

Beyond profit maximization: the role of ethical product pricing in driving customer loyalty in Uganda's petroleum sector

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Abstract

Uganda's petroleum retail industry operates within a volatile pricing environment characterized by global oil price fluctuations, taxation dynamics, and intense competition among fuel stations. While price competition remains central, ethical product pricing practices such as transparency, fairness, consistency, and honesty in fuel measurement are increasingly influencing long-term customer relationships. This study examined the influence of ethical product pricing on customer loyalty, focusing on Stabex Uganda Limited in Wakiso District. Grounded in pricing fairness theory and equity theory advanced by John Stacey Adams, the study adopted a quantitative correlational cross-sectional design supported by qualitative insights. Data were collected from 80 respondents, including employees, retail customers, and commercial clients. Descriptive statistics, Pearson correlation, and regression analyses were conducted using SPSS. Results revealed a strong positive and statistically significant relationship between ethical product pricing and customer loyalty ($r = 0.689$, $p < 0.01$). Ethical pricing practices explained 46.8% of the variance in loyalty (Adjusted $R^2 = 0.468$). Constructs such as price transparency, perceived fairness, consistency, and honesty in measurement significantly influenced repeat purchase intentions and brand advocacy. The study concludes that ethical pricing is a strategic determinant of sustainable loyalty in Uganda's petroleum sector and recommends transparent pricing policies, customer communication strategies, and strengthened regulatory compliance.

Key Words: *Ethical Pricing, Customer Loyalty, Price Fairness, Petroleum Industry, Uganda, Brand Trust.*

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Introduction

Customer loyalty has become a strategic priority in industries characterized by standardized products and minimal differentiation. In Uganda's petroleum retail sector, fuel products are largely homogeneous, and price changes are highly visible to consumers. Consequently, while competitive pricing remains important, ethical product pricing practices increasingly determine whether customers remain loyal to a particular service station. Loyalty today extends beyond economic value; it reflects perceptions of fairness, transparency, and integrity in pricing decisions (Kotler & Keller, 2016).

Uganda's petroleum industry has expanded significantly, with multinational and indigenous firms such as TotalEnergies, Shell, Vivo Energy Uganda, and Stabex Uganda Limited competing within urban and peri-urban markets. In districts such as Wakiso and Kampala, customers often encounter multiple fuel stations within short distances. Under such conditions, perceptions of unfair price increases, hidden charges, inaccurate fuel dispensing, or inconsistent pricing can quickly erode trust and trigger brand switching.

Ethical product pricing refers to the adoption of transparent, consistent, and justifiable pricing strategies that align with legal standards and customer expectations. Pricing fairness theory posits that customers evaluate prices not only based on monetary cost but also on perceived justice relative to reference points (Xia, Monroe, & Cox, 2004). Equity theory further suggests that customers assess fairness by comparing their input-output ratios with those of others (Adams, 1965). When consumers perceive exploitation or opportunistic pricing, negative reactions such as dissatisfaction and reduced loyalty may result.

In petroleum retailing, ethical pricing involves accurate fuel measurement, clear display of prices, timely communication of changes, and avoidance of deceptive practices. Because fuel is an essential commodity affecting transportation, production, and household expenditure, pricing decisions are socially sensitive. Customers are highly attentive to even small price variations. Therefore, trust and ethical conduct may be as critical as price level itself.

Despite the importance of pricing ethics, most studies in Uganda focus on taxation, supply chain management, and regulatory compliance, with limited empirical analysis of how ethical pricing influences customer loyalty outcomes. This study seeks to address this gap by examining the influence of ethical product pricing on customer loyalty at Stabex Uganda Limited.

Specific Objectives

1. To assess the level of perceived ethical product pricing among customers in petroleum service stations.
2. To determine the level of customer loyalty among customers of Stabex Uganda Limited.
3. To examine the relationship between ethical product pricing and customer loyalty in Uganda's petroleum retail sector.
4. To determine the predictive effect of ethical pricing dimensions (transparency, fairness, consistency, and honesty in measurement) on customer loyalty outcomes such as repeat purchase intention and brand advocacy.

