Gordon Institute of Business Science
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Pricing strategy of food retailers in a volatile, multicurrency and inflationary environment.

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A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements of the degree of Master of Business Administration

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Abstract

Management faces a strategic pricing dilemma to remain competitive and survive in an uncertain environment. Uncertainty is prevalent all over the globe. The study used the Zimbabwean context with hyperinflation, volatile exchange rates and multicurrency. The research objective was to assist management in volatile, uncertain environments with a guide on factors to consider in strategic pricing. The researcher undertook a qualitative study by conducting twelve semi-structured interviews. The researcher used thematic analysis to get themes derived from codes through ATLAS.ti. The most prevalent theme amongst the respondents was market assessment, including codes like competition, buying behaviour and disposable income. In addition to hyperinflation, volatile exchange rates and multicurrency, the study found that competition, customers and costs are factors to consider in strategic pricing in the food retail sector under uncertainty in Zimbabwe. The food retail sector became more attractive during the economic downturn in Zimbabwe because consumers spent more on essentials. The study highlights different types of pricing strategies. The study results revealed that volatile exchange rates and hyperinflation should be considered in the same light when assessing factors in strategic pricing in an uncertain environment. There is bi-directional causality between hyperinflation and volatile exchange rates. Management's attempts to curb uncertainty risk by doing speculative activities further exacerbated hyperinflation and uncertainty. Speculation and discretion were applied by management during decision-making in a volatile and uncertain environment. Leadership requires a stable base currency and engagement with suppliers for lower fixed prices to achieve strategic pricing sustainability. Cost containment contains the overall price increase. Management flexibility, quick decision-making, and integrity came out as learnings for top management in uncertain and volatile environments.

Keywords

Strategic pricing, Hyperinflation, Multicurrency, Exchange Rates, Uncertainty.

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Lettia Sibanda

1 November 2022

List of acronyms and abbreviations

IMTT	Intermediary Monetary Transfer Tax
RBZ	Reserve Bank of Zimbabwe
RTGS	Real Time Gross Settlement
SA	South Africa
SADC	Southern African Development Community
US Dollar	United States Dollar
VUCA	volatility, uncertainty, complexity, and ambiguity
ZWL	Zimbabwe local currency

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Chapter 1: Introduction to the study

The researcher sets the context, and need for the study through the background, research problem, the focus of the study and conceptual framework.

1.1. Background

The Zimbabwean economy is highly indebted, has worn out infrastructure, low-capacity utilisation and competitiveness and is unattractive to Foreign Direct Investment (Maumbe & Chikoko, 2022). Zhou (2018) agrees that due to economic and political instability, potential investors view Zimbabwe as a high-risk destination for Foreign Direct Investment. The author adds that Zimbabwe has a reputation for defaulting in honouring debts from the International Monetary Fund, World Bank and African Development Bank and that the policy inconsistency in Zimbabwe gives investors mixed signals.

In 2008, Zimbabwe's economic growth was lower than the average of all African countries. This was due to the country experiencing hyperinflation, reaching 89.7 sextillion in November 2008 (Brixiová, Ncube, & Bicaba, 2015). The price of products doubled every 24.7 hours (Hanke & Bostrom, 2017). To contain hyperinflation, high-interest rates and liquidity constraints, a multicurrency system (the adoption of multiple currencies simultaneously) was introduced (Pasara & Garidzirai, 2020).

Companies that operate in Zimbabwe, especially in the retail sector, face policy inconsistency, hyperinflation and an extended volatile, uncertain, complex and adverse environment (VUCA) (Chikoko & Maumbe, 2022). The country experienced a reduction in productivity and company closures resulting in reliance on imports. Aydoğuş & Değer (2018) also noted that a reduction in the currency's value in an economy heavily dependent on imports would result in increased domestic prices. Zimbabwe's experience provides an exceptional opportunity to study strategic pricing from the viewpoint of food retailers.

Zimbabweans, on average, have low disposable incomes, a low propensity to save and mostly spend on essentials (Ngwenya, Pelser, & Talent, 2018). In an environment where currency valuation erodes, a reduction in demand occurs.

When customers are sensitive to price, this gives the supplier some flexibility on product quality (Zhao & Zhang, 2019). In the Zimbabwean environment, low disposable income increases price sensitivity. The products are generally overpriced relative to their quality.

Generally, any country with a 500% annual inflation rate costs 8.5% of yearly output (Alvarez, Beraja, Gonzalez-Rozada, & Neumeyer, 2019). With the inflation levels in Zimbabwe, food retailers need to strategically price with the future existence of their operations in mind.

A strategic approach to pricing is necessary when operating under the above circumstances. Strategic pricing involves a long-term forecast and not a kneejerk reaction to pricing, thus influencing future business, customers and profitability (Lancioni, 2005). Despite the significance of strategic pricing, company executives do not fully recognise the long-term impact of prices (Piercy, Cravens, & Lane, 2010). The authors also state that price significantly impacted profitability, but they give little focus. The pricing strategy was necessary because underpricing and overpricing can result in loss of profitability and customers, respectively (Deshpande, 2018).

Ziari, Ghomi-Avili, Pishvaee, & Jahani (2022) point out that few studies have been done on pricing with an uncertainty assumption under external competition. The authors also highlight the need for research on pricing problems in inflation, sanctions and government issues. The authors add that supply chain profitability can be improved by considering uncertainty and disruption risk. This study will focus on factors when strategically pricing in an uncertain environment.

This study seeks to address the gap in strategic pricing in a hyperinflationary multicurrency environment with volatile exchange rates. The researcher will consider factors influencing pricing strategy in such an environment to equip business leaders and policymakers with the know-how to remain relevant and continue as a going concern in challenging environments.

1.2. Research problem

Decision-makers are faced with the dilemma of deciding on a pricing strategy given the uncertain environment. The multicurrency, volatile exchange rates and hyperinflation make the environment uncertain and unpredictable. The pricing strategy can either make or break the business. The formulation and execution of the pricing strategy are critical.

1.3. Focus of study

This study focuses on factors considered by food retailers when strategically pricing in an uncertain environment and how food retailers approach strategic pricing in uncertainty.

In 2003 the food industry was negatively impacted, as 49% of the Zimbabwean population required food aid (Nchake, Edwards, & Sundaram, 2018). The country has since been struggling to feed its citizens despite formally being the region's breadbasket (V. Z. Nyawo, 2018). The rapid increase in food prices plays a significant role in low food security in the country. The continued economic crisis has further exacerbated food insecurity in Zimbabwe.

The volatile and challenging macroeconomic factors in uncertain environments affect the planning processes. Without adequate planning, enterprises and countries struggle to implement and measure performance. A country's credibility hinges on its planning performance (Pasara & Garidzirai, 2020). Pricing strategies are utilised in financial planning because they are the driving force behind revenue forecasts.

Zimbabwe has been an uncertain environment for an extended period. It has become necessary to intervene in the academic arena with information that assists business owners and policymakers with guidance on factors to consider for effective strategic pricing decisions in uncertainty. The survival and competitiveness of businesses influence economic performance and citizens' standard of living.

The study targeted the food industry because it is susceptible to price change. Inflation in food is more volatile than general consumer prices (Zakiah Norazman, Khalid, & Mat Ghani, 2018). The food product group has a higher price change frequency rate than furniture and equipment (Nchake et al., 2018). There is inelastic demand for food (Oduniyi, 2022). Food greatly influences human survival. Hence the volatility in food prices will affect everyone (Pavithra, Gaddi, & Pooja, 2022). Grocery price changes experienced by consumers in their homes influence their inflation expectations (D'Acunto, Malmendier, Ospina, & Weber, 2021).

Most of the food products sold in Zimbabwe are imported (Mutekwe, Mafini, & Chinomona, 2020). The practice of importing has an impact on the pricing process of retailers. Global prices influence domestic market prices (Pavithra et al., 2022). Zimbabwe is negatively affected by the worldwide price increase, stagflation and supply chain disruptions. There has been a significant increase in cooking oil and bread prices due to Russia Ukraine conflict.

Distribution, manufacturing costs, and costs of processing and retaining impact retail food prices (Zakiah Norazman et al., 2018). Uncontrollable external factors can negatively impact business (Vafin, 2018). Examples can be commodity prices, supply chain disruptions, wars and conflicts in other countries. In Malaysia, labour costs have a limited impact on retail food prices (Zakiah Norazman et al., 2018).

Zakiah Norazman et al. (2018) mention that commodity prices and the exchange rate directly impact Malaysia's food prices. Concerning the exchange rate, when the US Dollar depreciates against other currencies, there is a reduction in food prices for those countries as commodities are pegged in US Dollar. The authors add that government intervention through subsidies and price controls may influence the impact of oil commodity prices.

Cleary & Chenarides (2022) highlight that during the great recession, consumers diverted their spending towards food-at-home purchases. The economic downturn pushed consumers towards essential commodities like food. They add that there was an improvement in food retailer profitability, thus attracting more players and increasing competition

1.4. Conceptual Framework

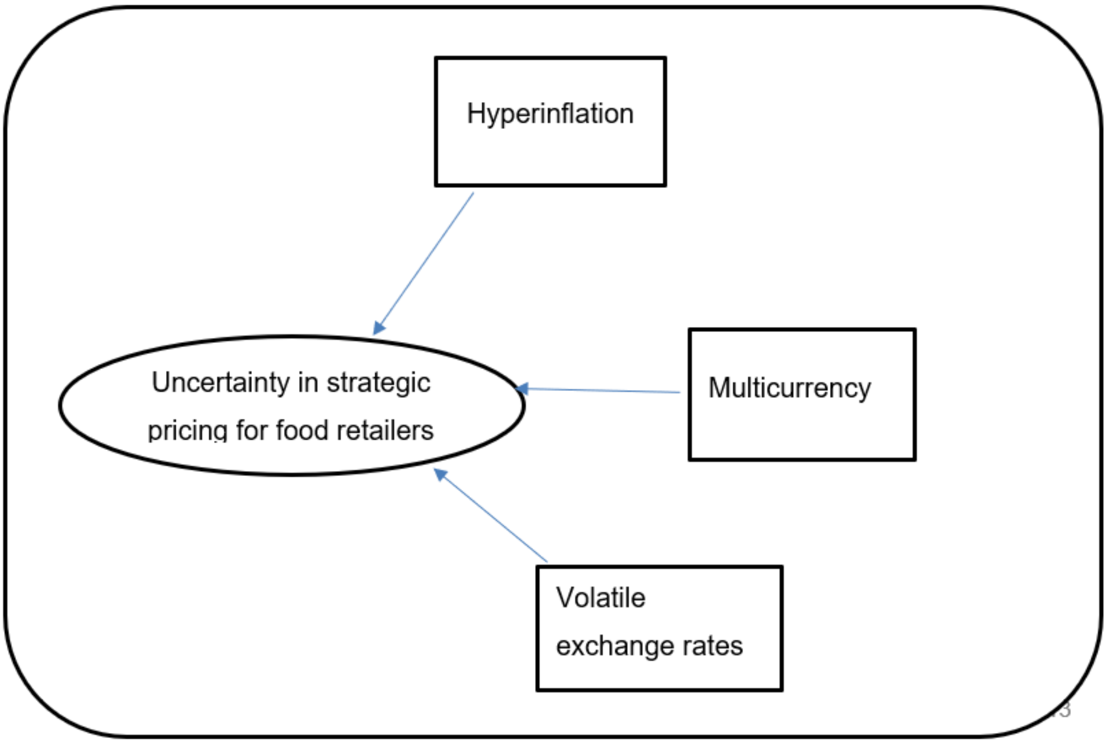

Figure 1.1 Conceptual framework (Researcher)

The study was focused on pricing strategy in the food retail sector under uncertainty. The context of the study is Zimbabwe which has a combination of hyperinflation, multicurrency and volatile exchange rates which add to the uncertainty in the study. A detailed analysis is conducted on these constructs. Limited research has been done in Zimbabwe due to international isolation and reduced access to reliable economic data (Maune & Matanda, 2020).

Chapter 2: Literature Review

The factors considered by food retailers in strategic pricing in an uncertain and volatile environment are analysed. The work done by academia in this field of study is highlighted in the following sections. The subsections cover uncertainty, strategic pricing, hyperinflation, volatile exchange rates and multicurrency.

2.1. Uncertainty

The study seeks to add to the body of knowledge a toolkit on factors to consider in strategic pricing under uncertain macroeconomic environments. The research will bring about an understanding of the challenges faced with strategic prices in an uncertain environment. Factors to consider in such an environment will be the focal point. Zimbabwe is an excellent place to conduct the study considering the volatility it has faced over an extended period.

