one and only major point of common interest and concern to both marketing and economic disciplines (Ingenbleek, 2007; Skouras, 2005). Each of the discipline examine and interpret price in a very different perspective, thus, there is a debate in the price conceptualization. However, concrete evidence coming from both sides confirmed, price from the consumer's side is a complex construct, multidimensional in nature and not composed of only retail price (Winer, 1986). Decades ago, Friedman (1953) considered that requesting explanation for pricing behavior from bosses is like asking young persons account for their long life. In this regard, pricing will permanently remain an exciting and challenging area. Prior study have suggested the need for future research to investigate pricing as a resource of safeguarding customer loyalty (Cram, 1996), interestingly, today findings have revealed that the majority of firms are customer-oriented (Owusu-Manu et al., 2016; Jobber and Shipley, 2012; Diaz, 2006; Avlonitis et al., 2005).

Interestingly, one key determinant related to myriad marketing activities is obviously pricing. In particular, setting a price is compared to a barometer which role is to determine and affirm marketing decisions successfulness such as competitive advantage communication, branding and positioning (Herrmann et al., 2007). Additionally, price is a critical and sensitive issue especially in services as it drives demand and enhance managing capacity (Herrmann et al., 2007).

While research have largely shed light on services, nevertheless, research on pricing services was very limited (Taher and Basha, 2006; Avlonitis et al., 2005). Thus, urgent is to study how to price services that it is the marketing mix key element which have the best direct relationship to profit. However, services are much more complex and hard to evaluate than goods due to their characteristics (inseparability perishability intangibility variability). This issue in evaluation, make consumers to count on diverse cues and processes (Sun and Liu, 2006). In this light, when services pricing is not well understood, this make product-oriented executives to risk work value as they fail to price services and meet the customer needs (Tan et al., 2016; Piha and Avlonitis, 2015; Taher and Basha, 2006). Unfortunately, there is need for additional improvements regarding how prices are determined and to communicate this knowledge to managers (Herrmann et al., 2007; Monroe, 1995).

It is important to consider that clients are usually very sensitive to the price. Thus, they judge the price based on the services provided, for instance, if the perceived cost of the required service is greater than the perceived benefits, it equals negative net value which will end up without any purchase (Ingenbleek, 2007). In most cases, consumers consider a certain budget for service markets, and is usually purchased only in an urgent need. Thus, it is crucial to consider the target market and its restrictions to set an appropriate price (Indounas, 2018; Diaz, 2006; Avlonitis and Indounas, 2005; Avlonitis and Indounas, 2004). Findings revealed that the first competitor-orientated variable that has the capacity to discriminate between successful high and low price strategies is the degree of competition (Jobber and Shipley, 2012). The literature has heavily focused on competition affect price setting (Owusu-Manu et al., 2016; Armstrong and Green, 2007; Diaz, 2006; Avlonitis and Indounas, 2005; Armstrong and Collopy, 1996; Benveniste and Spindt, 1989). Additionally, Forman and Hunt (2005) suggested consumers' price sensitivity is touched by the number of substitute products. Regrettably, the present pricing literature seems to be fully controlled by standard pricing procedures that may be useful to diverse market settings. Nevertheless, some lacks are detected in the pricing practices organizational context although highly care about customer value perceptions (Ingenbleek, 2007), as well as the examination whether the market structure affect pricing objectives set by companies. Finally, conceptual confusion is shaped due to the restricted awareness of the available body of research. Researches are mixing up pricing subjects together such as pricing objectives, strategies, methods, practices, and policies (Ingenbleek, 2007).

1.1 Methodology

This study was mainly following Tranfield et al. (2003) methodology. All research papers were included except dissertations, books and conference which were directly excluded. The essential well known database used is Emerald in order to guarantee the high quality of journals selected. The study was very limited to the use of only three key terms namely; “service firms” respectively in titles, “service marketing” and “pricing objective” in all fields over the past sixteen years [2004 till 2019]. The initial research surprisingly yielded only 37 articles. After careful consideration of the abstracts and the relevance of the articles contents, the author conducted his research with 12 articles that were extracted basically from 4 top ranked journals as listed in table 1 (Journal of Product and Brand Management, European Journal of Marketing, Journal of Services Marketing, Journal of Engineering, Design and Technology) according to Scientific Journal Ranks SJR (see Table 1).

Table 1: List of journals

| Journals | No. of article(s) | Rank (SJR) | Databases |
|---|-------------------|------------|-----------|
| Journal of Product & Brand Management | 6 | Q1 | Emerald |
| European Journal of Marketing | 3 | Q1 | Emerald |
| Journal of Services Marketing | 2 | Q1 | Emerald |
| Journal of Engineering, Design and Technology | 1 | Q3 | Emerald |

Interestingly, the majority of the examined research papers were quantitative with only three theoretical papers, two qualitative studies and a single case study (see Table. 2). The author use the date-extraction method for generating a visual depiction of the review and selected studies (see appendix).