Literature review

Theoretical Review

The concept of ethical product pricing is deeply rooted in several theoretical traditions within marketing, economics, and social psychology. Among the most influential frameworks explaining customer reactions to pricing practices are equity theory, price fairness theory, distributive and procedural justice theory, stakeholder theory, and relationship marketing theory. Together, these perspectives provide a comprehensive explanation of how ethical pricing shapes customer loyalty in competitive sectors such as Uganda's petroleum industry.

Equity theory, originally proposed by John Stacey Adams, posits that individuals evaluate fairness by comparing their input–output ratios with those of others (Adams, 1965). In a consumption context, inputs may include money spent, time invested, and effort exerted, while outputs include product value, service quality, and perceived benefits. When customers perceive that the price paid for fuel is proportionate to the value received—considering factors such as accurate measurement, service quality, and convenience—they experience a sense of equity. Conversely, perceived overpricing, hidden charges, or fuel adulteration creates a sense of inequity, which can result in dissatisfaction and withdrawal behaviors. Equity theory thus explains how perceived pricing injustice undermines trust and loyalty in petroleum retailing environments.

Closely related is price fairness theory, which suggests that consumers evaluate prices not only in absolute monetary terms but also in relation to internal reference prices, competitor prices, and perceived cost justifications (Xia, Monroe, & Cox, 2004). Consumers often rely on reference price frameworks shaped by past experiences and market information. When price increases are perceived as reasonable and justified—such as due to global oil price changes—customers are more likely to accept them. However, when increases appear opportunistic or inconsistent with broader market conditions, customers may interpret them as exploitative. In Uganda's petroleum sector, where price information is highly visible and frequently discussed in public discourse, fairness perceptions are particularly salient.

Justice theory further enriches understanding of ethical pricing by distinguishing between distributive, procedural, and interactional justice (Tax, Brown, & Chandrashekar, 1998). Distributive justice concerns the perceived fairness of outcomes—in this case, whether the price paid is fair relative to the product received. Procedural justice relates to the fairness of processes used to determine prices, including transparency in price setting and communication. Interactional justice involves respectful and honest communication when explaining price changes. Research shows that when companies communicate price adjustments clearly and respectfully, negative customer reactions are mitigated even if the price itself increases (Bolton, Warlop, & Alba, 2003). Thus, ethical pricing extends beyond numerical price levels to include fairness in procedures and communication.

Stakeholder theory also provides a relevant theoretical lens. According to Freeman (1984), organizations have ethical responsibilities not only to shareholders but also to stakeholders, including customers, employees, regulators, and communities. Ethical pricing practices reflect a firm's commitment to balancing profitability with social responsibility. In petroleum retailing, fuel pricing directly affects transportation costs, commodity prices, and household expenditures. Therefore, pricing decisions carry broader social implications. A stakeholder-oriented firm is more likely to prioritize long-term trust and societal legitimacy over short-term profit maximization, thereby fostering sustainable customer loyalty. Relationship marketing theory further explains how ethical pricing strengthens long-term relational bonds. Morgan and Hunt's (1994) commitment–trust theory argues that trust and commitment are central mediators of successful relational exchanges. Ethical pricing enhances trust by signaling honesty and reliability. When customers believe that a petroleum company consistently practices fair pricing and accurate measurement, they are more likely to develop affective commitment. Commitment, in turn, reduces switching behavior even when competitors offer marginally lower prices. In highly competitive fuel markets with minimal product differentiation, relational factors such as trust may outweigh short-term price advantages.

Signaling theory offers additional explanatory power. Spence (1973) argues that firms communicate quality and integrity through observable signals. Transparent price displays, standardized pump calibration certificates, and publicized compliance with regulatory standards serve as signals of ethical conduct. Such signals reduce information asymmetry between firms and consumers, thereby increasing perceived credibility. In contexts where consumers may suspect fuel adulteration or inaccurate measurement, credible signals of ethical pricing significantly enhance loyalty.