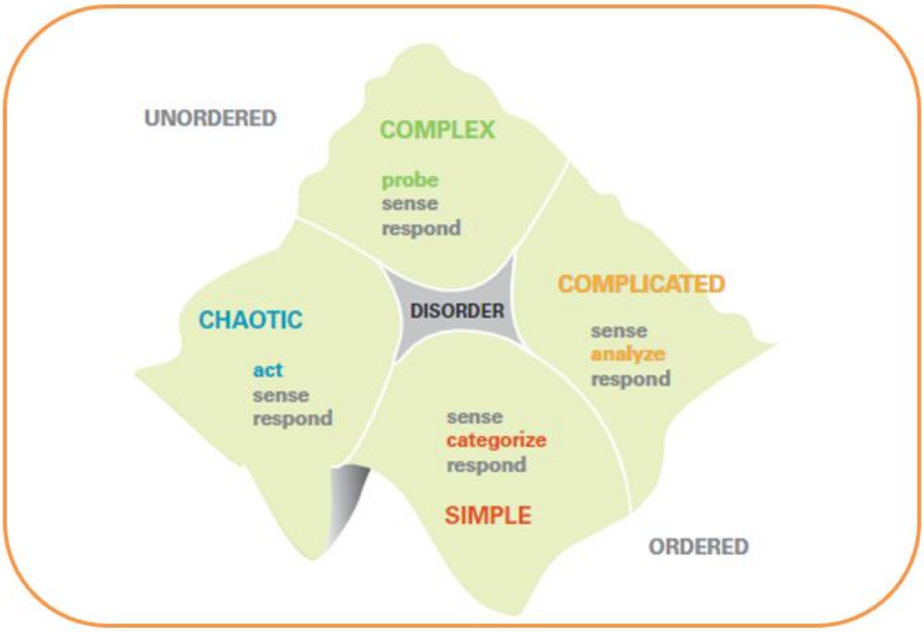

Figure 2.1 Cynefin model (Snowden & Boone 2017)

The Cynefin model by Snowden & Boone (2017) highlights that leaders make decisions under different operative contexts. Leaders must identify and respond to simple, complicated, complex, and chaotic contexts. Leaders are positioned to make contextually relevant decisions on the identification of context. The authors add a fifth context when you are not sure what context among the four you fall under. In the simple context, there is clear cause and effect and consensus among the decision-makers on how to resolve issues. A complicated context has many correct answers for the problem, and experts are required to investigate several alternatives. Chaos and complex context are unordered, and it's difficult to determine cause and effect in them as the patterns are constantly changing. Leaders must place some order in the chaos and move it to be complex. In a complex context, the whole is more than the sum of the constantly changing parts. Experimentation is essential in a complex context. Pattern-based management is necessary for the unordered context (Snowden & Boone, 2017).

The Zimbabwean context is unordered. Leaders are still to identify trends and patterns to manage the situation. The context makes it difficult to assess the forces of demand and supply that should influence the pricing for food retailers. Berger (2017) says that decision-making is done in a predictable or unpredictable world. In the predictable world, there are simple and complicated. In the unpredictable, there is complexity and chaos (Berger, 2017). The unpredictable world aligns with the research focus area of strategic pricing in an uncertain context. Identifying new approaches for managing the system during chaos and complexity is critical (Berger, 2017). This study will consider the approaches adopted in Zimbabwe to remain competitive and in business.

A flexible approach where top management adapts their response based on the complexity of the context is essential (Snowden & Boone, 2017). The environment is constantly changing; hence the approach needs to align. Decision-makers in uncertain environments must consider contextually relevant factors, including strategic pricing. The environment strongly influences retailer dynamism and strategy flexibility (Kumar, Anand, & Song, 2017). Different environments will require different approaches. There are lessons to be learnt from the uncertain context in Zimbabwe as the world is currently facing increasing inflationary pressures.

Snowden & Boone (2017) point out that humans can sometimes change uncertain environments to predictable ones through their actions. The authors elaborate that the development of patterns allows for a more predictable environment. In a complex context, you probe, sense and then respond (Snowden & Boone, 2017). It is interesting to find out how food retailers decide on pricing strategies in an environment with hyperinflation, multiple currencies and volatile exchange rates.

2.2. Strategic pricing

Pricing strategy provides a systematic description of the planned pricing purpose, target price level and the market environment for the business's profitability (Kienzler & Kowalkowski, 2017). Top management must know the company's position and authority to know which pricing strategy to apply (Ziari et al., 2022). Being a market leader or follower influences the pricing strategy.

Pricing significantly affects profitability compared to cost containment and volume maximisation (de Toni, Milan, Saciloto, & Larentis, 2017). It is the only one that gives rise to revenue. The other marketing mix elements derive costs (Ademi & Avdullahi, 2021). Poor pricing strategy can negatively impact demand, customer base and profitability (Deshpande, 2018). This points towards the existence of the business hinging on the pricing strategy.

To be successful, strategic pricing must consider the market conditions and the macroeconomic environment (Berezvai, 2015). There is a need to strategically price to influence profitability and competitiveness (de Toni et al., 2017). The value communication to consumers is combined with an analysis of competitor prices in coming up with pricing (Faith & Edwin, 2014). Strategic price has a combined impact on both competition and customers.

The pricing strategy is directed at current and potential customers and on competitor pricing (Arvitrida, Savitri, & Pramudita, 2021). Ziari, Ghomi-Avili, Pishvaee, & Jahani (2022) made an extensive list of 16 pricing strategies. The researcher goes into detail on some of them. Cost-based pricing considers the cost of the product and multiplies by the margin based on the authors’ study. It does not consider demand and competition. Value-based pricing is derived considering the value added to the customer. Market-based pricing occurs in competitive markets. Factors like the number of players, competition intensity and circumstances of the competitors are considered in market-based pricing. Skimming is adopting a high price in the beginning and lowering it later. Skimming is the opposite of penetration pricing, which initially comes at a lower price. Premium pricing applies to valuable products.

Deshpande (2018) highlights 13 common pricing strategies: cost-Plus Pricing, incremental Cost Pricing, auction pricing, price skimming, loss leader pricing, predatory pricing, limit pricing, psychological and odd pricing, prestige pricing, demand-oriented pricing, delivered pricing, promotional pricing and cyclical pricing. The relevance of pricing strategies in an uncertain environment is of interest, considering the cost-benefit analysis of each strategy.

A wide selection of pricing strategies can be adopted by management, and some are not mutually exclusive. Nchake, Edwards, & Sundaram (2018) assessed the impact of competition on pricing In Lesotho. The authors highlighted imperfect competition and that prices were not based on competitor prices but mostly on mark-up pricing. Price is flexible compared to the other components, and one can use more than one pricing strategy (Faith & Edwin, 2014).

Several studies consider strategic pricing in volatile environments. Alvarez et al. (2019) analysed price-setting behaviour in Argentina during periods of high and close-to-zero inflation rates. Using the menu cost model, the authors analysed the frequency of price changes and the magnitude of the changes. Berezvai (2015) examined pricing strategies adopted by retailers in Hungary during a recession. The low-cost strategy was the most effective, with a significant increase in market share. An aggressive pricing strategy was successful in market share, turnover and operation profits, whereas a premium pricing strategy in a recession failed. There is a need to assess a pricing strategy's relevance and competitiveness before it can apply to an environment.

Barnett, Brock, & Hansen (2020) expand on pricing strategy by writing about pricing under the uncertainty of climate change. Customers who push for a reduction in their carbon footprint may be charged higher prices due to increased resource costs (Bertini, Buehler, Halbheer, & Lehmann, 2022). Even a good cause can negatively impact pricing. A vital concern for the environment negatively impacts profitability (Bertini et al., 2022). If the worthy cause increases costs, it will increase the customer's price.

In contemporary pricing strategies at the micro level, companies derive pricing policies rather than price levels (Cespedes, Kumhof, & Parrado, 2012). Price levels fluctuate with changes in the environment, such as recessions, high inflation and in the case of multiple currencies and volatile exchange rates. Volatility and uncertainty can cause strategic pricing volatility. Volatility at the firm level increases the frequency of price changes (Vavra, 2014).

Piercy et al. (2010) highlight that buyers press for lower prices in unfavourable economic conditions. Even suppliers set lower prices during recessions, according to Deshpande (2018) and his explanation of the cyclical pricing strategy. Vafin (2018) adds that price reduction (discounts and promotions) is a short-term strategy. On the other hand, high active pricing strategy is challenging to implement during economic decline (Piercy et al., 2010). Zimbabwe has a combination of unfavourable economic conditions and high prices.

Price reduction is a way of competing in the market. Cutting prices in an economic downturn does not boost profits (Vafin, 2018). The author adds that top management will either reduce prices, reduce costs or maintain the status quo in the case of a recession. The author expands further that there is a need to have a strong pricing strategy to prevent price reduction from negatively impacting profit margins. The business intends to maintain profit margins or increase them if there is an opportunity.

Traditional pricing approaches of cost orientation, competitor orientation and demand orientation do not give the complete picture of pricing and result in errors in pricing (Piercy et al., 2010). The application of these strategies in the Zimbabwean context would be of the question, as well as the influence of the strategies in coming up with strategic pricing decisions in the food retail sector.

Consideration should be given to customer buying behaviour, stock availability, sales promotions and competition when developing the pricing strategy (Arvitrida et al., 2021). Kumar, Anand, & Song (2017) concur that the price sensitivity of consumers must be considered when selecting a pricing strategy. Information on consumer behaviour drives consumer engagement (Grewal, Roggeveen, &

Nordfält, 2017). Consumers react to the pricing strategy of retailers. Retailers have direct contact with the consumer, directly impacted by price due to the erosion of disposable income.

Management flexibility in price setting is limited by competition, cost and demand (Barone, Coulter, & Li, 2020). Innovation in pricing gives a company a competitive advantage over its competitors (Hinterhuber & Liozu, 2014). The author continues to say that these pricing models bring about profitability and customer satisfaction. Nyawo & Schultz (2020) concur that creativity and innovation are required to survive the Zimbabwean economic crisis.

Top management must be clear about their targeted price levels, the environment and the pricing objectives they want to execute. Pricing strategy communicates with the customers the value of the product or service. The company intends to be appealing in its communication to attract more customers and increase sales and revenue. There were constant price changes in Zimbabwe to keep up with the inflation and exchange rate movement. The study went deep to analyse long-term pricing, its application and its relevance in a volatile environment.

2.3. Hyperinflation

High product and service prices and low buying power result from high inflation, which harms the economy and the consumer (Chen, 2022). The author continues to say that buying power reduction equates to inflation and, thus, weak currency compared to other currencies—high inflation results in currency depreciation and low competitiveness (Heroja & Stryjan Advisor, 2021). The currency's value is eroded, acquiring fewer products than in the preceding periods.

Under hyperinflation, the local currency depreciates against other currencies. Chen (2022) comments that inflation causes domestic prices to become more and more expensive while foreign product prices are not changing. The increase in domestic prices increases imported products, depleting the country's foreign reserves. Inflation levels above 17.9% hinder economic growth (Olamide, Ogujiuba, &

Maredza, 2022). The authors add that policies and political will should address exchange rate volatility and inflation to ensure economic growth.

According to Lopez & Mitchener (2021), some European economies went into hyperinflation after the first world war due to economic policy uncertainty. The authors mention that in the case of Venezuela and Argentina' hyperinflation, economic uncertainty, government instability, and foreign indebtedness were also a cause. Inflation can develop from within the country or is imported (Chen, 2022). Global inflationary pressures also filter into the domestic country.

High inflation causes long-term fluctuations in the prices of agricultural products (Chigozirim, Okore, Ukeh, & Mba, 2021). Sub-optimal decision-making arises from substantial price changes, leading to uncertainty (Pavithra et al., 2022). High levels of uncertainty drive hyperinflation (Lopez & Mitchener, 2021). Chen (2022) alludes to the continued growth in inflation due to future inflation uncertainty. The author adds that the higher the inflation, the higher the expected future inflation pushing the inflation upwards. Forecasting is challenging with frequent price changes, which gives rise to uncertainty. There is bi-directional causality between inflation and uncertainty.

Higher demand than supply for food products pushes up the price of food, which is a significant contributor to inflation (Chigozirim et al., 2021). Chen (2022) agrees that inflation is associated with increased demand and production costs. On the contrary, Vafin (2018) highlights that low demand and high supply result in price cuts in a recessionary environment. The author continues to say that price reduction does not guarantee an increase in profitability. Customers will assess price reasonableness relative to competitors.

When information about inflation is not precise, there are higher price dispersions due to less accurate price settings (Drenik & Perez, 2020). When Zimbabwe's inflation data stopped being released in August 2019, it was more of a challenge to come up with future prices with limited access to information (Maumbe & Chikoko, 2022). Limited information results in increased uncertainty, and the fear of loss in the event of accelerated currency depreciation in the period of uncertainty pushes the prices even further. Price differentials amongst suppliers increase. Inflation drives price dispersion due to weak price signals. A stable currency reverses price dispersion (M. Nyawo & Rankin, 2020)

Exchange rate fluctuations influence the inflation rate in an economy that trades in foreign currencies (Chen, 2022). Zimbabwe has a multicurrency system; the basket of currencies includes foreign currencies. Another study by Nakamura & Steinsson (2008) notes a strong relationship between the frequency of price increases and inflation. The high the frequency of price increases, the higher the inflation. This study intends to provide guidelines to be adopted in future uncertain environments based on best practices applied by Zimbabwean food retailers in similar circumstances.

Hyperinflation erodes the value of the local currency and, in addition, drives volatile exchange rates, negatively impacting the budgeting process (Wadesango, 2021). Budgeting and planning processes become unreliable as events quickly overtake them.

The income inequality gap increases as a result of hyperinflation. Wealthy people benefit from inflation because they have some businesses and investments that appreciate with inflation, like property (Chen, 2022).