Table 2: Paper Type

| Paper type | Number of articles |
|----------------|--------------------|
| Quantitative | 6 |
| General review | 3 |
| Qualitative | 2 |
| Case study | 1 |
| Total | 12 |

2. PRICING OBJECTIVES LITERATURE

Pricing objectives is known for its ability to provide directions for actions (Oxenfeldt, 1983). In other words, the pricing policies and methods are represented by the firms' daily evident steps for price setting, pricing objectives lead these steps (Avlonitis and Indounas, 2004). The main function of pricing objectives is to know what is expected and to measure operations efficiency (Tzokas et al., 2000). Firms set pricing objective to attain maximum results in terms of profits and sales and not to pursue satisfactory results (Avlonitis and Indounas, 2004). Nevertheless, this issue has been extensively criticized in the existing literature by scholars who consider that the objective of “maximization” to be unrealistic to reach. Thus, an explanation for this might be related to the limited information that pricing managers have, as well as the internal communication lack or even the absence of government intervention (Indounas and Roth, 2012; Avlonitis and Indounas, 2004).

Pricing objectives are advocated to be divided into short and long terms (Indounas, 2009). However, it is beneficial to highlight that organizations can risk their long-term positions in markets when excessively using short-term objectives (Indounas, 2009; Avlonitis and Indounas, 2005). To reduce the pricing decisions complication, scholars have suggested the need to deal with numbers of objectives at time (Smith, 1995; Oxenfeldt, 1983; Shipley, 1981). However, not all of them are compatible with each other (Avlonitis and Indounas, 2004).

Market structure has been argued to impact pricing objectives; that is along with the sector of operation sector influence pricing objectives pursued, as different market conditions were found to lead to different pricing objectives (Indounas, 2018). Specifically, market structure characteristics can determine specific prices. To illustrate, a firm existing in a relatively competitive environment faces a diminution in prices, which is not the case in markets that are less competitive. In the same spirit, prices are affected and lower when buyers have strong bargaining power and when there is low profit margins. Moreover, a when comparing a prominent or prestigious to an homogenous one, the first product may possibly attain a higher price, while organizations operating in oligopolistic situations known for maintaining high barriers for new entrants usually set prices with main competitors for their own advantages. Likewise, the governmental interruption influences over-all prices levels, for many motives as social reasons (Avlonitis and Indounas, 2004). From the very few studies investigating the market structure impact on pricing objectives (Avlonitis and Indounas, 2005; Avlonitis et al., 2005; Avlonitis and Indounas, 2004), some interesting findings appeared. The most relevant pricing objectives noticed (excluding “maintenance of the existing customers” objective) is relevant but unrelated to market structure (Avlonitis and Indounas, 2004). Moreover, another study has recognized that testing market structure dimensions support the hierarchy of pricing objectives (Avlonitis et al., 2005). There is a call for further insights regarding pricing objectives variation across different market situations. Avlonitis and Indounas (2004) considered that this is intensified due to the theoretical lack on this topic, suggesting to introduce some profitability information into the analysis.

Divided into three categories, a number of pricing methods namely cost based, competition based and demand based, have been identified when reviewing the services pricing literature (Avlonitis and Indounas, 2005). Considering multidimensional pricing decisions identification, different market characteristics may need to set unlike pricing methods and objectives. Findings revealed that firms have recognized the major importance of considering all elements in relation with customers for deciding effective and appropriate prices. Moreover, other vital objectives were connected to the cost coverage, the firm prestige image and sustainability, which some are in line with previous scholars’ suggestions (Bolton and Shankar, 2003; Bonnici, 1991).

A systematic literature review is presented in the following section, with regard to main factors found to be affecting pricing objectives; namely, firms and buyer role, value of information, service life cycle, and perceived fairness price.

3. FIRM AND BUYER ROLE

The most significant reference fact, firms take into account while setting price decision is demand (Gölgeci et al., 2019; Díaz, 2006). The price power on the consumers’ buying decisions is analyzed by Henderson (2005) from two main perspectives. The first perspective is the quantitative; consumer’s purchasing decisions as a function of the price, frequently assessed through price elasticity of demand. The second perspective one is the qualitative; consumer price interpretation and evaluation (price sensitivity) which involves magnitude knowledge and sensitivity characteristics (Seiders et al., 2005; Homburg et al., 2005; Mittal and Kamakura, 2001). Although the usefulness of price elasticity of demand in price management, firms should be aware of its limitations. For instance, elasticity is only detected after the fact, and its usefulness as a forecasting tool depends on contextual factors.