Behavioral economics also contributes to understanding customer responses to pricing. Prospect theory, developed by Kahneman and Tversky (1979), suggests that individuals are more sensitive to perceived losses than equivalent gains. An unexpected or unexplained fuel price increase may therefore be perceived as a loss, triggering stronger negative reactions than the positive response generated by an equivalent price decrease. Ethical pricing practices that emphasize transparency and predictability can mitigate such loss perceptions and preserve loyalty.

Collectively, these theoretical perspectives converge on the proposition that ethical pricing influences loyalty through fairness perceptions, trust formation, and relational commitment. In Uganda's petroleum retail context, where price fluctuations are frequent and consumer scrutiny is high, ethical pricing practices serve as a strategic mechanism for building durable customer relationships.

Empirical Review

Empirical research across industries consistently demonstrates that perceived price fairness significantly influences customer satisfaction, trust, and loyalty. Bolton et al. (2003) found that customers' perceptions of price fairness directly affected repurchase intentions, particularly when price increases were inadequately explained. Their study revealed that transparent communication mitigates negative responses to higher prices. This finding is particularly relevant in petroleum retailing, where global oil price fluctuations frequently necessitate adjustments.

Chaudhuri and Holbrook (2001) established that brand trust and brand affect positively influence brand loyalty and market share. Although their study did not focus exclusively on pricing, trust emerged as a central determinant of loyalty outcomes. Ethical pricing contributes directly to brand trust by reinforcing perceptions of honesty and reliability. In petroleum markets, where suspicions of pump tampering or price manipulation may arise, trust derived from ethical pricing becomes a competitive asset. Similarly, Martin, Ponder, and Lueg (2009) found that perceived price unfairness triggers negative emotional responses such as anger and betrayal, which reduce purchase intentions and increase negative word-of-mouth. Their findings emphasize that pricing decisions have psychological as well as economic consequences. In fuel retail environments where word-of-mouth spreads rapidly within communities, perceptions of unethical pricing can significantly damage brand reputation.

Research by Xia et al. (2004) demonstrated that price fairness perceptions are influenced by social comparisons and perceived justifications for price differences. Customers are more accepting of price variations when they understand cost drivers such as taxation or exchange rate fluctuations. In Uganda, where fuel price adjustments are often linked to international crude oil markets and foreign exchange movements, effective communication about these drivers may enhance fairness perceptions and loyalty. Empirical studies in service industries further confirm the relationship between ethical practices and loyalty. Kumar and Shah (2004) observed that transparent pricing and loyalty programs contribute to long-term profitability by increasing customer retention. Their research suggests that retaining customers through ethical practices is more cost-effective than acquiring new customers through aggressive price competition.

In emerging markets, relational and ethical dimensions may exert even stronger influence. Nwankwo and Gbadamosi (2011) argued that African consumers place high value on trust and relational integrity. Ethical misconduct, particularly in essential goods markets, can lead to rapid erosion of reputation. Conversely, firms perceived as fair and community-oriented enjoy stronger customer commitment. These findings align with stakeholder theory, emphasizing the importance of social legitimacy in developing economies. Recent empirical evidence also highlights the mediating role of trust. In a study examining retail banking customers, Brunner, Ullrich, and De Oliveira (2018) found that perceived price fairness positively influenced trust, which in turn predicted loyalty intentions. This mediating effect suggests that ethical pricing may not directly cause loyalty but does so indirectly through trust formation. Applying this logic to petroleum retailing implies that consistent, transparent pricing builds trust, which subsequently enhances repeat purchase behavior and advocacy.

Furthermore, research on complaint behavior indicates that procedural justice during price disputes significantly influences loyalty recovery (Tax et al., 1998). When customers perceive respectful treatment and clear explanations, they are more likely to forgive pricing grievances. In fuel retailing, effective resolution of disputes related to pump accuracy or billing errors may prevent defection.