Hyperinflation impairs economic growth and drops living standards by eroding disposable income. Retailers need to sell in an environment where the economy and individuals struggle. The researcher looks at factors considered by food retailers in strategic pricing in the study.

2.4. Volatile Exchange rates

There is a positive relationship between exchange rate volatility and inflation growth (Olamide et al., 2022). The authors add that exchange rate instability arises from currency depreciation and appreciation. Denominating one country's currency in another's currency gives the exchange rate. When the currency value moves excessively, this is referred to as volatility (Heroja & Stryjan Advisor, 2021). Volatile exchange rates result in macroeconomic uncertainty (Olulu-Briggs, 2022).

Exchange rate systems of emerging markets have changed from fixed to floating rates to stabilise prices (Uz Akdogan, 2020).

Olamide et al. (2022) point out a negative relationship between volatile exchange rates and inflation with economic growth. Growth in the former two results in a reduction of economic growth. The authors add that the combined effect of inflation and unfavourable exchange rate negatively impacts the SADC region. Management of inputs and energy costs will resolve the issue. This points towards cost-push inflation affecting the region.

Anjum & Lecturer (2022) studied the effects of volatile exchange rates on price levels in Bangladesh. They concluded a positive relationship between the exchange rate and price level existed. An increase in exchange rate volatility (local currency depreciation) increases the price.

According to Avdjiev, Bruno, Koch, & Shin (2019) Increase in exchange rate points towards US Dollar appreciation. The authors add that when the US Dollar appreciates, real investment in emerging market economies falls. For developing countries economies to grow, stable exchange rates and moderate inflation are prerequisites (Olamide et al., 2022). The Zimbabwean economy was compromised as it had neither for its economic development.

Commercial banks face credit creation challenges due to fluctuating exchange rates and multicurrency (Cheruiyot Bett & Nasieku, 2022). According to Uz Akdogan (2020), exchange rate fluctuation results from speculation, a product of risk aversion.

In a study on volatile exchange rates in Nigeria (Olulu-Briggs, 2022), there were findings of bi-directional causality between inflation and exchange rate as well as Gross Domestic Product and exchange rate. Uz Akdogan (2020) confirms this causality on exchange rates and foreign reserves.

A solid adverse relationship exists between exchange rates and foreign exchange reserves (Anjum & Lecturer, 2022). When the exchange rate increases, the foreign exchange reserves drop. An increase in the exchange rate implies that the domestic currency would have depreciated.

Uz Akdogan (2020) states that a country can accumulate foreign reserves for precautionary or mercantile reasons. The precautionary reason is maintaining a target exchange rate and protecting against shocks. The mercantile reason is when foreign reserves are used for commodity price subsidies and growth policies associated with exchanging rates and competitiveness. Monetary policy actions in Brazil are influenced by exchange rates and inflation in the long and short term (Bittes Terra & Gomes, 2022).

The exchange rate affects international capital inflows, imports, and exports (Chen, 2022). Exchange rate appreciation discourages exports and encourages imports by increasing and reducing costs, respectively (Ahn et al., 1998). The author adds that the overvaluation of the exchange rate is measured by comparing the black-market rate to the official exchange rate. The black-market rate applies to both the informal and formal sectors In Zimbabwe.

There are different exchange rates applicable for cash and electronic funds. The form of payment, be it cash or electronic, influences price-setting behaviour (Xu, Chen, & Jiang, 2020). The author expands that cash results in higher selling prices because the seller has a mental image of money and desires more. Electronic funds would lose value quicker than cash for the same currency.

The exchange rate adopted by a company depends on country regulations and company preference to remain competitive. In a high-risk environment like Zimbabwe, the higher rate is mainly adopted. Considerable discretion is applied in determining which exchange rate to use for price setting (Buigut, 2015). Apart from multiple exchange rates, exchange rate volatility further adds uncertainty and risk (Aydoğuş & Değer, 2018). The same currency has a different exchange rate for different companies and forms of the local currency.

Uncertainty arose due to volatile exchange rates giving rise to price disparities. The study assesses the impact of this situation on competitiveness and strategic pricing.

2.5. Multicurrency

Zimbabwe went through semi-official dollarisation, whereby foreign currency operated alongside the national currency (Wadesango, 2021). Zimbabwe semi-officially dollarised with a basket of foreign currencies.

Multicurrency (U.S dollar, British pound and the Euro and South African Rand) was introduced in 2009 to stabilise the Zimbabwean economy, which had been ravaged by hyperinflation (Dlamini & Schutte, 2020). Munhupedzi & Chidakwa (2017) confirm the reduction in inflation and economic stability. The adoption of multicurrency stabilised prices (Kativhu, Mazvimavi, Tevera, & Nhapi, 2018). Retailers and importers mentioned that their sales had increased due to dollarisation (Munhupedzi & Chidakwa, 2017).

The Zimbabwean government has not compensated depositors for the loss of their funds as a result of the introduction of the multicurrency system (Dube & Shoko Muzvidziwa, 2015). Depositor funds denominated in local currency were eroded upon the introduction of the multicurrency era. The erosion resulted in the loss of investor confidence (Barugahara, 2021). In contrast, Chinyamakobvu, Mapira, & Ngaza (2018) point out that there was an increase in investment at the Murewa growth point between 2009 and 2011 due to the introduction of the multi-currency system. Stability reduces uncertainty and risk.

The introduction of multicurrency in Zimbabwe brought about transparency in financial reporting (Wadesango, 2021). The author continues to add that financial statements were more reliable than during the hyperinflation era. The numbers across the period were incomparable in the local reporting currency. On the other hand, using the hard currency in Zimbabwe made pricing expensive with specific reference to the tourism sector (Zhou, 2018). Dollarisation made exports more expensive. Tourists would have to pay more for a tourism package. There were pros and cons to Zimbabwe's multicurrency system.

The influence of the monetary policy statement on credit creation and the money supply was impaired by the multicurrency system (Dube & Shoko Muzvidziwa, 2015). The authors add that for most firms in Zimbabwe, the demand for recapitalisation loans outstripped the supply. According to Munhupedzi & Chidakwa (2017), there is a need to address the issue of currency shortages to promote economic growth. Zhou (2018) agrees that the Zimbabwean market had a shortage of foreign currency, and one could only access it on the parallel market upon payment of high premiums. There was high demand and a low supply of foreign currency.

Apart from operating under adverse conditions, the case of Zimbabwe is unique in that several currencies were adopted simultaneously, resulting in different exchange rates being adopted for the multiple currencies across cities and even across shops within the same city. How management coped with this uncertainty was the target of the study

2.6. Conclusion

Several factors are considered in developing a pricing strategy in a volatile, uncertain environment. This literature review focused on uncertainty, hyperinflation, volatile exchange rates and multicurrency. A detailed discussion was undertaken on uncertainty and pricing strategy. Uncertainty arises from volatile exchange rates and hyperinflation. An analysis of the above context for food retailers to assess their response concerning pricing strategy was made.

Chapter 3: Research questions

Research questions must not be too narrow and specific. They should make a substantial contribution and fit the research theory (Howard-Grenville, Nelson, Vough, & Zilber, 2021). The alignment of the research question and data collection and analysis will constantly be rethought throughout the qualitative research, influenced by insights gathered in data collection (Bansal, Smith, & Vaara, 2018).

Research question 1

How does an uncertain environment influence food retail pricing strategy?

High inflation increases uncertainty due to limited price information (Ahn, Adji, & Willett, 1998). Numerous factors contribute to uncertainty; hence, the researcher opened it up to the respondents in the Zimbabwean environment to highlight uncertainty factors and respond to their impact on strategic pricing.

Research question 2

How do food retailers decide on pricing strategy for their products, and what are the factors considered in coming up with the pricing strategy in an environment with multicurrency, volatile exchange rates and hyperinflation?

This question highlighted the factors considered in strategic pricing in Zimbabwe with the abovementioned challenges. It was set on the back of instability that arises from uncertainty. The researcher enquired in such a way that it would not enquire about the specific pricing strategy of the company to safeguard against violating trade secrets. This question opened up the study to varied responses from the respondents

Research question 3

How is sustainable strategic pricing ensured in a volatile, uncertain environment?

Customers need stability and an element of predictability in their environment. To attract and keep them, there was a need for a pricing strategy that brought about sustainability. Top management, considering the volatile environment, had to find a way to reassure the customers through their pricing strategy of guaranteed supply, quality and fair pricing.

Chapter 4: Research Methodology

The researcher will conduct the study in a way that the research questions and the justification for the study, data gathering and analysis and study results all fit with one another and with the assumptions supporting the qualitative approach (Howard-Grenville et al., 2021).

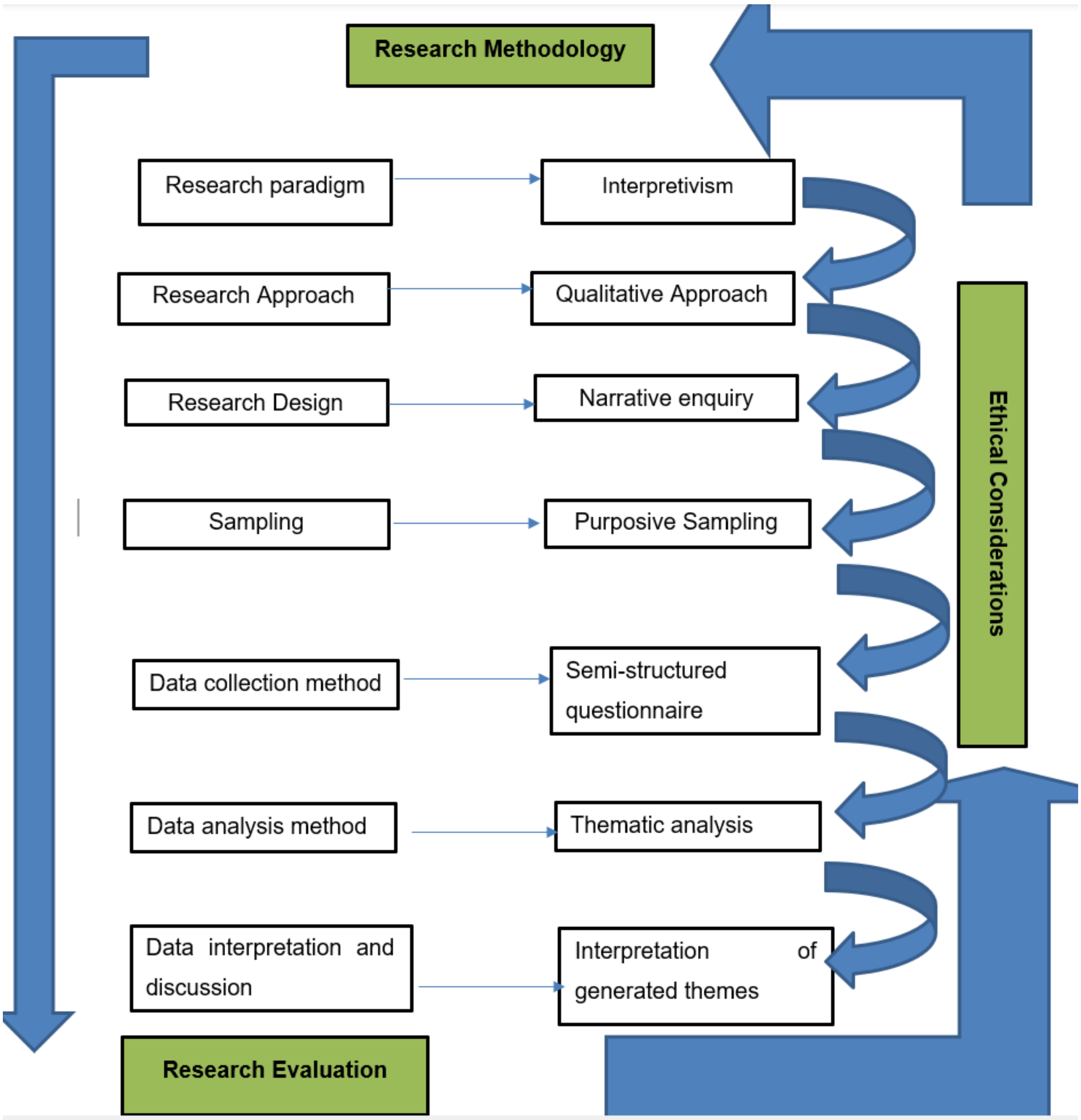

Figure 3.1 Research Methodology (Researcher)

Phenomenology was used in the qualitative study. Phenomenology explores people's life experiences of a concept they would have experienced (Kumar

Mohajan, 2018). The study was focused on understanding the lived experience of food retail top management concerning pricing strategy in an uncertain environment.

The living standards for the general populace in Zimbabwe had dropped due to a significant proportion of the remuneration used to purchase basic commodities. Food retailers sell an essential requirement. The food retailers' representation assessed consumer behaviour and response to food pricing strategy.

4.1. Choice of research design

A qualitative explorative study was conducted amongst top management involved in pricing strategy. Qualitative research seeks to understand the reason behind a phenomenon by enquiring into the “How” and “Why” of the concept (Kumar Mohajan, 2018). According to Plakoyiannaki & Budhwar (2021), qualitative researchers explore and discover that they are not limited to a specific theory. Zimbabwe's environment gives room for consideration of multiple and different factors and an opportunity to gather unique insights on factors around pricing strategy. The research was focused on people's interpretations (Gehman et al., 2018) of factors that influence decision-making on pricing strategy in an uncertain environment.

