



## Price and Customer Perception of Product Quality of Coca-Cola Drinks in Oyo State, Nigeria

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### Abstract

Despite the interests in the concept and significance of marketing application from fast moving consumer goods perspective, there are limited studies on price and customer perception. This study was carried out to investigate the impact of price on customer perception of product quality of coca cola drinks in Nigeria. The data for the study was primary data and the it was obtained through structured questionnaire. By using a sample of 100-subject of Coca cola customers, the result of correlation showed that price ( $r = 0.864$ ,  $P \leq 0.05$ ), and product quality of coca cola drink ( $r = 0.250$   $P \leq 0.05$ ) had positive and significant relationship with customer perception of the product quality. The study recommends that price should be adequately considered in the marketing strategy of the organization to evoke customer patronage.

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### 1. Introduction

The fast-moving consumer goods industry, especially the beverage industry has gained popularity over the years, as a result of human changing and insatiable needs which has caused the rise in the spring up of these drink industries. Examples of brands that extend their product offering across borders to serve foreign markets include the Coca-Cola brand, Pepsi amongst others. Although, Coca-Cola seems to be the giant amongst these brands in the Nigerian market, offering diverse products. The uniqueness of each market requires a unique marketing strategy to thrive given the taste, culture, and ethical standards (Sharma, Luk, Cardinali and Ogasavara, 2018) <sup>[15]</sup>.

In the 21st century, the global business environment, particularly in the food and beverages (F and B) sector, has become increasingly competitive by recording over seven (7) products phased out in the industry, including Fanta Chapman, Afri-Cola, Krest Bitter Lemon, Limca, and Gold Spot, owing to poor pricing tactics (Doering, 2017).

Price is the overall sacrifice consumers are willing to make to obtain a specific product or service (Tjiptono, 2017). Then, Achrol and Kotler (2016) <sup>[11]</sup> state that price is the amount of money charged for a product or service or the sum of values that customers exchange for the benefits of having or using the product service". It means that price is the amount of money charged for a product or service or the sum of values that customers exchange for the benefits of owning or using it. In a narrow sense, price is the amount of money charged for a product or service. In a broad sense, price is the sum of all the values customers give up benefiting from owning or using a product or service. Price is the only element in the marketing mix that generates revenue. Price is also one of the most flexible elements of the marketing mix (Kotler *et al.*, 2017) <sup>[10]</sup>. Pricing is an important thing that can affect total revenue and costs. Price is a major positioning factor and must be decided according to the target market, product assortment mix, services, and competition (Saleh and Said, 2019) <sup>[13]</sup>

Customers Perceptions can be regarded as decisions which are integrated process carried out to combine knowledge to evaluate two or more alternatives and choose one of them, while purchasing decisions can be interpreted as making choices by consumers on two or more choices to meet their needs (Makrufah, 2017) <sup>[12]</sup>. Then, according to Schiffman and Kanuk (2013) <sup>[14]</sup>, a decision is a selection of the action from two or more choices. It means a decision is a selection of actions from two or more choices. Purchasing decisions are part of consumer behavior, namely the study of how individuals, groups, and organizations choose, buy, use, and how goods, services, ideas, or experiences satisfy their needs and wants. (Kotler *et al.*, 2017) <sup>[10]</sup>. Then, Kotler *et al.* (2017) <sup>[10]</sup> explained that a purchase decision is a buyer's decision about which brand to buy. The complex decision-making process often involves several decisions. Customers have goals or behaviors to be achieved or satisfied when making a purchase decision. Customers will decide about the behavior they want to do to solve their problems, where problem-solving is a continuous reciprocal flow between environmental factors, cognitive and affective processes, and behavioral actions.

Product quality is essential for survival of national industries in the global market. Globalization has made different countries products available in almost every market in the world and now consumers have wide variety of choices to select the products from domestic and foreign products. Product quality exists within the minds of consumers and interacts with the cognitive process, when consumers are presented with a number of stimuli, including visual aesthetics, functions, prices, brand names, product quality, and ethical associations. Consumers take these stimuli into account when they make purchase decisions, however each may not be of equal weight (Kahn, 2009) <sup>[8]</sup>. Product strategies have to react to the most relevant product stimuli during the process of consumption. When customers' appetite for usability and quality features are satisfied, further improvements in these attributes are ineffective; and features that were once delighters often become redundant or over-exposed in the market and so no longer generate excitement. In this case the company cannot rely on the same features to generate consumers interest and competitive advantage.