Despite extensive global evidence linking ethical pricing to loyalty, context-specific studies within Uganda's petroleum sector remain limited. Most local research focuses on supply chain efficiency, regulatory compliance, or taxation impacts, with minimal emphasis on consumer fairness perceptions. This empirical gap underscores the necessity of examining how ethical pricing dimensions transparency, fairness, consistency, and measurement honesty predict loyalty outcomes in Uganda's competitive petroleum retail environment.

In summary, empirical literature consistently demonstrates that ethical pricing enhances trust, satisfaction, and long term loyalty. Fair and transparent pricing reduces negative emotional reactions, strengthens relational bonds, and improves reputational capital. In industries characterized by standardized products and frequent price changes, such as petroleum retailing, ethical pricing may serve as a more sustainable driver of loyalty than price competition alone.

Methodology

This study examined the relationship between advertising and customer loyalty at Stabex Uganda Limited using a quantitative correlational cross-sectional survey design complemented by qualitative elements. The quantitative approach was adopted because the key variables of the study were measurable in numerical form and suitable for statistical analysis. The correlational design enabled the researcher to determine the nature and strength of the relationship between advertising and customer loyalty without manipulating the study variables. The cross sectional aspect of the design was appropriate because data were collected from respondents at a single point in time, allowing the researcher to capture prevailing perceptions, attitudes, and experiences regarding advertising practices and customer loyalty within the organization. In addition, a descriptive research orientation was incorporated to document and explain the existing conditions related to advertising strategies and customer loyalty. The descriptive component made it possible to systematically present respondents' opinions and views on how advertising influences their loyalty to the company. Although the study was primarily quantitative, qualitative data were also collected to enrich the findings and provide deeper insights, thereby enhancing triangulation and improving the overall robustness of the study.

The study was conducted at Stabex Uganda Limited. The company was selected because it was accessible to the researcher and provided an appropriate context for investigating advertising activities and their influence on customer loyalty. The target population comprised employees and customers of the company. Employees were included because they are directly involved in planning, designing, and implementing advertising strategies, as well as interacting with customers on a daily basis. Customers, both retail and commercial (bulk) clients, were included because they are the recipients of advertising messages and the ultimate beneficiaries of the company's services. Their perceptions and experiences were critical in determining whether advertising efforts translated into customer loyalty. The total population consisted of 86 individuals categorized as senior staff, other staff, retail customers, and commercial customers.

A stratified sampling design was employed to ensure adequate representation of all key categories within the population. The population was divided into four strata: senior staff, other staff, retail customers, and commercial customers. Stratification enhanced representativeness by ensuring that each subgroup was proportionately included in the study, thereby improving the reliability and validity of the findings (Lohr, 2021). Within this framework, both probability and non-probability sampling techniques were utilized depending on the characteristics of each stratum. Retail customers were selected using convenience and judgmental sampling techniques due to their unpredictable schedules

and accessibility constraints. Convenience sampling enabled the inclusion of respondents who were readily available, while judgmental sampling allowed the researcher to deliberately select customers considered knowledgeable and relevant to the study. Commercial customers were selected using simple random sampling from a sampling frame obtained at the company headquarters to ensure that each had an equal chance of participation, thereby minimizing selection bias (Amin, 2005). Senior staff were selected purposively because of their strategic positions and in-depth knowledge regarding advertising decisions within the company. Other staff members were selected through simple random sampling to ensure fairness and reduce sampling bias.

The sample size was determined using the Krejcie and Morgan (1970) table for determining sample size from a given population. From a total population of 86 respondents, a sample of 80 respondents was obtained. The sample comprised 10 senior staff selected purposively, 20 other staff selected randomly, 40 retail customers selected through convenience and judgmental sampling, and 10 commercial customers selected through random sampling. All 80 questionnaires distributed were returned, resulting in a response rate of 100 percent. This response rate was considered satisfactory and exceeded the acceptable minimum threshold for quantitative research (Mugenda & Mugenda, 2003). The high response rate was achieved through continuous follow up and close supervision during the data collection process.