Interpretivism is the approach that was adopted. The interviewees' responses differed for the same phenomenon based on their experiences and contexts. Interpretivism allowed for a rich collection of data from differing perspectives. The study centred on uncertain environments, which made it difficult to pre-empt the potential responses of the interviewees or the direction in which the research took. Interpretivism is subjective. It depends on the understanding and interpretation of the individual (Bleiker, Morgan-Trimmer, Knapp, & Hopkins, 2019)

The inductive approach is associated with qualitative research (Lanka, Lanka, Rostron, & Singh, 2021). This approach involves the development of the theory (Saunders & Lewis, 2018). Qualitative research often works from data towards theory (Howard-Grenville et al., 2021). Many qualitative research papers reviewed developed or expanded on theories (Lindgreen, di Benedetto, Thornton, &

Geersbro, 2021). In this study, there was a need to understand uncertain contexts from the detailed data findings.

Mono methodology was adopted. The study was based on qualitative research. Qualitative research was suitable for the uncertain context as it assisted in deriving comprehensive, open and exhaustive results from the study. The mono methodology was also done due to time constraints.

The researcher used semi-structured interviews in the study. Semi-structured interviews allowed the respondents to detail areas that they felt were important in response to the questions, thus adding value to the research. They allowed structure and flexibility to be adopted in the data-gathering process. As the information was being gathered for the study, there was room to adjust the questions to expand on concepts that would have arisen in the previous interviews. Personal interviews were utilised for data gathering in most business marketing management qualitative research papers (Lindgreen et al., 2021). One person conducted interviews for this study. English was used as this is the business language used in Zimbabwe. Semi-structured interviews minimised different interview approaches and allowed for early and easy identification and evaluation of similarities and differences in the interviewee responses (Peesker, Ryals, Rich, & Boehnke, 2019).

Due to time constraints, the cross-sectional time horizon was the best-suited time horizon for the research. The researcher collected data at a specific time in accordance with Saunders & Lewis (2018). The specific time also complies with Lindgreen et al. (2021), who point out that 84.4% of the reviewed qualitative papers used a cross-sectional time horizon.

4.2. Population and sampling method

Concerning the study, the population is a complete set of individuals with attributes of interest to the researcher (Rock, 2007). The target interviewees had experienced the uncertain environment of hyperinflation, multiple currencies, and volatile exchange rates in Zimbabwe. They shared insights based on this phenomenon. They had experience in pricing strategy in the food retail sector.

Top management is the central person responsible for pricing strategy in food retail. According to Plakoyiannaki & Budhwar (2021), qualitative research involves gathering information about a phenomenon from those who would have been involved in the phenomenon. In this case, food retailers operational in Harare, Zimbabwe, during hyperinflation, multiple currencies and volatile exchange rates. The researcher collected data from different food retailers in Harare through semi-structured interviews with top management. The respondents brought in the environmental scanning view, profitability and consumer behaviour angle. Top management is the major contributor to pricing strategy decisions.

The researcher used the non-probability sampling technique of purposive sampling. Non-probability sampling is non-systematic. It depends on the researcher's judgement (Elfil & Negida, 2017). Interviewees were selected based on meeting the sampling criteria of involvement in pricing strategy in food retail in Harare. Typical case variety, which allows for a sample representative of the population, was utilised (Saunders & Lewis, 2018). Twelve participants were targeted subject to the attainment of saturation. Saturation assesses the adequacy of sample size for data gathering. Saturation is when no additional insights are identified (Hennink & Kaiser, 2022). The researcher did twelve interviews and attained saturation. This was in line with Crowther & Lauesen (2017), who highlighted that qualitative studies typically have small samples.

4.3. Unit and level of analysis

The unit of analysis was the business leader involved in pricing strategy in the organisation who agreed to be interviewed. The leader had to be involved in the pricing strategy for their company in Zimbabwe. The level of analysis was the organisation for which the business leader worked.

4.4. Measurement Instrument

The study was conducted according to a semi-structured interview guide. Semi-structured interviews comprise open-ended questions which allow for broader responses around the focus of the study (Bleiker et al., 2019). The interview process followed the semi-structured interview guide. The guide allowed for organised, uniform interviews and ensured compliance with prescribed ethical standards. The uniformity facilitated comparability. The interview guide was modified to respond comprehensively to the research questions (Gewurtz, Premji, & Holness, 2019). Follow-up questions were derived based on the responses of the interviewees. Validity and quality check were done through a pilot interview with a colleague.

4.5. Data gathering process

Semi-structured interviews were conducted face to face and using video conferences on zoom or teams. The interviews were conducted up to the point where saturation was reached. The in-person interviews lasted for an average of 30 minutes. The interviews were recorded to allow for further analysis. Openness, flexibility and in-depth interviews are associated with qualitative research (Bailey, 2014), (Lenger, 2019).

A complete set of information was gathered from the participants, including their subjective perceptions and concerns (Lenger, 2019). The uncertain environment in Zimbabwe of hyperinflation, multicurrency and multi-exchange rates is unique. The exact nature of the interviews allowed much information to be gathered. Comparison across organisations was made possible by including standard uniform questions.

4.6. Analysis approach

Qualitative studies gather data which needs much time to analyse (Lanka et al., 2021). The researcher adopted thematic analysis, involving description and interpretation of the phenomenon (Vaismoradi & Snelgrove, 2019). Pure explorative data analysis can be conducted using qualitative research (Lenger, 2019). The quantity and quality of data collected must fit with the data analysis, research question and theoretical intent (Howard-Grenville et al., 2021). The data was fit for purpose. The focus of the research was to compile factors that influence decision-makers when deciding on pricing strategies in uncertain environments. Uncertainty applied to Zimbabwe, which had hyperinflationary, multiple currencies and multiple exchange rates.

Vaismoradi & Snelgrove (2019) mention that codes are generated for main ideas and that these codes are further analysed into themes. The researchers' insight was utilised for thematic analysis. ATLAS.ti software was utilised for coding and analysing findings into themes (Bell & Hofmeyr, 2021). The respondent's quotations from the transcribed data were used for coding (Peesker et al., 2019). The codes were further categorised based on relationships between themes. The categorising of code was done, resulting in revising the understanding of pricing strategy in an uncertain environment. The researcher adopted a standardised approach in coding and theme development in line with the prescription of Vaismoradi & Snelgrove (2019). The thematic analysis involves combining the respondents' views and highlighting the differences in their opinions (Vaismoradi & Snelgrove, 2019).

4.7. Quality controls

The interview sessions stopped upon reaching data saturation. The GIBS ethical code of conduct was complied with to ensure the quality of data collected, the quality of the collection process and the quality of research. The anonymity of interviewees (Batt & Kahn, 2021) was ensured. The interviewees' names were not used to store the data. Selection bias was curbed by selecting food retailers from different locations. There were also food retailers with operations across the country. This approach allowed for different perspectives to be incorporated.

Consistent findings ensured the reliability of the research (Saunders & Lewis, 2018). All stages of the qualitative research process were vulnerable to confirmation bias (McSweeney, 2021). This is due to the subjectivity of the study. Data triangulation was applied using both primary and secondary data. The researcher would repeat to the interviewee the responses that they would have shared. The interviews were recorded for further analysis. This was upon the interviewees' informed consent and permission(Peesker et al., 2019). The recorded semi-structured interviews were transcribed verbatim (Peesker et al., 2019). The data was transparent and authentically presented (Howard-Grenville et al., 2021).

4.8. Limitations

One cannot generalise results from the sample to the population for qualitative research (Lenger, 2019). Saunders & Lewis (2018) confirm this and highlight that sampling is nonprobability and thus will not reflect the population. Lenger (2019) says that qualitative research is not objective. The research results are not quantifiable. The reliability of qualitative research results is questionable. This is due to the subjective nature of the responses. Validity is also in question; the same results cannot be replicated after applying the same methodology in a different context. Internal and external validity will be enforced by eliminating threats to validity. The results of this study were inferred from the whole population.

4.9. Conclusion

The study was conducted on a country with a unique context of a combined experience of hyperinflation, volatile exchange rates and multicurrency. A qualitative explorative study was done to allow for a wide variety of responses to clearly capture the phenomenon. Semi-structured interviews allowed for uniformity and exploration at the same time. The sample of twelve was determined at the point of reaching saturation. ATLAS.ti was used for coding and thematic analysis. The sample results cannot be extrapolated to the population due to the non-probability purposive sampling.

Chapter 5: Results

Twelve interviews were conducted with top management involved in pricing strategy in the organisation. The respondents were accessed through the researchers' professional network. The positions of the respondents are as highlighted in the table below.

Table 5-1 Study sample (Researcher)

Interviewee	Position	Total coding	New codes	Type of interview
1	Finance Director	31	20	Physical
2	Managing director	20	7	Physical
3	Finance director	38	10	Teams
4	Accountant	34	12	Zoom
5	Pricing till operator	19	5	Physical
6	Director	23	5	Physical
7	Chief Finance Officer	44	9	Teams
8	Regional Sales Manager	36	13	Teams
9	Senior Buyer	40	3	Physical
10	Finance and Administration manager	28	5	Teams
11	Food and beverages Manager	34	1	Zoom
12	Accountant	37	1	Physical
	Total	**384**	**91**	

The researcher conducted interviews over two months as the research faced challenges in accessing respondents. Some potential respondents were weary of being recorded and did not trust the confidentiality clause. Some identified respondents led the researcher along until it was too late to engage them. The researcher conducted physical and online interviews at the convenience and preference of the respondents. Half of the interviews were physical. Permission to record the interviews as they transpired was sort by the researcher. A voice recorder, zoom and or teams were used for recording the interviews. Manual transcription was conducted by playing back the recording of the interviews. It took the researcher two weeks to complete the transcriptions.

Transcriptions were loaded into the ATLAS.ti software. Coding was done on the respondents' quotations. The ATLAS.ti new code generation was analysed from the first to the twelfth interview. Only one new code was generated for interview eleven and one for twelve—this confirmed saturation. The research sample was adequate for data gathering with value addition.

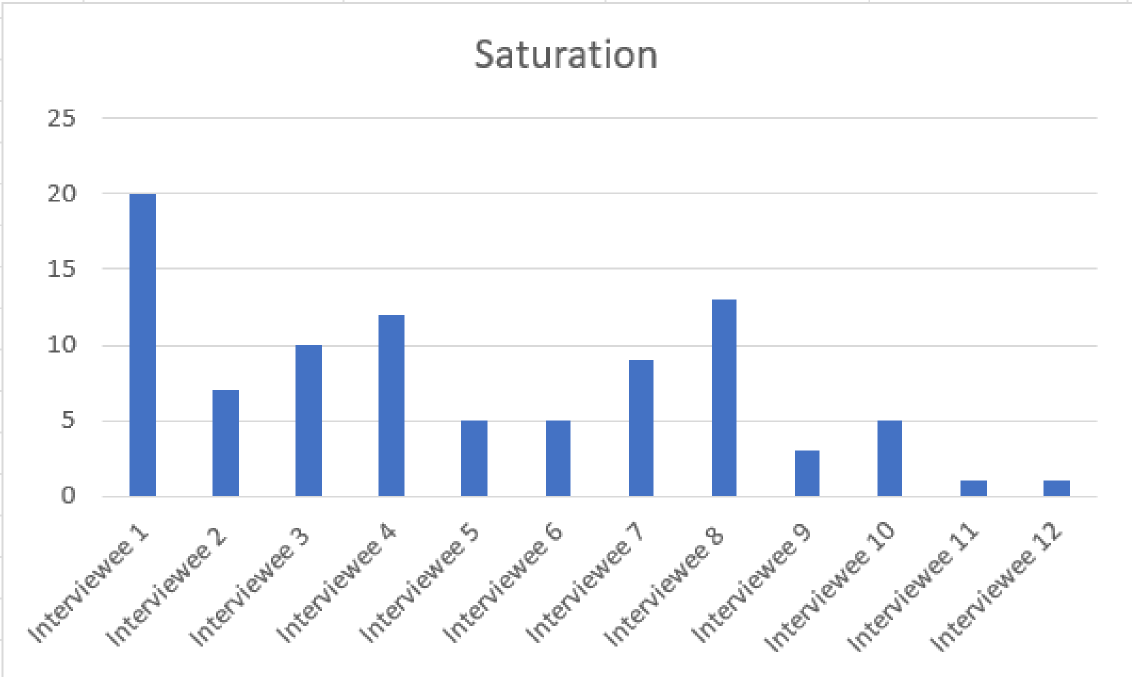

Figure 4.1 Saturation bar graph (Researcher)

5.1. Research question 1

How does an uncertain environment influence food retail pricing strategy?

