

Influence of Price-Based Segmentation Drives Financial Performance of Fashion Merchandisers in the Kenyan Market

Dr. Ann Kwamboka Orangi, Joy Moraa

Kirinyaga University

DOI: <https://dx.doi.org/10.47772/IJRISS.2025.91100455>

Received: 01 November 2025; Accepted: 09 November 2025; Published: 18 December 2025

ABSTRACT

This study investigates the influence of price-based market segmentation on the performance of fashion merchandising outlets in Kenya. The contemporary Kenyan retail sector demands dynamic pricing strategies to capture diverse consumer purchasing power. Using a descriptive-survey design and collecting data from 120 fashion outlet managers, the study finds a strong, positive correlation between the implementation of a multi-tiered price segmentation strategy and enhanced organizational performance, particularly in terms of profitability and market share. The research suggests that strategically aligning price points with perceived customer value is a critical success factor for fashion retailers operating in emerging economies.

Keywords: Market segmentation, Price Performance

INTRODUCTION

1.1 Introduction:

The fashion merchandising sector in Kenya is characterized by intense competition and a wide gap between high-end luxury shoppers and value-conscious consumers. An effective market segmentation strategy is crucial for survival. This chapter establishes that price is perhaps the most direct and influential segmentation variable, as it dictates accessibility and brand positioning. The problem is that many Kenyan outlets fail to move beyond uniform pricing, missing opportunities to maximize returns from different consumer segments.

1.2 Specific Objective: To assess the influence of Segmentation by Pricing on the financial performance of fashion merchandising outlets in Kenya.

1.3 Hypothesis: A positive and significant relationship exists between segmentation by pricing and the financial performance of fashion merchandising outlets in Kenya.

LITERATURE REVIEW

2.1 Introduction:

This chapter reviews literature on pricing strategies (skimming, penetration, value pricing) and their integration with segmentation theory.

Studies show that consumers segment themselves based on price elasticity of demand. In fashion retail, this manifests in the success of Masstige (mass-prestige) brands that offer different tiers of quality/price. African retail literature highlights that price often overrides brand loyalty, making dynamic pricing segmentation essential.

Value based pricing can be defined as setting a price in relation to an offering's value (Anderson Narus, 2014). A price increase can bring either an increase or decrease in revenue depending on the elasticity of demand. Nagle & Holden (2012) suggest 10 factors which influence customer price sensitivity in the context of services. They proposed that price sensitivity decreases as the customer's ability to build an inventory decrease. The factor which perhaps most directly lends itself to value-based pricing is that price sensitivity decreases the less price-sensitive customers are to the end benefit (Nagle & Holden, 2012).

2.3 Conceptual Framework

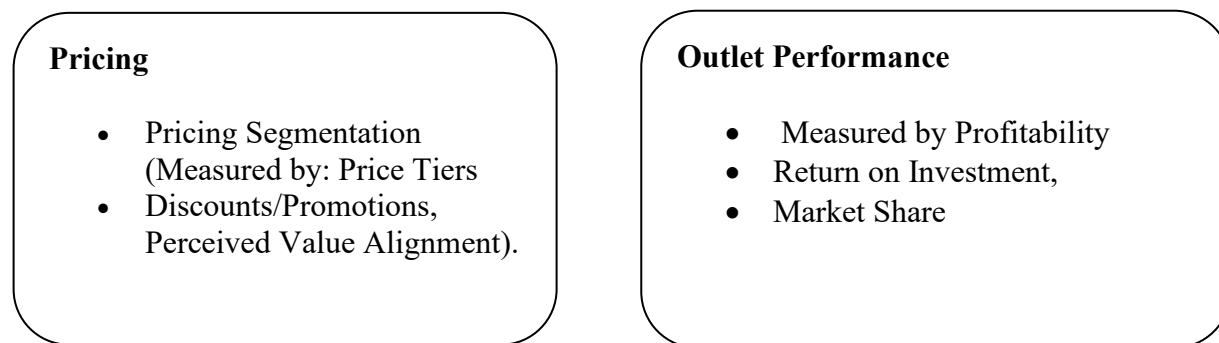


Figure 1: Conceptual Framework

METHODOLOGY

3.1 Introduction

This chapter details the research methodology used to test the hypothesis.

3.2 Research Design: The study employed a descriptive-survey research design to collect data on pricing practices and performance outcomes from a large sample of retailers.

3.3 Sample Size: A sample of 120 managers/owners of small, medium, and large fashion merchandising outlets across Nairobi and Mombasa was used.

3.4 Instruments: Primary data was collected using a structured questionnaire with a 5-point Likert scale, measuring the extent of price segmentation implementation and key performance indicators.

ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents the data analysis using descriptive and inferential statistics (regression analysis).

4.2 Analysis

Regression analysis results revealed that Pricing Segmentation significantly predicts Outlet Performance (.). Specifically, price tier differentiation was found to be the strongest predictor of increased sales volume and profitability. Outlets successfully catering to both the budget and premium segments outperformed those with narrow, uniform pricing.

DISCUSSION AND RECOMMENDATION

5.1 Introduction: This chapter discusses the findings in relation to the literature and offers practical recommendations.

5.2 Discussion: The findings confirm that price is a powerful segmentation tool, aligning with the concept of **value-based pricing**. Successful outlets use segmented pricing not just to clear stock, but to position their brands for different customer groups, proving that a diversified price portfolio maximizes revenue in a diverse market like Kenya.

5.3 Recommendation

Fashion merchandising outlets should develop a formal multi-tiered pricing strategy that includes clear product differentiations for Budget, Mid-Range, and Premium segments, backed by value proposition communication for each tier.