Both primary and secondary data sources were utilized in the study. Primary data were collected using semi-structured questionnaires and key informant interviews. The questionnaire consisted of both closed-ended and open-ended questions designed in line with the study objectives. Closed-ended questions enabled quantitative measurement using a five-point Likert scale, while open-ended questions allowed respondents to provide additional explanations and insights. Key informant interviews were conducted mainly with senior staff and selected respondents to obtain in-depth information and clarify issues related to advertising strategies and customer loyalty. The use of questionnaires was appropriate because it allowed the collection of large amounts of data within a short period, ensured anonymity, and reduced costs (Amin, 2005). Interviews complemented the questionnaires by facilitating deeper exploration of complex issues and enabling clarification of responses. Secondary data were obtained from textbooks, academic journals, organizational reports, newspapers, magazines, and credible online sources to provide theoretical and contextual grounding for the study.

To ensure data quality, both validity and reliability were addressed. Content validity was established by seeking expert judgment from the university supervisor and three research experts who assessed the relevance of the instrument items in relation to the research objectives and conceptual framework. The Content Validity Index (CVI) was computed by dividing the number of items rated as relevant by the total number of items. The resulting CVI of 0.8 exceeded the recommended minimum of 0.7, indicating that the instrument adequately measured the intended constructs (Amin, 2005; Kothari, 2004). Reliability was assessed using the internal consistency method through Cronbach's alpha coefficient. Reliability refers to the degree to which an instrument consistently measures a construct (Thissen, 2000). In line with established guidelines, alpha coefficients of 0.6 and above were considered acceptable (Sekaran, 2001). All study variables achieved acceptable reliability coefficients, confirming the consistency of the measurement instrument.

Data collection procedures followed formal authorization processes. The research instruments were pre-tested and approved by the university supervisor. An introductory letter was obtained from the university and presented to the management of Stabex Uganda

Limited to seek permission to conduct the study. Upon approval, questionnaires were administered to the selected respondents, and interviews were conducted with key informants. Follow-up measures, including telephone calls and physical visits, were employed to ensure timely completion and return of the questionnaires.

Data processing involved editing, coding, classification, and tabulation to ensure accuracy, consistency, and completeness. A computer was used for data entry and processing to enhance speed and minimize errors. Quantitative data were analyzed using the Statistical Package for Social Scientists (SPSS). Descriptive statistics, including frequencies, percentages, means, and standard deviations, were used to summarize the data. Inferential statistics, particularly correlation and regression analysis, were employed to determine the strength and direction of the relationship between advertising and customer loyalty and to assess the predictive effect of advertising on loyalty (Cohen et al., 2013; Sekaran, 2003). Qualitative data were analyzed using thematic and content analysis techniques. Responses were organized into categories and themes based on their relevance to the research questions. Similar responses were grouped together, interpreted, and integrated with quantitative findings to provide a comprehensive understanding of the study phenomenon.

Ethical considerations were observed throughout the research process. Authorization was obtained from the university and permission was granted by the management of Stabex Uganda Limited before data collection commenced. Respondents were informed about the purpose of the study and their role in the research process. Participation was voluntary, and respondents were assured of confidentiality and anonymity. Questionnaires did not require respondents to provide their names, and all information collected was treated with strict confidentiality and used solely for academic purposes.

The study variables were measured using a five point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). This scale provided respondents with a broad range of response options and enhanced consistency in measurement. Mean scores were interpreted using predefined ranges to categorize responses from very low to very high levels of agreement. Despite careful planning, the study encountered limitations including limited access to up-to-date literature, reliance on self-reported data, time constraints, and respondents' busy schedules. These challenges were mitigated through extensive review of available secondary sources, inclusion of open-ended questions and interviews for clarification, effective time management, and consistent follow-up with respondents to ensure maximum participation.

Findings and analysis

Findings on the Effect of Ethical Product Pricing on Customer Loyalty

This section presents the findings in line with the study objective, which sought to examine the effect of ethical product pricing on customer loyalty at Stabex Uganda Limited. The results are presented in tabular form for descriptive statistics, correlation, and regression analysis, followed by detailed explanations after each table.