Uncertainty has become prevalent, as highlighted by respondent 7,

> *"I think the world has shown us under Covid and now where we are that every environment, whether in Europe or in Southern Africa or whatever. Let's be honest; the environment is always uncertain. So uncertainty is the new normal."*

Uncertainty results in price speculation. Respondent 1 points this out,

> *"If there is no certainty of tomorrow, what happens is that people tend to predict even the exchange rates. Now it is 570/590, so I cannot be changing my pricing probably every day. I predict to say okay, maybe I am now doing my costing at 650, so those goods will go at 650."* Respondent 12 agrees to this notion of inflating exchange rates to cater for uncertainty, *"It affects our pricing in that since there is uncertainty, we also need to have a certainty at our shop, so that's why we like at least inflate the rate yes and then and so that our prices are a bit on higher side."*

Respondent 3 confirms premium pricing as a result of uncertainty,

> *"We sell our products at a premium, you see; that's why I say that they do look expensive, but they are not because all these are the factors that we are considering. The uncertainty of things, so if I sell a product today, the 23rd of August and I am told that I will only be paid for the product on the 23rd of September, there is a whole lot that can happen between today and in 30 days' time. So I need to anticipate whether the exchange rate, currently the black market exchange rate is at a 1000, and the official exchange rate should be around 450-500, so if I am only able to access currency on the black market, I need to be able to anticipate is it going to shift from a 1000 and if it does shift from a thousand will it shift by a 100%, will it shift by 20 or 30%. I need to be able to anticipate such things."*

The respondent goes on to say,

> *"There are a whole lot of factors that I have to consider, and because of that uncertainty majority of the time, it leads to slightly more expensive products than what are ideal."*

Respondent 9 agrees to hedge against uncertainty through premium pricing, *"How do we hedge ourselves against this? You find people will try to make the product expensive than what it is going for just to avoid losing value. Probably something that was supposed to be paid under normal circumstances, and at a dollar, you are now being asked to pay $1.05. This other 5 cents is there to hedge you against the unforeseen losses that might happen in the movement of the rate, which has led to our goods being expensive against competition within the borders or across the borders."*

Respondent 7 adopts a replacement pricing strategy in response to uncertainty,

"But definitely, when there is always that uncertainty, it affects now your strategic pricing negatively. You get what I am saying. You do not know how I am even going to price my in-store bread, which I bake. So you are now always waiting for the next invoice of flour from National Foods from Manyame Milling to say okay, am I going to recover. And replacement costing, which is a critical element of strategic pricing, becomes an issue because you don't know with certainty or with a degree of certainty how much I am going to price negatively."

Frequent market-driven pricing is adopted in uncertainty, according to respondent 8.

"Obviously, the reality is that here in Zimbabwe right now, we have over the last year we have been having a very VUCA environment which has been continuously changing within different spaces around the currency discussions, around you know, the rates in the market. All influence pricing on a continuous level, so that resulted in almost daily input into pricing. So you have got a market-driven sort of pricing input."

According to respondent 8, Uncertainty can arise from internal and external dynamics. Global issues influence uncertainty and pricing in the country,

"the external dynamics, for example, the Russia – Ukraine war. It put pressure on certain commodities and supply chains. It put pressure on, you know, trade routes across certain regions which impacted certain categories, certain products. So it also. So as a country in some of our products, we have imported that inflation due to global rising costs in oil, energy, food, etc." On the internal issues, the respondent adds, *"Then you have got internal*

dynamics, so in terms of your efficiencies, your processes, your costs, your variable cost per ton, all of that also feed into the pricing as well. So of those are not managed carefully, energy, etc., you are effectively ploughing those costs into the pricing of your product."

Relevance of strategic pricing in an uncertain environment

Some respondents seemed to question the relevance of strategic pricing in an uncertain environment. Respondent 8, in response to the impact of volatile exchange rates mentioned,

"It makes it quite difficult to then remain true to your strategy at that point."

Respondent 12 questioned the need for strategic pricing in the volatile Zimbabwean environment,

"I feel strategic pricing with environment we are living in does not work. It's just unfortunate that people still want to maintain that standard of that we are in a stable economy we are not so that because of people still try to think it's a stable economy, strategic pricing is really affecting a lot of companies and a lot of people and that's why a lot of people are now out of business."

Respondent 7 agrees with this line of thinking by commenting that in uncertainty,

"I am saying that it becomes hard for the effectiveness of your strategic pricing to work." Respondent 1 alluded to not engaging in long-term pricing, *"We don't do long-term pricing."*

These respondents understanding of strategic pricing is highlighted below:

Table 5-2 Understanding of strategic pricing (Researcher)

Interviewee	Position	Understanding of strategic pricing
1	Finance Director	*"What I understand is that it is the price that can compete well in the market."*

7	Chief Finance Officer	*"... strategic pricing, if you want to put it that way, you are just looking at a price which the customer, remember we serve the end customer. ... So strategic pricing basically is, the end user who is our customer, we are giving him the right price. A price which is competitive enough. A price which will be able to attract all the other customers than any other competitor which we have."*
8	Regional Sales Manager	*"I think when we talk about strategic pricing, my understanding is that based on where we want to be, as a business, being able to achieve in terms of our bottom line and our profitability and also, at the same time, in terms of where we want our product or services to be at within the market. So are we at premium, are we at value? Where do we want to land? So based on the overall product strategy and business strategy, the pricing that also has to speak to that..."*
12	Accountant	*"For me, strategic pricing, it seems it's more of when you price not according to cost, but it's more of a way of trying to compete in a market."*

5.2. Research question 2

How do food retailers decide on pricing strategy for their products, and what are the factors considered in coming up with the pricing strategy in an environment with multicurrency, volatile exchange rates and hyperinflation?

The semi-structured interviews revealed several factors considered in developing a pricing strategy. The researcher directly enquired about inflation, volatile exchange rates and multicurrency. The additional factors arose from open-ended questioning.

5.2.1. Hyperinflation

Inflation reduces disposable income, and the customer focuses on the purchase of essentials, as highlighted by respondent eight, *“In a space where inflation is very strong, and you know obviously the earning power is not catching up to that. The reality can be that the family or the consumer, or the shopper, can just focus on the core commodity and not the non-essentials. So that all has an impact on where the shopper goes and what the shopper purchases. That is why you used to find that in very stable environments, you have got a lot of products that are non-core products that sales are very high.”*

There is an agreement from respondent nine on inflation eroding disposable income and margins. Sales volumes drop, and the small margin and low volume negatively impact business performance.

"It affects what you would want to call strategic pricing for the simple reason basic goods become expensive. Affordability, people cannot even afford the basic of basic, which will mean volumes will not be achieved for basic goods, which is a huge risk. And basic goods don’t have much of a margin to talk about. They are just there to ensure that people find something to eat for the next day. So if that cost of living keeps changing by the day without being matched by a disposable income, it becomes a huge challenge to us."

Respondent eleven echoes that hyperinflation reduces disposable income,

“It (hyperinflation) does impact quite a lot because then as much as you want to create a nice price for your customers, your customers are ending up with less and less of a residual income.”

Inflation can be internally derived or external to the country. Respondent eight alludes to imported inflation,

“So as a country, in some of our products, we have imported that inflation due to global rising costs in oil, energy, food, etc.”

Respondent seven echoes that imports bring with them inflationary costs from outside,

"Basically, this is imported inflation because most of the products are being taken from South Africa."

The final product and the raw materials are both affected by hyperinflation. Respondent ten speaks to hyperinflation influencing both the input and output prices,

> *"You've got your input prices going up; you're also having other costs if you say pay cost, for example, because of inflation…, hence you are forced to re-look at pricing, especially when you are looking at your prices in local currency."*

According to respondent two, pricing strategy is done with a US Dollar base in an inflationary environment. The US Dollar is the stable currency in Zimbabwe. Implying that stable currencies can be used as base currencies in hyperinflation.

> *"We work in US Dollars. You have to use the hard currency. If you don't use the hard currency as your base value, you will be broke long ago, and you have to adjust quickly."*

> *"So, when the price was going, when the inflation was running like it was, a lot of your customers are RTGS only customers, and they can't keep up because basically everything you buy comes in at a US Dollar value. From your producers to the suppliers, they all use a US Dollar base value, and they would times that by whatever rate they deem to be the rate of the day. You know, they obviously have to cover themselves because if they are getting paid in RTGS, and then they are having to resupply in US Dollar."*

Contrary to several negative perspectives about hyperinflation, respondent seven highlights the opportunity of having hyperinflation coupled with demand.

> *"But when you are in a hyperinflationary economy when there is demand, you will also benefit. It is about you are going to structure. I mean, look at all Zimbabwe companies; they are heavily declaring dividends. Paying outside the company because when there is demand. When demand outstrips supply, when there is too much money chasing few goods, people make money*

Alertness and consistency in price change are critical in a hyperinflationary environment. The frequency of price changes was a challenge for respondent seven,

> "*So the biggest thing is for strategic pricing, in a hyperinflationary economy, you have got to do it on a daily basis. It is cumbersome, it is tiresome, but you*

have got to open your eyes. You have got to go outside the norm of retail expertise to do this thing. You are more like a money changer. So for me, it is not the hardest thing but is just the challenging factor." Respondent 9 highlights the challenge of changing costs, *"So inconsistency and instability of the price is hyperinflation. Changing of costs now and again. It is mainly driven by how the currencies are behaving."*

The researcher refers to Table 8-3 (Inflation and volatile exchange rate similarity), where 7 respondents highlighted similarities in the pricing impact of hyperinflation to volatile exchange rate.

5.2.2. Volatile exchange rates

The respondents mentioned a few exchange rates as being in use in their operations. The exchange rates are changing frequently. Companies are using different ones for their sales, namely parallel, bank and company exchange rates.

Table 5-3: Exchange rate and currencies in use (Researcher)

Interviewee	Type of exchange rate used	Selling currency
2	Parallel market rate	US Dollar and ZWL
3	Parallel market rate	US Dollar and ZWL
5	Parallel market rate	US Dollar and ZWL
6	Parallel market rate	US Dollar
9	Bank rate	US Dollar and ZWL
10	Company rate	US Dollar, Rands, ZWL
11	Parallel market rate	US Dollar and ZWL
12	Parallel market rate	US Dollar and ZWL

The application of the exchange rates is not uniform. Respondent one points out that exchange rates are not standard. There is some discretion in their application to pricing

"If there is no certainty of tomorrow, what happens is that people tend to predict even the exchange rates. Now it is 570 or 590, so I cannot be changing my pricing probably every day. I predict to say okay, maybe I am now doing

my costing at 650, so those goods will go at 650 because we can't be changing every day your price."

Respondent one further comments that prices adjustments are made in line with movements in exchange rates,

> *"Then the other determining factor is movement in exchange rates, and so when there is movement in exchange rates, we adjust our pricing accordingly because we will be selling in a local currency when we bought the goods in a foreign currency, in a different currency and so that movement in exchange rates will force us to adjust pricing."*

Respondent two agrees that the movement in the rates impacts pricing. On restocking, prices are evaluated for change.

> *"Every time a product comes into us, we check that against its last cost and like I say, generally most people, if the rate has not changed, then their price has not changed. The only thing that pushes the price up is the rate."*

The frequency of movements in exchange rates drives top management to inflate prices. According to respondent eleven, there is cushioning against the risk of loss of value in the prices set,

> *"What, you bought something for this week and then the following week? The price changes were just so difficult. So you had to almost inflate your price to cushion yourself against the changes, if that makes sense. It was just before the lockdown, and ya, the rate was changing almost every week, I think. Ya, and then they also came up with this pricing system, where if you were getting paid in RTGS, you had to push the price up …."*

Respondent eight echoes respondent eleven by speaking about hedging risk in pricing. This is done by speculating future exchange rates and applying them to the product

> *"We see what the potential impact could be and find a way to hedge against that. So, for example, when you know, what we found generally across the market is when the rates were running, a lot of business and product and*

service providers were hedging against rate runs by trying to forecast where the rate would be and implying that into their pricing."

Respondent six comments on the exchange rate volatility for the ZWL and the Rand against the US Dollar. It's not only the ZWL that is volatile, even the Rand to some extent.

"So the Rand is not very stable at the moment, so it just depends on what rate it is on that day. It's more like operating in the same situation, the same… It's a little volatile like our local currency, the RTGS. So I think it is the same thing with the Rand as well. So it depends at what rate. If you get a good rate, your prices are better that week. If you don't get a good rate, then you have to factor that into your price as well."

In line with the erosion of disposable income from hyperinflation, buying power erosion by rate fluctuations is pointed out by respondent eight,

"Let's say most of your consumers are earning Zimbabwe Dollars, and yet the rate is going up. Effectively, you are reducing the buying power of the consumers—the market. The buying power of the consumers is going down. So there is going to be a prioritization of what consumers end up buying."

The timing of the price change is critical as it may significantly impact profitability. The late response to exchange rate movements by suppliers benefits respondent six,

"The volatile currency, which is the RTGS, affects me in a positive way sometimes. Because sometimes, the rate goes up and if companies like N Richards, Megasave, Metro Peeche, they take time to adjust their prices, so that is when I may go into the parallel market, change my US Dollar into RTGS and go swipe. So that also affects my prices as well. I guess that is one of the ways I maintain lower prices."

The volatility of the exchange rate was highlighted by respondent three complaining about disparities in the US Dollar, ZWL exchange rate,

"Well, the biggest challenge, really ugh, is the exchange rate between the US Dollar and the Zimbabwe Dollar. That is the biggest challenge. Ugh,

there are just too many disparities in the market, so they affect you from both the costing side as well as right up to the pricing of the product."