In addition, the identification of the sensitivity of demand to price variations is not sufficient as companies should know how to react toward it, for objectives fulfillment (Diaz, 2006; Goldsmith et al., 2005; Erdem et al., 2002).

Based on both the adaptation theory and the prospect theory, studies found out factors affecting buyers’ perception and evaluations of prices. The adaptation theory (Diener et al., 2009; Morris and Morris, 1990) claimed shoppers are more likely assembling higher reference prices when they perceive prices in descending order then in ascending order. Yet, the prospect theory claimed shoppers consider prices as gain or loss regarding to their status and financial wealth (Kahneman and Tversky, 2013; Barberis et al., 2001). The findings of Kahneman and Tversky, 2013 reported that the utility the investor receives from gains and losses in wealth depends on his prior investment outcomes; prior gains cushion subsequent losses, the so-called “house-money” effect, while prior losses intensify the pain of subsequent shortfalls.

Thus, the price perception and evaluation may determine and influence the buyer's decisions. Specifically, the price perception price definition may be the process through which buyers translate price signals into cognitive structures (Diehl et al., 2003). This process regroups many stages like the cognitive, the affective and the behavioral (Diaz, 2006; Da Silva et al., 2002).

Diaz (2006) study have concentrated on the cognitive phase such as the codification and the interpretation which come up with the creation of what is named a psychological price. Additionally, the study reported that from a psychological perspective, price analysis should consider many theories at a time such as the adaptation level theory and the reference price (Kalyanaram and Winer, 1995). Nevertheless, the evaluation of prices is influenced by the reference price and the acceptable price interval (upper and lower limits) (Mark and Goldberg, 1984). Findings have revealed that the perception of consumers towards prices depends on several factors (Diaz, 2006). Mainly, they were associated to the consumer behavior objective and subjective characteristics, to the purchase context, to the objective and subjective price and process knowledge, and to the product objective and subjective characteristics. The majority of the companies, especially the smallest, are not able to pay for qualitative market studies. Although, quantitative information is easier to obtain, use and interpret than qualitative information, it is crucial for managers to add to their pricing decisions, qualitative factors to better understand and serve buyers (Díaz, 2006).

In principal, pricing decisions were managed by the general manager and the sales manager, without taking into account the size of the firms. Very few are the firms that delegate the pricing decision to the technical manager. For instance, in Diaz (2006) study, it was found that in a small company, the pricing decision was taken by a single person whereas, in the larger one it was shared by a large group coming from different departments. Unfortunately, this reflects the absence of a specific post for experts exclusively dedicated to price management in smaller companies comparing to larger ones. Findings approved costs, demand, and competition were determining factors for pricing decisions. Particularly, the most important unrelatedly to the firm size and the price manager functions is: costs. Thus, findings were in harmony with previous one (Avlonitis and Indounas, 2005; Pelé and Lassègue, 1992). Supplementary, results reported the firm size and the price manager functions not having effect on demand and competition. However, the relative importance of demand and competition are affected by the decision maker. Interestingly, small and large firms differ in their pattern regarding the determination of factors affecting pricing decision. Both consider costs in the first place, whereas they differ in the demand (second place for larger companies and third place for smaller one) and competition (second place for smaller companies and third place for larger one). In general, the literature shed light on quantitative than qualitative market studies, regardless of the price manager functions and the composition of his team. Generally speaking, firms faced problems with qualitative market studies due to the data collection which demands specific tools and statistical techniques, yet firms missed knowledge about this issue. Companies did not know how to include the qualitative data in the precise pricing decisions (Díaz, 2006).

Usually, firms determine their prices through the behavioral examination. This is related to the behavioral objectives of pricing, pricing decisions departments, pricing methods, new products pricing as well as the examination of the firm and business conditions that favor a price increase or decrease (Diaz, 2006; Benveniste and Spindt, 1989). It is interesting to investigate the impact of diverse pricing methods and objectives on the firms' goals success. (Avlonitis and Indounas, 2005).

Firms are using a variety of pricing objectives separately from profit with the intensity on achieving satisfactory results rather than maximum results. Compared with the marketing mix elements, price was found to be the less important one in business activities (DelVecchio, 2005; Skouras, 2005). Pricing in the course of the five stages of the product life cycle, retail pricing, online pricing was largely investigated in the marketing literature. However, a small number of empirical studies were led from a marketing viewpoint, yet they were borrowed from economics such as price discrimination, price skimming, price leadership and cost-based pricing (Skouras, 2005). As recognized, demand and supply are market-based aspects related to price setting, thus excess demand causes prices augmentation, in contrary excess supply diminish prices (Jackson, 2009; Samuelson, 1952).