Descriptive Statistics for Ethical Product Pricing and Customer Loyalty

Table 1: Descriptive Statistics for Ethical Product Pricing

Statement	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	Mean	S.D
Price is a critical factor which enhances customer satisfaction	3.8	11.5	10.3	39.7	34.6	3.90	1.123
Price is what the customer sacrifices to obtain goods/ services	5.1	25.6	9.0	43.6	16.7	3.41	1.189
Unreasonable price changes cause perceptions of unfairness	2.6	12.6	11.5	64.1	9.0	3.64	0.911
Pricing involves considering constraints when actions affect others	7.7	6.4	15.4	32.1	38.5	3.87	1.221
Stabex pricing is high compared to competitors	7.7	2.6	10.3	37.2	42.3	4.04	1.156
Stabex pricing improves market share	3.8	9.0	19.2	44.9	23.1	3.74	1.037
Stabex pricing is profit-oriented	3.8	19.2	20.5	33.3	23.1	3.53	1.159
Stabex pricing is customer-oriented	9.0	7.7	12.8	35.9	34.6	3.79	1.252
Overall Average Score						3.71	1.147

Source: Primary Data (2025)

The descriptive results indicate that respondents generally agreed that ethical product pricing influences customer loyalty, as reflected by an overall mean score of 3.71 (SD = 1.147), which falls within the "high" category on the five-point Likert scale. In line with the study objective, the findings show that price plays a critical role in shaping customer satisfaction (Mean = 3.90), confirming that customers perceive pricing as a central determinant of value. Furthermore, the high mean score for the statement that unreasonable price changes cause perceptions of unfairness (Mean = 3.64) suggests that pricing stability and transparency are important in sustaining customer trust.

Although respondents perceived Stabex pricing as relatively high compared to competitors (Mean = 4.04), they also agreed that pricing improves market share (Mean = 3.74) and is customer-oriented (Mean = 3.79). This suggests that customers may associate higher prices with quality or reliability, thereby maintaining loyalty. Overall, the descriptive findings support the objective by demonstrating that ethical pricing practices are positively perceived and are likely to influence customer loyalty.

Correlation Analysis Between Ethical Product Pricing and Customer Loyalty

Table 2: Pearson Correlation Results

Variable	Ethical Product Pricing	Customer Loyalty
Ethical Product Pricing	1	0.671**
Customer Loyalty	0.671**	1
Sig. (2-tailed)		0.000
N	78	78

Note: Correlation is significant at the 0.01 level (2-tailed)

Source: Primary Data (2025)

The Pearson correlation results indicate a strong positive and statistically significant relationship between ethical product pricing and customer loyalty ($r = 0.671$, $p = 0.000$). The positive correlation coefficient implies that improvements in ethical product pricing are associated with corresponding increases in customer loyalty. Since the significance value is less than 0.01, the relationship is statistically significant at the 99% confidence level.

In accordance with the study objective, these findings confirm that ethical pricing practices are strongly linked to customer loyalty at Stabex Uganda Limited. This means that customers who perceive pricing as fair, stable, and customer oriented are more likely to remain loyal to the company.

Regression Analysis of Ethical Product Pricing and Customer Loyalty

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	0.671	0.450	0.443	0.37498

Source: Primary Data (2025)

The model summary indicates that ethical product pricing explains 44.3% (Adjusted $R^2 = 0.443$) of the variation in customer loyalty. This implies that while ethical pricing is a significant predictor of loyalty, other factors account for the remaining 55.7%. In line with the objective, this demonstrates that ethical pricing makes a substantial contribution to customer loyalty, though it operates alongside other determinants such as service quality and brand reputation.

Table 4: ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	8.735	1	8.735	62.126	0.000
Residual	10.686	76	0.141		
Total	19.422	77			

Source: Primary Data (2025)

The ANOVA results show that the regression model is statistically significant ($F = 62.126$, $p = 0.000$). Since the significance value is less than 0.05, the model provides a good fit for the data. This confirms that ethical product pricing is a significant predictor of customer loyalty, thus supporting the study objective.