Respondent four also has misgivings about the volatility of the exchange rate,

> *"One of the challenges, I would like to mention the issue of constantly changing of rates, especially on RTGS pricing. Like for our swipe and RTGS prices because what we do is we peg our US Dollar price with the rate of the day."*

5.2.3. Multicurrency

Respondent three alludes to the complication of cost tracking due to multicurrency. Currency conversions from one currency to another complicate the issue.

> *"It (multicurrency) affects us much because we have noticed that the bulk of our costs are all in US Dollars, but the bulk of our revenue is in Zimbabwe Dollars. The fact that we have got 2 currencies that are allowed to trade in an economy is not good for any economy according to me, because you cannot have your costs in one currency and then your selling price in a different currency. It will just not work because the conversion if it was so simple that you can simply just convert what you sold back into US Dollars for you to continue trading, then yeah, it would be a very simple environment to operate in, but we all know that it's not that simple."*

The US Dollar price is relatively stable, but the RTGS price is constantly changing. There is differential treatment for different currencies depending on their stability. Respondent three speaks to this,

> *"We don't really change. It is the RTGS that really is the one that we are constantly reviewing. But the US Dollar mostly it's pegged… because also the suppliers they peg it in US Dollars and then factor in a rate if you are paying in RTGS. But already we know that the US Dollar price is this. So it's not so much that we really change our prices. But only when it is ZWL."*

Respondent two confirms the changing of local currency with the US Dollar remaining stable,

> *"I have to increase my price in RTGS, but in US Dollars, it stays the same."*

The respondent adds concerning multicurrency, The different forms of local currency

> *"The only thing when you say multicurrency, it's multi-value more than multi-currency. We very rarely have someone come with a Rand or a Pound or a Euro, and you hardly ever see anything other than it is US Dollar, RTGS, Ecocash, and so for us, RTGS, Ecocash it's all the same thing in ZWL."*

Respondent eleven speaks to referring to the stronger currency, using the US Dollars as a base currency,

> *"We think in US Dollars, and as we have got the RTGS and the dollar going together."*

> *"It is that thinking in dollars, to be honest with you. Ya, I think that the safest or the simplest way that I can put it is using the dollar as the base currency. It becomes more understandable, and ya, it just gives an idea of what is really happening if that makes sense."*

The purchasing price for foreign currency is incorporated in the pricing by respondent three,

> *"Well, we consider the financing costs mainly, and then the cost of buying the currency depending on who is able to sell it to us, so that is what we consider."*

Respondent four speaks to foreign currency purchase to curb against loss of value in an inflationary environment. The market does not want to hold on to local currency as it may lose value in their hands.

> *"Yes, because to keep it as RTGS is quite tricky, so you need to be constantly buying forex. Of course, we are getting on the RBZ auction, but for us to survive, we also have to find forex in other ways. So you get it in the bank today, it is 650. You want to buy tomorrow it is 750, or it is 800, or it is even more."*

Respondent seven speaks to arbitrage in a multicurrency environment,

> *"We know we are an RTGS player; there is no problem with being an RTGS player. Remember, the RTGS is being used as an arbitrage by certain people to make money. So, for example, it was easier for someone to come into our*

shop. Buy a ton of sugar, go to mining areas where there is illegal gold mining. They sell it in dollars. They play with the rate from US to RTGS so that they get the RTGS and they make their profit."

5.2.4. Costs

Changes in costs have an impact on pricing. Respondent two pointed out the cost effect on pricing, singling out labour costs. Even a stable currency price will change when the costs vary.

“If my costs went up dramatically. If labour costs doubled, then obviously you would have to relook at prices, but so long as my base costs don’t change, my end price shouldn’t change.”

“The US Dollar price it doesn’t change unless the supplier changes their US price; then our price will change.”

Inflation impacts the value chain. The costs input is also influenced by the exchange rate that the supplier is applying; respondent three says,

“From a costing point of view, if you are going to buy products locally, it depends whether the person selling to you is actually adhering to the regulated exchange rate or is not. That then affects your pricing.”

Respondent three goes on to highlight cost factors of general administration, labour, distribution and sales and marketing costs,

"Well, other than your admin costs which cover your salaries and your general administration. We look at for us distribution expenses. We look at sales and marketing costs.”

Respondent eight adds rentals to costs considered

“Each channel has got its own costs. I mean, a retail channel, there is a lot of costs, for example, rentals.”

Overhead and material costs are also considered by respondent six in strategic pricing, *"let's say if I get my stuff directly from SA. I then consider my overheads. But when I get my stuff directly from SA, I have cut the middleman, so that also affects my pricing as well."*

Respondent ten also alludes to material costs and fuel costs' influence on pricing. Supplier speculative pricing on raw materials pushes the raw material costs upward.

"Of course, at some point, we also had to take into account issues related to the conflict in Europe that then resulted in certain raw materials or some of our major value chain partners adjusting certain prices, for example, fuel, so the US Dollar costs base increased. So, under such circumstances, you are then forced to review your prices in line with those changes happening in the market."

"Some of our suppliers have that kind of speculative tendency, and we then face challenges of overpricing on raw materials and out there in the market, there are always different prices."

Respond eleven agrees that the stability of supplier prices is a challenge,

"The consistency of the suppliers. So, for example, if the supplier is consistent in the price that they are giving us, it means that I am still within my pricing, right? If they are giving me chicken at $5, that means I am still okay to do my half chicken at $10. We are still meeting the pricing thing I was talking about. But now, if they start changing their prices, it means I should also start changing mine."

Respondent seven adds tax onto the cost impact,

"And remember, in Zimbabwe, we are also having the issue of IMTT (Intermediary Money Transfer Tax), The 2% IMTT. 4% on Nostro transfers, all that this is a cost build-up to the final price before we even negotiate with the customer or the supplier. Before we deliver to the customer and negotiate with the supplier."

Respondent ten agrees with seven on the taxes affecting pricing strategy, *"Then the issue of taxes as well. We are also highly taxed in Zimbabwe compared to other nations. I think we rank among some, one of the highest, highly taxed either company or individuals in Zimbabwe. So, taxes bill also affects our pricing system."*

Manufacturing costs are brought in by respondent eight. They have an impact on the pricing strategy.

"Then you have got internal dynamics, so in terms of your efficiencies, your processes, your costs, your variable cost per ton, all of that also feed into the pricing as well. So of those are not managed carefully, energy, etc., you are effectively ploughing those costs into the pricing of your product."

Utility costs are added by respondent ten as input costs influencing pricing,

"We've seen, say, utility providers, the councils, water, electricity adjusting their prices, based on the movements on exchange rate. That then increases the cost base, and once that happens, you are then forced to re-look at your prices to third parties so that you mitigate against margin erosion because of those changes in exchange rates."

Several respondents quoted import costs. Respondent one highlights high dependence on imports,

"Our products are mainly imports from all over not …."

The majority of respondent eight products are imports,

"I would say we are 20% manufacturing company, but the majority of our products we sell, we import them and resell them."

Respondent six alludes to getting merchandise from South Africa and alludes to middlemen getting imports for other retailers.

"let's say if I get my stuff directly from South Africa. I then consider my overheads. But when I get my stuff directly from South Africa, I have cut the middleman, so that also affects my pricing as well. "

Respondent seven confirms sourcing from South Africa, *“Number 1, where is the good being taken from? Is it from South Africa, or is it internal? When it is from South Africa, you have to consider all the factors.”*

Respondent eight alludes to being an importer citing rice importation,

“Rice is a fully imported product. It is 100% imported.”

Respondent four mentions getting money for imports from the Reserve Bank of Zimbabwe auction,

“The other thing that has been very useful for us because we also import some of our products is the RBZ auction.”

60% of the products sold by respondent nine are imported,

“Much of the products that we sell, 60% of them are imported products.”

Respondent ten imports raw materials for manufacturing,

“Our products are made out of; I think, a couple of raw materials. Some of the major raw materials are imported.”

Respondent twelve speaks to forex purchases of inputs and concludes by saying,

“The procurement, mostly its US dollars …. “

"Yes, a lot of imports."

5.2.5. Competition

Competition is considered in coming up with strategic pricing. Several respondents alluded to this. Respondent eleven highlights it as the following assessment after costing,

“When you do your food costings, times 3. When you arrive at that price, you then look at the competitors. Are they also within, and you will find that there is a bit of a trend, but sometimes you are forced just to come a little bit lower, so you are still within. Within so that your customers will still and can understand that okay, you did increase but not too drastically.”

Respondent ten echos this sentiment on competition’s importance to pricing, *"We are not alone in the market; there are other players. So yeah, competition comes to mind to say as you're doing your pricing, you are also cognisant of what your other players in the market are pricing."*

Respondent six alludes to not only assessing competition but having an urge over it,

"I do comparison like every day. What's my competition like because the competition is quite stiff, so I also consider that as well because we get the stuff from pretty much the same suppliers. So I consider myself to have an edge because I get my stuff directly from SA, and I now know quite a few suppliers locally. So I am able, even if they lower down their prices, I am able, at any given point, able to bring my prices even lower than them."

Beating competition in attracting customers is the drive of respondent seven,

"So strategic pricing basically is, the end user who is our customer, we are giving him the right price. A price which is competitive enough. A price which will be able to attract all the other customers than any other competitor which we have."

Respondent eight concurs with respondent seven on outperforming the competition,

"Then three speaks to competition. Where is the competition in the market, and will we be able to then still compete and get the consumer to purchase our brand, our product within that ranging of competitors."

Respondent eight goes on to say that you compete both in the ZWL and in the US Dollar market,

"So it is understanding that when you price the product in Zim Dollar, what is the impact, where is the market, where is the competition? If you price that same product in US dollars. Where is the market? Where is the competition? Ugh, and being able to then know that you are competitive in both spaces. Or being able to pull your levers to then say maybe, for this one, maybe we need to, you know, focus on the Zim Dollar than the US Dollar or the US Dollar vs the Zim Dollar."

Respondent twelve alludes to competing to remain in business, *"The problem now is if you don’t match prices with other supermarkets, you lose clientele, and you get out of business. So, there are times when you buy certain products to lure customers, but at the same time you try also to capitalise on certain products which you know they will cover that cost or cover that loss which you get."*

Respondent twelve continues to speak to a difficult spot where matching prices can take you out of business,

“So for you now, at times matching the price kills you in terms of are you making a profit or at least are you breaking even cause most of the time you're actually just maybe at times you even get to the cost price only.”

Competition from the informal sector may make cost-based pricing ineffective. Respondent one says this in the quotation,

“The challenge is you might come up with your own pricing based on the inputs which are standard according to IAS2 but however, you still have to benchmark the other players who might not necessarily ugh face the same inputs you have. For example, we are a legit company; we pay our VAT, we pay our taxes, but we will be competing, selling the same products with the vendors who, at times, in most cases smuggle, and they don’t have those taxes to pay so the prices will be low. So at times, it does affect our pricing because we might be forced to match them in certain markets.”

The competition also resonated with respondent six,

“What gives me a hard time? Number 1 competition. Sometimes you just don’t understand how somebody is pricing.”

Respondent twelve is struggling to keep up with competitor prices,

“competition is a bit stiff for us because now we have to be competing with tuck shops which are now downtown. We have to be competing with some people who are buying from South Africa, you know. So, it’s a bit, so now, in the end, you don’t really look at the cost factor; you need to look more on the factor of how shops are doing. So, in the end, you have to do price

comparisons daily so that you know what you can also price on your products,"

The respondents concur that competition is a critical factor in strategic pricing. The business needs to be positioned for market leadership compared to competition.