Customers who feel the price is in accordance with the quality which results end in satisfaction (Oliver, 1997). Price fairness also plays an important role in creating customer satisfaction. Customers want good quality products at affordable prices which they can buy easily and if any company provides this to customers it will build long term good relationship with customers (Leong and Wang, 2006) <sup>[11]</sup>. The above literature illustrates the important role of price in building customer satisfaction and good customer relations (Oliver, (1997); Cheng *et al.*, (2016) <sup>[4]</sup>; Leong and Wang, (2006) <sup>[11]</sup>. Based on this, the researcher used the price variable as the independent variable in this study. (Cheng *et al.*, 2016) <sup>[4]</sup> suggested that there are two ways to calculate price perceptions. One is price fairness, which tells how customers perceive prices when relating them to competitors. The second is: value for money which involves the comparative position of service providers by price. Therefore, the study examined the relationship between price and customer perception of product quality of Coca-cola drinks in Oyo State, Nigeria.

## 2. Literature Review

### 2.1. Concept of Price

Price refers to the monetary value that consumers are willing to give up in order to acquire, possess, and utilize various combinations of products and services provided by a product. According to Henri Slat *et al.* (2013) <sup>[7]</sup>, price refers to the monetary expenditure made by individuals in order to acquire a product or service, or the value that customers exchange to get ownership or usage benefits of said goods or service.

Philip Kotler, (2012), argues that price is the amount of money or value exchanged by consumers to benefit from ownership or being charged for a product or service. For the customer, this is a cost of something. For sellers, price is the main source of income and profit. Another opinion about the price according to Kotler and Armstrong in Arianto, (2020) <sup>[3]</sup> is "the amount of money exchanged for a product or service. Furthermore, price is a number of values exchanged by consumers for a number of benefits by owning or using an item or service. The indicators used are in accordance with Kotler and Keller, (2016) argues that price is the amount of money charged for a product or service; the amount of value customers exchange for the benefits of having or using a product or service. Price is the main factor behind product satisfaction and loyalty as the customer carefully perceives if he gets the most benefit from the product compared to his expenses. Price according Philip Kotler, (2011) is the amount of money exchanged for a product or service.

### 2.2. Concept of Product Quality

According to Anwar and Satrio (2015) <sup>[2]</sup>, a product refers to any item that is capable of being presented to the market with the intention of attracting attention, being purchased, utilized, or consumed in order to fulfill a desire or requirement. Product quality is an assessment made by consumers on product performance (Suhartono and Rahayu, 2021) <sup>[16]</sup>. Product quality is a collection of available product characteristics and features made based on its ability to meet demand. Product quality also refers to the capacity of a product to effectively carry out its intended functions. This encompasses various aspects such as the overall durability, reliability, precision, ease of operation, and reparability of the product, along with other valued attributes (Anwar and Satrio, 2015) <sup>[2]</sup>. According to Ghanimata and Kamal (2012) <sup>[5]</sup>, the dimensions or indicators of product quality encompass the following:

1. Performance, a concept that pertains to the fundamental operational attributes of a product, Durability refers to the length of time a product remains functional before necessitating replacement.
2. The degree to which a product adheres to specifications, specifically in terms of meeting the specified requirements and the absence of any flaws in the product.
3. Features refer to the attributes of a product that are specifically designed to enhance its functionality or generate consumer interest.
4. Reliability refers to the likelihood of a product functioning satisfactorily or not over a specified duration.
5. Aesthetics, which pertains to the visual appearance of a product,
6. The concept of perceived quality, sometimes referred to as the impression of quality, is generally attributed to the utilization of indirect measurements.

### 2.3. Consumer Perception and Product Quality

Customer's perception of product quality can generally be divided into the perception of reliability, responsiveness, assurance, empathy and tangibles. Product quality forms the broader concept of customer satisfaction. Ultimately, if customer's experiences exceed their expectations, customer satisfaction together with situational and personal factors will result in customer loyalty (Wilson, Zeithaml, Bitner and Gremler 2008) <sup>[17]</sup>. It is of great importance, to win customer loyalty especially for smaller businesses. Small businesses do not have the same budget as larger companies, and keeping existing customer is by far much cheaper than finding new ones. Offering excellent customer service will not only lead to customer loyalty, it will also give smaller firms a competitive advantage against larger companies. However, Nigerian firms can gain competitive advantage over larger companies over sea through an understanding of consumer behavior in relation to buying decision.

## 3. Theoretical Review

### 3.1. Kano Two-Dimensional Quality Model

The Kano model is a theory of product quality and consumer perception developed in the 1980s by Professor Noriaki Kano. Initially, the two-dimensional quality model was used in the development of manufactured product quality in a survey conducted on television with decorative clocks. The results from the survey showed that consumers / users conceptions of quality were two-dimensional instead of one-dimensional. The theory integrated the concept of quality along two dimensions. These dimensions were: first, the degree to which a product or service performs and secondly, the degree to which the consumer perceived the quality. The Kano model illustrates the relationship between consumer satisfaction and quality performance from the customer's perception. It divides quality features into five attributes: must be attribute, one-dimensional attribute, attractive attribute, indifferent attribute and reverse attribute. The positioning of the quality parameters of performance and user satisfaction side-by-side in a two axis plot creates the ability to define quality in a more holistic manner. The horizontal axis of the model illustrates how fully functional some aspects of a product are while the vertical axis illustrates how satisfied customers are. The line going in at 45 degrees clearly shows the situation in which customer satisfaction is simply proportional to how fully functional a product or service is. The must-be curve illustrates the aspects where the consumer is more dissatisfied which is when the product is less fully functional.