In the same spirit, Jobber & Shipley (2012) have empirically investigated ‘seven marketing-orientated factors’ involving customer, competitor and market considerations. These factors are possible to differentiate between effective elevated and low prices determinations as well as elevated and low price strategies, using a decision support framework. In addition, competitor-orientated is an important factor that firms take into account while setting prices. Competitor-oriented regards price performs as an obstacle, thus the entry barriers theory influences pricing strategies of reputable firms (Armstrong and Green, 2007; Armstrong and Collopy, 1996). In their empirical study, Armstrong and Collopy (1996) found that firms with competitor-oriented (market share) objectives were less profitable and less likely to survive comparing to firms with direct profits-oriented objectives. Additionally, the degree of competition was found to significantly influencing the price decision, specifically in the differentiation between the use of successful high and successful low price strategies (Jobber & Shipley, 2012).

Clearly, the concept of limit pricing has largely been discussed in the industrial organizational literature. Principally, it argues the fact that well-known firm may be an influencer, using its existing pricing strategy (that differs across countries, see Rao and Kartono, 2009).

Finally, further research may examine the differential effects of cost-orientated constructs such as full and direct costs and the experience curve. Another topic that need attention is the pricing behaviors of small firms (Jobber & Shipley, 2012).

4. VALUE OF INFORMATION

The value of information is regarded as the need for gathering information and use them in order to support a purchase decision. The consumer take the challenge and valuable time to search for additional data (Taher and El Basha, 2006). Value-informed pricing in its organizational context have been largely studied (Ingenbleek, 2007). A critical review of academic and professional literatures regarding price management was conducted and revealed a wealthy display of pricing services possibilities (Taher and El Basha, 2006).

Findings revealed that services are better priced when they mirror the consumers’ price sensitivity, the transaction nature (e.g. geographic pricing, loss leader pricing, time premiums, restraint pricing) and its cost, and the value of information. Studies on value of information were found to be essentially based on resource-based view, behavioral theory and cost-principles theory. For instance, reviewing the marketing pricing literature from the theory of Barney allow the scholars Dutta et al. (2003) to witness the organization behavioral theory development into organizational absorptive capacity and (Rothschild and Gaidis, 1981) competence-based views. Their case study revealed that pricing is not a cheap work, but it requests resources (Xia et al., 2004), skills and knowledge. It was explained that these resources are organized in a process and lead to pricing decision, speaking of a “pricing capability”.

Empirically investigated, the study of Ingenbleek (2007) have reported that the informational resources deployment (e.g. market studies and consumers internal knowledge) results in value-informed pricing. Thus, companies should take this step and make sure to secure the process by which resources are deployed. Clearly, findings proposed that firms should collect suitable and appropriate information sources. Although demand uncertainty complications that which is possible to block such sources development regarding some organizations. It is important to note that firm data sources characterize capitals that necessitated to be analyzed or advanced, even if they are formal market studies, or consumers’ internal knowledge or relationships. Additionally, firms should know how to deploy information sources which requires information processing organization, pricing routines knowledge (comprising the magnitude of the firm and the industry pricing practices likeness which in turn affect their rigidity), and in certain situations a strategic decision concerning the degree to which pricing is given to other channel members. Lastly, the firm’s personal price decision competitive environment might be taken into account. Research highlighted the important role of the value-informed pricing that lead to prices meeting the value perceptions of customers thus their buying decisions (more fulfilment, deals and market share). However, poor product differentiation in addition to fierce competitive intensity lead competitor information to fix appropriate price levels (Ingenbleek, 2007). Older research evaluated the influence of pricing practices on the overall performance measures for example the innovative product performance and the supervisory satisfaction. Further research are invited to examine the ‘value-informed pricing’ association with price variation, marketing and financial performances, thus delve into details.

It is also interesting for new research to evaluate the way higher level executives administer resources to pricing and to value creation (Ingenbleek, 2007). Regarding market relationships, Ingenbleek (2007) recommended more research on firms relations built with their own customers and the potential customers, as well as the way they position relationships as sources of customer value information. Following a network approach, the author added the necessity for future research to evaluate by what means the firms' engagement in a network permits or blocks them to gather data and gain knowledge about their own customers.