5.2.6. Customers

Sometimes the business reduces margin and increases volumes for customers. The company aims to attract customers. Respondent eleven speaks to how customers influence pricing,

> *"Our market really influences a lot of our pricing. Sometimes we might end up not running at the profit we would have hoped for, but we end up working with a system of volumes. You know, the theory will tell you for food, always multiply your costs by 3. That is how you can get back some money or get a profit, but if it ends up being inaccessible to the market, then it comes down. So our market pretty much determines how far we can go in terms of pricing. I hope that makes sense. So the market itself, our customers, determine what we do."*

The buying power of the customers is considered by respondent ten,

> *"You're also cognisant of customer's ability to purchase the product when you make those adjustments (price)."*

The respondent adds to buying power pricing that keeps you relevant to the market,

> *"Issues to do with ability for your customers to be able to continue consuming the product. So, you can't price yourself out of the market. So, generally, the price has to consider the ability to pay for the final consumer. At the end of the day, it is the final consumer who determine whether your business will remain a going concern or you go under."*

Respondent three speaks to prices appealing to customers for profitability,

> *"In summary, I suppose, how we remain competitive in a volatile environment in terms of having a price that's still appealing to the customer or end-user but at the same time enabling us to still remain profitable as a business. So it's really getting the balance in pricing."*

Respondent nine alludes to margins being influenced by the levels of disposable income through the product categories that are bought,

> *"Transcription At the same time as well, disposable income for the consumers. It is being eroded by the day. Customer spend is vanishing by the day. It is affecting niche products, pricing that has been targeting super profits or better margins and stuff. We are now selling much of the basic lines, which probably do not sustain the operation of a retail channel. Because half of the time, you are operating at below a certain margin."*

Respondent ten adds to the discussion on the value of customer disposable income,

> *"You're also cognisant of customer's ability to purchase the product when you make those adjustments."*

The respondent continues to speak about customer loyalty,

> *"You are also looking at the ability for your customers to continue maintaining their loyalty to that brand."*

On the contrary, respondent six points out the lack thereof of customer loyalty,

> *"One thing I have realized is that customers are not very loyal. They are not. So they want some consistency."*

Respondent five brings in customer complaints on price levels,

> *"The challenge that we face will be on the customer side. They will complain if we charge exorbitant prices."*

Respondent two mentions the challenge of coming up with the best price for the market,

> *"What we have a problem with is trying to work out whether the customer can handle those prices when they increase at a hell of a rate because everything we do is priced in RTGS. So when the price was going, when the inflation was running like it was, a lot of your customers are RTGS only customers, and they can't keep up because basically everything you buy comes in at a US Dollar value."*

The markets' response to price levels also impacted respondent five,

> *“I think the challenge that we face will be on the customer side. They will complain if we charge exorbitant prices.”*

5.2.7. Other factors

Profitability was highlighted by respondent eight as a factor to be considered in strategic pricing in a volatile, uncertain environment,

> *“The fourth element is also profitability. You can’t be trading at a loss unless it is a business decision to do so.”*

Respondent nine speaks to the business strategy being reflected in the pricing,

> *"You find as OK; we want to be known as serving the masses. So all our pricing under the OK banner will speak to the penetration pricing policy. Why? We want the brand being carried by those stores to be reaching far and many. It becomes affordable to the basic basket of the people at home."*

Respondent twelve considers the location of the shop and the type of clients in strategic pricing,

> *“First, what we do is we try to see the location of our shops, we see the clientele we have at the shops, and then that’s when we can factor in what kind of products we can send to certain shops and others to certain shops.”*

5.3. Research question 3

How is sustainable strategic pricing ensured in a volatile, uncertain environment?

Responses arose concerning pricing in a stable currency like the US Dollar to sustain the pricing strategy. Respondent 4 highlights the value of the US Dollar for the sustainability of pricing strategy,

> *“So on that one (sustainability), we try to lean more on the US Dollar side because it is a more stable currency. We try as much as we can to get in as much US Dollars as we can and less on the local currency sales. That way, we can be able to really have a hold on the price.”*

Respondent 9 brings in the need to engage suppliers, stabilising the supplier price to sustain the selling price,

> *"Deal pricing would be ideal, whereby you get into strategic deals with suppliers or manufacturers. You do consignment-based purchases, which will ensure you to sustain for a certain period, whereby if you agree a price today with a certain manufacturer, lock it and bring in the product over the stipulated period you trade. And to have certain buffer stock that will allow you trade to the next period rather than operating from hand to mouth. ... avoid this frequent, highly frequent purchases and focus on probably deal prices where they are discounts as you get things in bulk. That allows you to trade for a certain period. Putting some stability in the eyes of customers."*

Respondent 1 agrees with the engagement of suppliers for sustainable pricing,

> "*The only way to ensure sustainability is to continue talking to the suppliers for special prices, promotions, rebates. That way, we can influence our cost."*

On the other hand, respondent 8 pointed out that in a volatile environment, it's not about sustainability but more about competitiveness,

> *"I think that is less of what is being looked at or looked for sustaining a price point. What you want to sustain is competitiveness."*

Respondent 7 agrees that it's not about sustainability but more about responding to market forces,

> *"You use the laws of demand and supply because you can't talk of sustainability in a volatile environment. The laws of demand will determine where you are supposed to land."*

Chapter 6: Analysis and Discussion of Results

The themes that came out from the ATLAS.ti analysis were as below. The total number of codes generated was ninety-one from the twelve transcriptions. Sixteen themes were derived from the generated codes. The market assessment was the most quoted theme by the respondents, followed by supply chain, Uncertainty and exchange rate.

Table 6-1 study themes (Researcher)

Theme	Number of Codes	Themes word cloud
Advertising and promotion	8	
Cashflow	3	
Competition	2	
Cost management	5	
Exchange rates	8	
Government regulation	3	
Inflation	1	
Management attributes	4	
Market assessment	14	
Multicurrency	4	
Profitability	3	
Speculation	8	
Stakeholders	4	
Strategy	6	
Supply chain	12	
Uncertainty	6	

The generated themes were also analysed per respondent. The most prevalent theme amongst the respondents, the market assessment, was most cited by the Senior Buyer, Regional Sales Manager and Chief Finance Officer.

Table 6-2 Themes per respondent (Researcher)

	Interviewee 1	Interviewee 2	Interviewee 3	Interviewee 4	Interviewee 5	Interviewee 6	Interviewee 7	Interviewee 8	Interviewee 9	Interviewee 10	Interviewee 11	Interviewee 12	Totals
	Finance Director	Managing director	Finance director	Accountant	Pricing till operator	Director	Chief Finance Officer	Regional Sales Manager	Senior buyer	Finance and Administration manager	Food and beverages Manager	Accountant	
Advertising and promotion	2	1	5	11	1	0	1	3	5	0	4	1	34
Cashflow	0	0	0	4	0	0	4	0	2	0	0	0	10
Competition	3	0	2	2	2	1	1	6	3	1	4	10	35
Cost management	1	3	7	2	1	4	1	4	3	5	3	5	39
Exchange rates	8	7	6	8	3	3	4	5	9	8	5	9	75
Government regulation	7	3	7	4	1	5	7	3	5	3	4	5	54
Inflation	0	0	0	0	0	0	0	0	0	0	0	0	0
Management attributes	1	3	5	1	1	2	2	1	1	1	3	1	22
Market assessment	4	1	6	4	9	2	12	16	17	5	11	4	91
Multicurrency	0	1	3	0	0	4	1	0	0	0	0	0	9
Profitability	2	0	6	5	4	1	5	3	8	6	4	6	50
Speculation	4	1	5	0	0	1	7	6	8	5	2	7	46
Stakeholders	0	0	3	0	0	0	0	1	0	3	0	0	7
Strategy	0	4	1	7	0	0	7	7	6	1	5	5	43
Supply chain	5	1	6	9	3	8	12	6	8	3	6	6	73
Uncertainty	3	3	3	0	1	6	9	6	11	6	6	8	62
Totals	40	28	65	57	26	37	73	67	86	47	57	67	650

The most cited themes by the respondents are market assessment, exchange rates, supply chain and Uncertainty.

		inflation 31	Rate volatility 36	selling curre... 27	uncertainity 26
cost driver	32	2	4	1	1
disposable income	19	4			
government regulation	28	2	1	2	2
Imports	26	2	4	1	
Rate volatility	36	12		2	5
speculation	16	2	5		3
stability	12	1	1	2	
strategy execution	13		1		2
Supplier prices	24	1	5	1	2
uncertainity	26	3	5		
US dollar base	10		1	1	
US dollar stability	12		1	1	

Figure 5.1 Code co-occurrence (Researcher)

There were 12 incidences where inflation and volatile exchange rate codes were mentioned in the same quotations by the respondents. Some respondents even went on to say that the impact of the two on pricing strategy was similar.

The volatile exchange rate has the highest incidences of co-occurrence. Four co-occurrences with cost diver, four with imports, five with speculation, five with supplier prices and five co-occurrences with Uncertainty.

Of the twelve incidences of the codes co-occurrence of inflation and volatile exchange rate, seven respondents confirmed eight times the similarity of the impact of these two on strategic pricing.

Table 6-3 Inflation and volatile exchange rate similarity (Researcher)

Interviewee	Position	Quotation on the similarity of the impact of Volatile exchange rate and inflation on strategic pricing
1	Finance Director	*" From my little knowledge about how these factors move, I think inflation is being driven by the movement in exchange rates. So the moment the exchange rate is moving, it drives our inflation, so they are running side by side in the same direction."*
		" Inflation is driven by the exchange rate from the start."
2	Managing director	*"It's ((impact of volatile exchange rate and inflation on strategic pricing) the same thing. One and the same."*
3	Finance director	*" … a hyperinflationary environment will just affect you the same way because the exchange rate changes are as a result of hyperinflation, so they will affect you in exactly the same way."*
		"Yes, because exchange rate is a factor of hyperinflation, so they will affect you the same way."
		"Well, it's the same thing, ugh, a hyperinflationary environment will just affect you the same way because the exchange rate changes are as a result of hyperinflation, so they will affect you in exactly the same way."
4	Accountant	*"Inflation, is it not the same as the rates issue? I am trying to think, is it not the same?"*

8	Regional Sales Manager	*" I think it will be very similar to the comments around the running of the rates in the context of you have to hedge against it. And also at the same time, it makes it very difficult for you to forecast where the market is going. You know, and the key thing becomes being able to figure out where the market is going. What is happening with the inflation point? Ugh, I think that the impact is quite fairly similar where you have got. It is difficult to sustain a pricing point that is misaligned to your strategy. Because, again it is just making sure that you don't erode your balance sheet or you don't lose value because you have traded stock that is valued at a certain amount, and then inflation hits, and then you get your funds. You get paid, but they can't even procure two-thirds of what sold out. So I think the impact is very similar."*
9	Senior Buyer	*"… inconsistency and instability of the price is hyperinflation. Changing of costs now and again. It is mainly driven by how the currencies are behaving. So to me, it's almost the same, if I might say. Failure to stabilize or to have a stable currency leads to hyperinflation right. For example, in our country, currency issue has been a challenge. Fuel prices have been a challenge. All those things are factors that are leading to an inflationary environment ..."*
12	Accountant	*" It's almost just like the exchange rate, the effect it has on the pricing. So it's almost the same if I can say the style that we do for the exchange rates that's exactly what we do as well with hyperinflation as well."*

6.1. Research question 1

How does an uncertain environment influence food retail pricing strategy?

Chen (2022) alludes to the continued growth in inflation due to future inflation uncertainty. The higher the inflation, the higher the expected future inflation pushing the inflation upwards. This speaks to speculation, confirmed by respondent one as a way of addressing uncertainty. Lopez & Mitchener (2021) mention that high levels of uncertainty drive hyperinflation. Respondent 3 alluded to premium pricing, and respondent 9, hedging, which resulted in higher prices.

Speculation is driving both hyperinflation and volatile exchange rates. According to Uz Akdogan (2020), exchange rate fluctuation results from speculation, a product of risk aversion.

In conclusion, uncertainty influences strategic pricing in food retail through speculation, which pushes up pricing.

6.2. Research question 2

How do food retailers decide on pricing strategy for their products, and what are the factors considered in coming up with the pricing strategy in an environment with multicurrency, volatile exchange rates and hyperinflation?

6.2.1. Hyperinflation

Respondents 8, 9, and 11 agree that the high inflation levels result in the erosion of disposable income. Chen (2022) alludes to this in the literature, adding that there is harm to the consumer and the economy. Vafin (2018) points out that top management will either reduce prices, reduce costs or maintain the status quo in the case of a recession.

Chen (2022) mentions that inflation causes domestic prices to become more expensive than foreign product prices. 67% of the respondents (1,4,6,7,8,9,10,12) confirmed importing some of their merchandise. This is in line with Mutekwe, Mafini, & Chinomona (2020), who mention that most food products sold in Zimbabwe are imported. According to Aydoğuş & Değer (2018), a combination of reliance on imports and depreciation of currency raises domestic prices.

Chen (2022) speaks to imported inflation which resonates with the comment from respondent eight on how external factors like oil prices influence pricing in Zimbabwe. Respondent 7 also mentions imported inflation from South African imports. Pavithra et al. (2022) confirm the global influence on domestic prices in the literature review.

Hyperinflation erodes disposable income in the local economy. Imports become cheaper than locally produced goods . Retailers reduce the cost and meet market needs by reducing costs through imports.

6.2.2. Volatile exchange rates

Respondent 1 mentions some prediction and discretion in coming up with exchange rates. This has been confirmed by Buigut (2015) that considerable discretion is applied in determining which exchange rate to use for price setting. Apart from multiple exchange rates, exchange rate volatility further adds uncertainty and risk (Aydoğuş & Değer, 2018). There are three types of exchange rates that were quoted by the respondents, bank, parallel and company rates. These are applied to the same currencies by different companies at their discretion. Respondents alluded to the volatility of the exchange rates.

Seven respondents highlighted hyperinflation and volatile exchange rate similarities on their impact on strategic pricing, Table 8-3 (Inflation and volatile exchange rate similarity). Chen (2022) confirms that exchange rate fluctuations influence the inflation rate in an economy that trades in foreign currencies. Wadesango (2021) speaks to this connection when the author says hyperinflation erodes the value of the local currency and, in addition, drives volatile exchange rates. Olamide et al. (2022) confirm a positive relationship between exchange rate volatility and inflation growth. The authors add that these two factors both hurt economic growth.

The relationship between exchange rates and inflation is further confirmed by Olulu-Briggs (2022), who said there were findings of bi-directional causality between inflation and exchange rate In a study on volatile exchange rates in Nigeria.

Exchange rates and inflation influence Brazil's monetary policy actions (Bittes Terra & Gomes, 2022). The impact of volatile exchange rates on imports is like hyperinflation. According to Ahn, Adji, & Willett (1998), exchange rate appreciation encourages imports by reducing costs.

