A STUDY INTO THE EFFECTIVENESS OF PRICING TECHNIQUES ON THE VIABILITY OF OVERNIGHT DELIVERY SERVICES. A CASE STUDY OF INNSCOR TRANSPORT PRIVATE LIMITED

BY

NDAASI MANDIKUDZA

B0923815

SUPERVISOR: MR O. ZIVANAI

DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE BACHELOR OF ACCOUNTANCY HONOURS DEGREE OF BINDURA UNIVERSITY OF SCIENCE EDUCATION. FACULTY OF COMMERCE.

OCTOBER 2012
ABSTRACT
This research study was conducted to evaluate the effectiveness of pricing techniques in the viability of overnight delivery services being a case study of Innscor Transport Private Limited. It was guided by three objectives which included; to identify the pricing technique being used by Innscor Transport Private Limited, to evaluate the financial performance of Innscor Transport on the basis of their current pricing technique and to investigate any challenges that Innscor Transport is facing in pricing their services. The research presents the commonly used pricing techniques in the transport industry which are; competition based pricing, market oriented pricing and cost plus pricing techniques. The study was carried out using the descriptive research design based on 46 respondents who were selected using stratified random sampling. Questionnaires and interviews were the main instruments used to collect data. The statistical formula for chi-square was used to analyse the findings of the study. Findings from the study indicated that Innscor Transport considered a number of factors in determining the optimal price and these factors included competition, consumer behaviour, costs and profits. The chi-square analysis on the pricing techniques used by Innscor Transport concluded that the company equally used competitive, market oriented and cost plus pricing techniques. The study recommends that Innscor Transport adopts competitive pricing strategy and try to reduce its costs in order for it to charge competitively and at the same time increasing profits.