The Attractive quality curve on the other hand, illustrates the areas in which the consumer is more satisfied when the product is fully functional and depicts that consumer remain satisfied even when the product is less functional. The one-dimensional line illustrates that customer satisfaction is proportional to the level of fulfilment: the higher the level of fulfilment, the higher the customer's satisfaction. The indifferent axis depicts that a consumer will be neither satisfied nor dissatisfied whether the product is fully dysfunctional or functional

### 3.2. The Integrated Model

The integrated model on the effects of perceived quality, perceived product quality and perceived price fairness on consumer satisfaction and loyalty was conceptualized by Lien-Ti Bei and Yu Ching Chiao in 2001. They tried to come up with a model that was different from other product loyalty models which linked product quality and service quality as direct antecedents of brand loyalty while influencing consumer loyalty. The model was developed also to suit the Taiwan marketing environment in which the researchers belonged to. It perceived product and service quality and perceived price fairness are all antecedents of product quality, service quality and price respectively while perceived product quality, perceived service quality and perceived price fairness are all antecedents of consumer satisfaction and consumer loyalty. Unlike other models, the integrated model proposes that perceived product quality, perceived service quality and perceived price fairness may lead to consumer loyalty without necessarily leading first to satisfaction and then to loyalty. This model brings about a variation to other product quality models. It illustrates that perceived product and service quality may influence brand loyalty without necessarily having to lead to satisfaction before finally moving on to consumer loyalty. This research is based on Kano Two-Dimensional Quality Model because it is a theory that integrates the concept of quality along two dimensions which are the degree to which a product or service performs and the degree to which the consumer perceived the quality.

## 4. Methodology

This study adopted a survey research design in which a well-structured questionnaire was designed by the researcher to elicit responses from the selected sample for the study. The population of this study consists of Coca-Cola consumers in Ibadan, Oyo State, Nigeria, including individuals from different socio-economic backgrounds, age groups, and locations. The study also includes retailers and distributors of Coca-Cola beverages to gain additional insights into pricing dynamics and consumer preferences. A sample of 100 respondents was selected, comprising 60 consumers and 40 retailers/distributors in Ibadan, Oyo State were purposively selected based on ease of data collection. Both descriptive and inferential statistics were employed for the purpose of the data analysis. Inferential statistics such as correlation analysis was used to examine the relationship between price on customer perception of product quality in Ibadan, Oyo State, Nigeria.

## 5. Results and Discussion

Correlation analysis showing the relationship between the price and customer perception of product quality.

The table below shows the significant relationship between the price and customer perception such as purchasing habit of coca cola drinks and involvement in purchasing coca cola drinks ( $r=0.864$ ,  $p=0.000$  and  $r=0.250$ ,  $p=0.0021$ ) and the price perception of products quality.

**Table 1:** Relationship between socio – economic characteristics of the respondent and the customer perception of the product quality.

Variable	r	P-value	Remark
Age	-0.206**	0.050	Significant
Coca cola price	0.864**	0.000*	Significant
Involvement in product quality	0.250**	0.0021	Significant

Source: Field Survey, 2025

\*Significant at 0.05% level

The result of correlation showed that price ( $r = 0.864$ ,  $P \leq 0.05$ ), and product quality of coca cola drink ( $r = 0.250$ ,  $P \leq 0.05$ ) had positive and significant relationship with customer perception of the product quality. Conversely, age ( $r = -0.206$ ,  $p \leq 0.05$ ) had positive and significant relationship with intension to buy coca cola drinks. The result finding reveals that those purchasers of coca cola drinks with many years of buying and with more experiences of different prices and good quality were highly willing to purchase more of coca cola product than any other available products.

## 6. Conclusion and Recommendations

Based on the results of the findings it indicates that price has great impact on customer perception of product quality of coca cola drinks which provide valuable knowledge, on the effectiveness and willingness to involve in purchasing of coca cola drinks products. The main finding from the empirical analysis is that purchasing price had positive effect on customer perception of product quality.

According to the findings few recommendations are made available for Coca Cola brand. and other business organizations alike.

1. The factors that may likely be considered by the customers before purchasing a product should be adequately provided by the organization for more patronage
2. Fair product price attracts buyers of coca cola drinks, therefore they should see the need to always consider price in order to increase their market sales.

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