The way that hyperinflation and volatile exchange rates influence strategic pricing is similar.

6.2.3. Multicurrency

Respondent 7 highlights the opportunity for arbitrage that arises from the multicurrency system. Ahn, Adji, & Willett (1998) states that the overvaluation of the exchange rate is measured by comparing the black-market rate to the official exchange rate. Zimbabweans are constantly comparing these two rates.

Zhou (2018) points out that the Zimbabwean market had a shortage of foreign currency, and one could only access it on the parallel market upon payment of high premiums. The purchasing price for foreign currency is incorporated in pricing by respondent 3.

Price stability was realised due to the adoption of multicurrency (Kativhu et al., 2018). Respondent 3 confirms the stability of the US dollar prices by saying that this price is pegged by both retailer and supplier and does not change much.

Use of a stable currency allows for creation of pattens and meaningful decisions to be made. The transaction cost of acquiring foreign currency make up the cost of the product to be bought in foreign currency.

6.2.4. Costs

Costs are the main drivers of price. Volatility in costs drives price volatility. Even in a stable currency, the price will increase with the increase in costs, according to respondent 2. According to Barone et al. (2020), costs limit management flexibility in price setting.

Chen (2022) points out that inflation is associated with increased production costs. Distribution, manufacturing costs, and costs of processing and retaining impact retail food prices (Zakiah Norazman et al., 2018). Respondent 3 lists general administration, labour, distribution and sales and marketing costs as part of the cost that will influence the pricing strategy. Overhead and material costs are added to the list by respondent 6. Respondent 8 adds rental costs. Respondents 7 and 10 agree on taxes. Manufacturing costs are mentioned by respondent eight, and utilities by respondent 10. Respondents 1,4,6,7,8,9,10, and 12 mention importing costs that the businesses are incurring. Costs like those arising from reducing carbon footprint result in higher prices due to increased resource costs (Bertini et al., 2022).

Ziari et al. (2022) mention a cost-based pricing strategy considering costs and a profit element. The literature and the respondents agree that costs should be considered in developing a pricing strategy, and increasing input costs increase product pricing. Except for the Malaysian study, labour had a limited impact on food retail pricing (Zakiah Norazman et al., 2018).

Costs impact strategic pricing and when they increase it also filters to the company pricing strategy.

6.2.5. Competition

Cleary & Chenarides (2022) highlight increased players and competition in the food retail market due to increased demand for essential commodities like food. This increased profitability in this market. Fifty per cent of the respondents allude to competition being one of the factors they consider in coming up with their pricing strategy. Arvitrida et al. (2021b) agree that consideration should be given to competition when developing the pricing strategy. Customers will assess price reasonableness relative to competitors (Vafin, 2018).

Respondent 11 alludes to adjusting the costing price for alignment with competitor prices. In the literature, Faith & Edwin (2014) speak to flexibility in applying pricing strategies to the extent that they can be combined. Respondent 10 confirms consideration of competitor prices. Respondent 6 speaks to out-competing competition. Market-based pricing strategy considers the circumstances of the competition (Ziari et al., 2022). Competition is considered, so the business does not price itself out of the market. This is contrary to the finding by Nchake, Edwards, & Sundaram (2018) that markup pricing had precedence over competitor prices due to imperfect competition in Lesotho.

Competition, cost, and demand limit management flexibility in price setting (Barone et al., 2020). Respondent 12 confirms this by pointing out that sometimes matching competitor prices implies that you may not make a profit or break even.

Respondent 7 comments on giving the right price to the customer to attract more customers from the competition. Respondent 8 alludes to searching for competition and outperforming it. The pricing strategy is directed at current and potential customers and competitor pricing (Arvitrida et al., 2021).

Competition evaluation and assessment must be done to develop the most competitive pricing strategy in an uncertain environment.

6.2.6. Customers

Respondent 11 highlights that the customers influence the pricing strategy of the company. Berezvai (2015) agrees, the author highlights that to succeed, strategic pricing must consider the market conditions. Ziari et al. (2022) highlight the value-based pricing strategy, which starts the pricing process by assessing the benefits derived by the customer.

Respondent 10 speaks to being aware of customer buying power when developing a pricing strategy. Arvitrida et al. (2021) confirm the consideration of customer buying behaviour, and Kumar, Anand, & Song (2017) concur that the price sensitivity of consumers must be considered when selecting a pricing strategy. Respondent 3 alludes to pricing in a way that appeals to customers.

Customer circumstances must be considered in coming up with the pricing strategy.

6.3. Research question 3

How is sustainable strategic pricing ensured in a volatile, uncertain environment?

According to respondent 4, sustainability can be attained through the use of a stable currency like the US Dollar. This is confirmed by Kativhu, Mazvimavi, Tevera, & Nhapi (2018), who point out that price stability was realised due to the adoption of multicurrency.

Respondents 1 and 9 agree that engagement of the suppliers will assist in stabilising the strategic pricing. Respondent 10 highlights overpricing of raw materials due to speculative pricing by suppliers. On the contrary, Deshpande (2018) points out that suppliers set lower prices during recessions.

Sustainability can be attained through the use of a stable currency as well as engagement of suppliers for discounts or fixed price contracts.

Chapter 7: Conclusions and Recommendations

The study was done to assist decision-makers in the factors they should consider in coming up with strategic pricing in an uncertain and volatile environment. The Zimbabwean context was where the researcher set the study, as it had the attributes of uncertainty and volatility. Hyperinflation, multicurrency and volatile exchange rates were all prevalent in this country. The respondents considered several factors in strategic pricing: competition, the customers, costs, multicurrency, volatile exchange rates, hyperinflation, business strategy and profitability.

7.1. Research question 1

How does an uncertain environment influence food retail pricing strategy?

Hedging and speculation are done in an uncertain environment to curb the risk of loss of sales, customers, and businesses. Hedging and speculation result in higher prices being set, influencing inflationary pressures. Chen (2022) alludes to the continued growth in inflation as a result of speculating about future inflation.

7.2. Research question 2

How do food retailers decide on pricing strategy for their products, and what are the factors considered in coming up with the pricing strategy in an environment with multicurrency, volatile exchange rates and hyperinflation?

This research question aimed to bring out factors considered by top management in coming up with strategic pricing in Zimbabwe, which had a volatile and uncertain environment.

7.2.1. Hyperinflation

Hyperinflation influenced strategic pricing. There was both internally induced and imported Inflation. The country was heavily dependent on imports due to the depreciation of the local currency.

7.2.2. Volatile exchange rates

Speculation influences both hyperinflation and volatile exchange rates. Exchange rate fluctuations result from speculation, a product of risk aversion (Uz Akdogan, 2020). There is discretion applied in applying exchange rates (Buigut, 2015). This applies to Zimbabwe's uncertain and volatile environment, where speculation and discretion are applied.

The impact of hyperinflation on strategic pricing was found to be like that of volatile exchange rates. There is bi-directional causality between hyperinflation and volatile exchange rates. They are positively connected (Olamide et al., 2022). Increase in both results in an increase in prices. This was the case in Zimbabwe.

7.2.3. Multicurrency

Arbitrage arises from the use of multicurrency. Traders take advantage of rate differentials resulting in different value for the same currency.

As a result of the shortage in foreign currency, the market ends up paying premium pricing for it on the parallel market (Zhou, 2018). The cost of acquiring foreign currency is included in the strategic pricing for the product to remain profitable. This increases the price of the product.

7.2.4. Costs

Costs continue to influence the final product pricing in a stable or volatile environment. An increase in costs will increase the pricing of the products. An increase in the resource and input costs increases pricing (Bertini et al., 2022).

Cost containment contains the overall price increase. This aligns with the cost-based pricing strategy mentioned by Ziari et al. (2022), which considers total cost and margin.

7.2.5. Competition

There was an increase in players in the retail food space as this sector became attractive during a recession. The market focuses on buying the essentials, and people cannot live without food. This drove competition upwards. Competition strongly influenced the final price set for the product as it influenced the competitiveness and existence of the company. The companies aimed to attract customers from competitors to drive sales volume, revenue, and profitability. The scholars and the respondents in the study agree that competition is a factor to consider in strategic pricing. The pricing strategy that considers competitor circumstances is the market-based one (Ziari et al., 2022). In conclusion, competition is a factor to consider in a volatile and uncertain environment.

7.2.6. Customers

Customers buying behaviour and disposable income influenced strategic pricing. Will the market be able to afford the company's product? In conclusion, customers' buying behaviour should be considered in developing strategic pricing in a volatile and uncertain environment. The value to the customer can be assessed using the value-based pricing strategy

The disposable income of customers was eroded due to hyperinflation. The customers have lower buying power. The retailers considered cost reduction to maintain margins.

7.3. Research question 3

How is sustainable strategic pricing ensured in a volatile, uncertain environment?

This research question aimed to assess the respondents’ perspectives on bringing stability in a volatile and uncertain environment. Suppliers in Zimbabwe set high prices to keep up with hyperinflation and volatile exchange rates even though the country is in a recession. Strategic pricing can be sustainable by negotiating with suppliers for lower prices and locking prices in contracts.

Using a stable currency can drive pricing sustainability in an uncertain and volatile environment. A stable currency can reduce price dispersion (M. Nyawo & Rankin, 2020).

To enforce sustainability in an uncertain context there is need to make use of a stable currency in pricing. Negotiation for fixed price contracts and discounts with suppliers can also result in predictability of pricing strategy.

7.4. Implications to management.

Humans can change uncertain environments to predictable ones through their actions (Snowden & Boone, 2017). Management must be flexible. The authors continue saying a flexible approach where top management adapts their response based on the complexity of the context is essential. This implies adaptability and not being rigid.

There is a need for quick decision-making as the environment is constantly changing. The management team must have integrity as much discretion is applied in price setting giving room for collusion. Management must consider all costs related to the transaction, even the cost of buying foreign currency, so they do not price themselves out of the market by incurring losses.

All variables significantly affecting the business environment must be considered when developing a pricing strategy as they influence demand and supply for the product. This study assessed hyperinflation, multicurrency, volatile exchange rates, costs, competition and customers.

Relationship management goes a long way with suppliers to negotiate good deals in uncertain times. Using a stable currency in costing, pricing and reporting ensures sustainability.

7.5. Limitations of the study

Uncertainty is contextual. The levels of uncertainty and the factors that contribute to it are constantly changing. It is difficult to find similar circumstances for which this study can be applied thoroughly.

The study was done in an emerging market economy which is not reflective of a standard emerging economy as it has been ravaged by extreme hyperinflation and political instability. Zimbabwe is under international isolation and has reduced access to reliable economic data (Maune & Matanda, 2020).

The study was focused on food products in the retail sector only.

7.6. Recommendation for future research

Recommended future research is on wholesalers, thus the strategic pricing process of wholesalers to survive and compete in an uncertain volatile environment. Further research needs to be conducted on pricing strategy in the business-to-business space (Kienzler & Kowalkowski, 2017). The study could also be extended outside of Harare, looking into the impact of strategic pricing in smaller towns and rural areas

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Appendices

9.1. Codes

List of codes generated in ATLAS.ti during the data analysis from the semi-structured interviews.

	Code
1	○ Adaptability
2	○ Advance payment
3	○ advertising
4	○ applying different rates
5	○ Arbitrage
6	○ bank rate
7	○ brand positioning
8	○ budget
9	○ buffer- stock
10	○ buying behaviour
11	○ cash holding
12	○ Cashflow
13	○ challenge
14	○ company rates
15	○ competition
16	○ Competitiveness
17	○ cost driver
18	○ Credit terms
19	○ cross rate
20	○ customer forex account
21	○ customer loyalty
22	○ damage and expiry
23	○ Debt factoring
24	○ Demand
25	○ Discount
26	○ disposable income
27	○ economies of scale

28	○ exchange rate
29	○ fast mover
30	○ forecasting
31	○ forex acquisition
32	○ form of local payment
33	○ fraud
34	○ frequency of price change
35	○ future projections
36	○ global issues
37	○ going concern
38	○ Going rate
39	○ government regulation
40	○ group pricing
41	○ Hedging
42	○ Imports
43	○ inflation
44	○ integrity
45	○ liquidity
46	○ location
47	○ Margin
48	○ market assessment
49	○ marketing
50	○ markup
51	○ move volumes
52	○ multicurrency
53	○ overheads
54	○ position
55	○ pricing horizon
56	○ product category
57	○ product distribution
58	○ product introduction
59	○ profitability
60	○ promotion
61	○ purchasing power

62	○ quick decision making
63	○ Rate volatility
64	○ replacement costing
65	○ retail channel
66	○ revenue cycle
67	○ risk assessment
68	○ seasonality
69	○ selling currency
70	○ settlement
71	○ shareholder interests
72	○ single currency
73	○ Sole customer
74	○ speculation
75	○ stability
76	○ stable currency
77	○ store value
78	○ strategy execution
79	○ substitutes
80	○ supplier currency
81	○ Supplier prices
82	○ supply chain
83	○ sustainability
84	○ tax
85	○ trade partners
86	○ uncertainty
87	○ uniqueness
88	○ US dollar base
89	○ US dollar stability
90	○ Value addition
91	○ Value chain