5. SERVICE LIFE CYCLE

This section explores the service firms' pricing objectives followed with the degree to which these are affected by the services' life cycle stage. Many scholars have argued prices varying over the product's life cycle stages (Huangfu and Zhu, 2012; Bedford and Lee, 2008; Kotler, 1997). Nevertheless, the existing literature have confirmed the lack of a model of the life cycle regarding services other than tangible products. A small number of researcher investigated the service life cycle issue and the ones principally focusing on the financial services sector. For instance, Channon (1986), McIver and Naylor (1986) and Meidan (1996) have indicated the main variances between the life cycle of tangible goods and the financial services life cycle. Financial services are characterized by short introduction stage (easily imitated by rivals) and a long maturity stage such as home loans and life insurance. However, with physical product, the financial services seem to be inseparable and cannot be eliminated as customers may still need them. For instance, it is not acceptable to remove a pension plan that has persisted for three decades. Consequently, it is better to save these services for persisting customers and reduce their expenses and costs for following one. Obviously, in comparison with tangible products, financial services could be easily re-positioned once attaining the decline stage, through their tie with other services. For instance, a savings account could be offered as a package with a credit card, complimentary travel insurance and a mutual fund. Despite the importance of the mentioned arguments, Avlonitis et al. (2005) claimed that they do point out pricing matters related to service life cycle. His study have reported some insights about the life cycle stage influence on pricing objectives. The findings revealed relatively high mean values of the objectives of "maintenance of existing customers", "long-term survival", "customers' needs satisfaction" and "cost coverage" at all life cycle stages, demonstrating another time their significance in services case. More, the "creation of a prestige image for the company", along with "service quality leadership" and the "determination of fair prices for customers" objectives are detected to be more relevant at the first stage. Finding are in line with previous empirical studies results indicating that the innovative product or the innovative service uniqueness and high quality are both the key success factors (De Brentani, 1993; Edgett and Jones, 1991). Concerning the growth stage, the "attraction of new customers" objective seem to be the most important in this phase. Furthermore, the importance accorded "market share increase" objective in the growth phase is in harmony with prior proposals stating that companies' main objectives at this stage is related expansion in new markets (Scott and Bruce, 1987; Anderson and Zeithaml, 1984). To succeed this will necessitate significant investment of time and resources in product or service development (Scott and Bruce, 1987). Concerning the third stage, a key objective appears "liquidity achievement (Scott and Bruce, 1987) and maintenance", as products or services at such stage can be categorized as "cash cows", whose profits permits the firm to invest and help other goods and services, to achieve maturity stage (Shahmarichatghieh, et al., 2015; Scott and Bruce, 1987; Day, 1981).

In sum, Avlonitis et al. (2005) emphasized the big lack existing in the pricing services literature in published empirical papers that attempted to explore the possible influence of services' life cycle stages on the services pricing objectives. This remaining study concludes that the objectives are principally customer oriented aimed at improving the companies' financial performance in the market. Specifically, companies intend to tolerate contact with customers and attract new one to reach targeted financial results and maintain the sustainability of the firm's in the marketplace. Thus, this kind of firms would rather develop a pecking order of pricing objectives. In addition, the services' life cycle stage impact the targeted pricing objectives. Further studies might investigate pricing objectives along with the service's life cycle stage relationship, besides the services operation sector for additional understandings. It is also interesting to examine some variables related to the context, the firm and the environment that may impact the pricing objectives sought.

6. PERCEIVED FAIRNESS PRICE

Price fairness has originated from social exchange research (Adams, 1965). The concept of price fairness has been defined as the judgment of an outcome as well as the process used to attain this outcome involving consumer feelings when comparing prices (Herrmann et al., 2007; Xia et al., 2004). Additionally, key pricing decisions was classified into binal groups: economic and psychology (Vaidyanathan and Aggarwal, 2003). Pricing generally has an effect on the consumer buying attitude as well as on the business profitability (Homburg et al., 2005; Lichtenstein et al., 1993). Interestingly, the price augmentation which is balanced with cost are perceived to be fair and generate positive behavior among consumers (Bolton and Alba, 2006). This positive consumer attitude represents a major variable that impacts upon the perception of price fairness. Having knowledge of the mentioned variables and the way they can be manipulated to guarantee price fairness is imperative for clients, industry and business in profitability generation, value for money and firm survival (Herrmann et al., 2007; Campbell, 1998). Fairness is a satisfaction driver regarding products and services (Herrmann et al., 2007; Homburg et al., 2005). For instance, color and lights interact and have significant impact on the perceptions of price fairness by consumers, such as an orange (blue) store with bright (soft) lights produces low (high) price fairness perceptions (Babin et al., 2003). Moreover, another research revealed that price perceptions have a direct impact on satisfaction judgments and an indirect impact on perceptions of price fairness. This mentioned research showed that consumers' vulnerability, which is induced by a perceived demand-supply relationship and the urgency of need from the consumers' side, had a negative effect on perceived price offer fairness (Herrmann et al., 2007).

However, price fairness perceptions are also affected by congruence. Thus, a price perceived as fair in one type of environment is perceived as unfair in another (Babin et al., 2003). When consumer perceived a price as unfair, this issue creates client dissatisfaction (Oliver and Swan, 1989) and amplifies price consciousness (Jin and Gu Suh, 2005; Sinha and Batra, 1999). Price unfairness generates many problem like contractual dispute (e.g. unwillingness to pay). Furthermore, pricing unfairness not only creates dissatisfaction but it also causes mistrust between consumer and firm's relationship and reduce the intention to repurchase (Owusu-Manu et al., 2016). It was also argued that the perceived price fairness when influencing the client's willingness to pay it relatively affect the financial security of the company to advance technical capabilities (Amoah et al., 2011). For instance, the study of Amoah et al. (2011) recommend a complete attitudinal change on the part of employers and employees and the development of a positive safety culture on all sites.

As mention above, price fairness is an important factor because a perceived lack of it engenders unwillingness to pay amongst clients. Thus, it was argued that in engineering consultancy this lack can cause contractual disputes that undesirably influence consultants' capability to gain enough revenue for business continuity and survival. Owusu-Manu et al (2016) conducted a case study research aiming to analyze the pricing measurement forces needed to attain pricing fairness. The analysis revealed that fairness of construction cost consultancy services pricing is significantly related to value and affordability, pricing objectives, pricing strategies, taxes and international trade. The results reported by the study of Owusu-Manu et al. (2016) are in line with prior works (Engelson, 1995; Kaleta, 2014) that pricing should match the clients' budget amount and the willingness to pay based upon the intrinsic value of the product or service offered. In sum, results revealed the existence of significant relationships between fair price levels and the following independent variables: increased market share; increased profitability; return on investment; and market leader. It was suggested that to suitably assemble these variables as company objectives in the setting of fairness prices which tend to end-up with business success and corporate reputational enhancements (or vice versa). The study indicate as well the presence of significant relationships between price fairness and the independent variables for pricing strategy: cost; profit; demand; and competition. This aforementioned arguments suggest pricing strategy to not affect the perceived pricing fairness for services, thus more importance and attention should be awarded to these variables by price setters within services firms. Further research may address more attention to consumers and collect information from them to improve the scientific robustness of the research and the analysis; and not only from managers and professionals (Owusu-Manu et al., 2016).



Fig.1: Conceptual Framework

7. DISCUSSION AND IMPLICATIONS

In this systematic literature review presented, findings revealed the presence of factors affecting pricing objectives and should be taken into consideration for firms' improvements. As previously mentioned, examined papers for this review have been extracted from four different top ranked journals, namely; Journal of Product & Brand Management, European Journal of Marketing, Journal of Services Marketing and Journal of Engineering, Design and Technology. The majority of papers were quantitative but only two theoretical papers. In another way, despite the importance of reviews papers, however those main role reside in succinctly reviewing the progress of research. Nevertheless, the crucial need of theoretical paper is related to its power explaining and forecasting phenomena. This is exactly what seems somewhat absent in the current topic, thus theoretical studies are to be submitted.

We have discussed the impact of firm and buyer role on setting price objectives, as well as value of information, service life cycle and perceived fairness price. In the past, studies have stated that pricing is the most abandoned component of the marketing mix, (Nagle and Holden, 1995; Urbany and Dickson, 1990) and it is still the case nowadays. Thus, objectives related to profit, sales and market share are regarded as being less important and more importance is offered to the achievement of satisfactory rather than the maximum results. The few empirical investigations existing in the literature on pricing objectives in the services sector revealed that firms accord more importance to quantitative objectives than qualitative ones with a particular attention given to profits. Companies believe that giving much attention to quantitative than qualitative aspects ensure its long-term position. However, due to the complexity of pricing objectives, companies tend to follow more than one objective. In general, cost is still the most important factor, while demand-related aspects, in particular qualitative aspects, play a secondary role (Diaz, 2005).

Managers had difficulties regarding the nature the meaning and the use of qualitative demand factors. They did not have the knowledge how to use them and incorporate them into the pricing decision (Diaz, 2005). Researchers are called for additional charts and tools (measurement items) that can help in assessing pricing decision. In the same spirit, research revealed the continuous use of the traditional cost-plus method and pricing according to the market's average prices respectively. These use of these methods may be related to their easiness compared to the difficulty in following customer-based methods. It seems that companies have difficulty in determining customers' demand and needs (Avlonitis and Indounas, 2005). Yet, changing the pricing method is a complex task and require a flexibility and a new way of thinking vis-à-vis pricing. Additionally, companies where the market's average price method is significant should observe and pursue competitors' pricing behavior as the only successful way to stay positioned in the market. Any alteration in the service(s) or good(s) offer comparing to the market's average prices have to be explained only when a superior quality presented; this method is able to create a harmonic climate in the market. In general speaking, managers should integrated pricing approach and implement pricing methods that are consistent with the pricing objectives that have been initially set. Further research may study the organizational context impact as well as the environmental variables impact (e.g. sector of operation, the market structure) on pricing objectives pursued and pricing methods adopted (Avlonitis and Indounas, 2005).

As previously discussed, the value of information is process information for supporting a purchase decision. Thus, firms confronting difficulties in the value-informed pricing, this paper presents a possible solution that is the use of contingency pricing. The contingent pricing is designed as a response to the nature of services (intangible) and in case the market might undervalues the organization performance. Therefore, it would be beneficial for firms to offer a full-price rebate for misperformance, with a correspondingly higher price for meeting the performance standard (Bhargava and Sundaresan, 2003). This action will contribute in the reduction of customers' anxiety and frustration toward incomplete information about the possible outcome of the transaction (Taher and El Basha, 2006).

Interestingly, this systematic literature review has revealed that companies are basically customer-oriented; maintaining and attracting new customer and satisfy them. In this regard, some objectives was found to be significant in all life cycle stages (e.g. maintenance of existing customers) while others were only significant in a specific stage (e.g. "creation of a prestige image for the company", is significant at the introduction stage). This paper calls for further research investigating the impact of services' life cycle stages on pricing objective in service sectors. This is an interesting avenue to shed light on, for submitting innovative studies.

Pricing objectives are found to be different across sectors (Avlonitis and Indounas, 2004). For instance, transportation-shipping companies are mostly interested in managing their capacity and assets, while insurance companies in satisfying their customers' and distributors' needs as well as expanding their market. Additionally, high-tech companies goals' to deliver superior quality in services, while airlines companies are focusing on preserving and increasing their prevailing clientele. Lastly, banks are financial-objectives oriented, whereas, medical services adopt a less systematic pricing behavior. Thus, companies are forced to pursue a diversity of pricing objectives when operating in competitive markets when customers are sensitive to price. Nevertheless, despite of this situation, companies are interested in retaining their existing customers and attract new one (both final customers and distributors) through offering high service quality that conveys a prestige image to achieve satisfactory financial outcomes and guarantee their sustainability in the market. However, it is not the case regarding companies operating in noncompetitive markets. In other words, those companies are known for their high priced services and they are more interested in attracting new customers than preserving old one (Avlonitis and Indounas, 2004; Kehagias, et al., 2009). Finally, companies are still facing problem in setting prices as customers are judging the price to be fair or unfair. This study has discussed what affects the client to consider a price as unfair, yet, the literature lacks evidence about these issues, specifically in service firms. Additionally, the gap between pricing theory and practice is still existent, those two proceed differently (Ingenbleek and Lans, 2013). Studies should distinguish between price strategies and pricing practices concepts to get the opportunity for developing the price theory-practice, since normatively derived strategies is unlike practices accomplished by managers within organizations.

Future calls are for research on the performance implications on behalf of companies following price strategies and engaging in price-setting practices, and the reason why others do not (Ingenbleek and Lans, 2013).

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APPENDIX:

| AUTHOR & YEAR | Journal & Ranking | Article title | Paper type | Study Country | Key concept & Findings |
|--|---|---|--------------------|-------------------|---|
| PAUL INGENBLEEK, 2007. | Journal of Product & Brand Management. Q1 | Value-informed pricing in its organizational context: literature review, conceptual framework, and directions for future research | General review | - | Value-informed pricing is the result of the deployment of informational resources such as market research, relationships and internal knowledge on customers. |
| THANOS SKOURAS, GEORGE J. AVLONITIS AND KOSTIS A. INDOUNAS, 2005. | Journal of Product & Brand Management. Q1 | Economics and marketing on pricing: how and why do they differ? | General review | - | Value-informed pricing. A comparative review of the relevant marketing and economics literature shows that there are important differences between the two disciplines in their treatment of pricing. The differences found between the marketing and economics approaches to pricing are mostly due to their different historical origins, primary concerns and doctrinal evolution. |
| AHMED TAHER AND HANAN EL BASHA, 2006. | Journal of Product & Brand Management. Q1 | Heterogeneity of consumer demand: opportunities for pricing of services | General review | - | Services should be priced in a way to reflect the customers' price sensitivity, the nature of the transaction and its cost, and the value of information. The pricing should also reflect the four characteristics of services: intangibility, perishability, lack of standardization, and inseparability of production and consumption. |
| GEORGE J. AVLONITIS, KOSTIS A. INDOUNAS, 2004. | Journal of Product & Brand Management. Q1 | The impact of market structure on pricing objectives of service firms | Quantitative paper | Greece | The main focus of pricing objective is on the maintenance of the existing customers and the attraction of new ones, in order to ensure their long-term position in the market without, however, disregarding financial considerations. |
| ISABEL MARÍA ROSA DÍAZ, 2006. | Journal of Product & Brand Management. Q1 | Demand restrictions in price-based decisions: managers versus consumers | Quantitative paper | Andalusia (Spain) | It has been observed that qualitative aspects play a secondary role in pricing decisions. There are two main reasons: quantitative information is easier to obtain, use and interpret than qualitative information; and most companies, and in particular smaller ones, have no budget available for qualitative market studies. |
| JOHN KEHAGIAS, EMMANUEL SKOURTIS, AIKATERINI VASSILIKOPOULOU, 2009. | Journal of Product & Brand Management. Q1 | Plaiting pricing into product categories and corporate objectives | Quantitative paper | Greece | For convenience and preference products, the low-price strategy is used more often, irrespective of corporate objectives, whereas the high price strategy is used more often, irrespective of corporate objectives, for specialty products. For shopping products, the low-price strategy is used more often when the main corporate objectives are increased market share and the prevention of new competitors from entering the market, but when the main corporate objective is increased |

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| | | | | | profits, the high-price strategy tends to prevail. |
| GEORGE J. AVLONITIS, KOSTIS A. INDOUNAS AND SPIROS P. GOUNARIS, 2005. | European Journal of Marketing. Q1 | Pricing objectives over the service life cycle: some empirical evidence | Qualitative paper | Greece | The literature on pricing of services reveals the complete lack of any previous work endeavoring to examine empirically this potential influence. The study concludes that the objectives are mainly customer oriented aimed at improving the companies' financial performance in the market. Furthermore, the stage of these services' life cycle along with the sector of operation seems to have an influence on the pricing objectives pursued. |
| DAVID JOBBER, AND DAVID SHIPLEY, 2012. | European Journal of Marketing. Q1 | Marketing-orientated pricing: Understanding and applying factors that discriminate between successful high and low price strategies | Quantitative paper | UK | Six marketing-orientated factors – i.e. ability of customers to pay, brand value, degree of competition, price acting as a barrier to entry, demand compared to supply, and the use of a building market share objective – significantly discriminated between the use of successful high versus low price strategies. |
| PAUL T.M. INGENBLEEK, AND IVO A. VAN DER LANS, 2013. | European Journal of Marketing. Q1 | Relating price strategies and price-setting practices | Quantitative paper | Netherlands | The results show that price strategies and price-setting practices are related because strategies are implemented through price-setting practices. However, some firms do not pursue any of the strategies indicated by pricing theory, some firms engage in practices for no clear strategic reasons, and some firms insufficiently engage in appropriate practices to implement their strategic choices. |
| GEORGE J. AVLONITIS, KOSTIS A. INDOUNAS, 2005. | Journal of Services Marketing. Q1 | Pricing objectives and pricing methods in the services sector | Qualitative paper | Greece | The findings of the study reveal that the objectives, which are pursued, are fundamentally qualitative rather than quantitative in their nature with a particular emphasis given on the companies' customers. However, the pricing methods, which are adopted by the majority of the companies, refer to the traditional cost-plus method and the pricing according to the market's average prices. The study also revealed that the pricing objectives are, as should be expected, associated with the pricing methods |
| KOSTIS INDOUNAS, 2018. | Journal of Services Marketing. Q1 | Market structure and pricing objectives in the services sector | Quantitative paper | Greece | Firms examined follow pricing objectives, in which their main focus is on the maintenance of the existing customers and the attraction of new ones to ensure their long-term survival in their market without, however, disregarding financial issues and objectives. The study also revealed that the market structure, along with the sector of operation, has an impact on the pricing objectives pursued, as different market conditions were found to lead to different pricing objectives. |
| DE-GRAFT OWUSU-MANU, DAVID JOHN EDWARDS, MICHAEL ADESI, EDWARD BADU, AND PETER E.D. LOVE, 2016. | Journal of Engineering, Design and Technology. Q3 | Attaining fairness in construction cost consultancy pricing services: A case study in Ghana | Case study | Ghana | It was reported that construction fairness cost consultancy services pricing is significantly related to value and affordability, pricing objectives, pricing strategies, taxes and international trade and its effects on inputs for construction cost consultancy services. |