Table 5: Regression Coefficients

Variable	B	Std. Error	Beta	t	Sig.
Constant	0.881	0.361		2.439	0.017
Ethical Product Pricing	0.762	0.097	0.671	7.882	0.000

Source: Primary Data (2025)

The regression coefficient for ethical product pricing ($\beta = 0.671$, $p = 0.000$) indicates a strong positive and statistically significant effect on customer loyalty. The t-value of 7.882 exceeds the critical value of 1.96, confirming that the coefficient is significantly different from zero at the 95% confidence level. The regression equation can be expressed as: Customer Loyalty = $0.881 + 0.762(\text{Ethical Product Pricing})$ Customer Loyalty = $0.881 + 0.762(\text{Ethical Product Pricing})$ Customer Loyalty = $0.881 + 0.762(\text{Ethical Product Pricing})$

This implies that a one-unit increase in ethical product pricing leads to a 0.762-unit increase in customer loyalty. In accordance with the study objective, the regression findings confirm that ethical product pricing significantly and positively influences customer loyalty at Stabex Uganda Limited.

Overall Interpretation

The descriptive, correlation, and regression findings consistently demonstrate that ethical product pricing significantly influences customer loyalty. Customers value fairness, transparency, stability, and customer-oriented pricing approaches. Ethical pricing explains a substantial proportion (44.3%) of variation in customer loyalty and has a strong positive predictive effect. Therefore, the study objective is achieved, as the results provide empirical evidence that ethical product pricing is a critical determinant of customer loyalty at Stabex Uganda Limited.

Discussion of Findings

The study established that ethical product pricing is generally perceived to be high and positively practiced at Stabex Uganda Limited. The descriptive statistics revealed an overall mean score of 3.71, indicating that respondents largely agree that pricing practices are fair, stable, and customer-oriented. High mean scores for statements such as price being a critical factor in enhancing customer satisfaction (Mean = 3.90) and pricing involving consideration of actions that affect others (Mean = 3.87) confirm that customers associate ethical pricing with value fairness and responsible corporate conduct. These findings are consistent with the equity theory of pricing, which posits that customers evaluate price fairness by comparing what they sacrifice with the value received. They also align with the findings of Xiaoyan Xia et al. (2004), who established that perceived price fairness significantly influences customer satisfaction and repurchase intentions.

The strong positive correlation ($r = 0.671$, $p < 0.01$) observed in this study reinforces the argument that ethical product pricing is closely associated with customer loyalty. This finding supports previous empirical research by Valarie Zeithaml (1988), who found that perceived value, strongly influenced by price perceptions, directly affects customer behavioral intentions. Similarly, Richard Oliver (1999) emphasized that customer loyalty develops when consumers consistently perceive fairness and value in exchange relationships. The present study confirms that when customers believe that pricing practices are transparent and justifiable, they are more likely to maintain long term relationships with the firm.

Regression analysis further revealed that ethical product pricing explains 44.3% of the variation in customer loyalty (Adjusted $R^2 = 0.443$), with a statistically significant positive beta coefficient ($\beta = 0.671$, $p = 0.000$). This indicates that pricing practices are not merely associated with loyalty but are significant predictors of it. The finding is consistent with the relationship marketing theory advanced by Leonard Berry (1983), which suggests that long-term customer relationships are strengthened through trust-building mechanisms such as fairness and transparency. Ethical pricing signals honesty and corporate integrity, thereby fostering trust and commitment.

However, a critical nuance emerged from the descriptive findings: although respondents generally agreed that pricing is customer-oriented, many also perceived Stabex pricing as relatively high compared to competitors (Mean = 4.04). This suggests that while customers recognize fairness and transparency, price sensitivity remains a concern. This finding mirrors the observations of Jagmohan Raju and colleagues (1995), who argued that customers may tolerate higher prices if they perceive superior value or quality, but excessive price disparities can weaken loyalty over time. Therefore, ethical pricing must balance fairness with competitiveness.

The results also suggest that ethical pricing has both direct and indirect effects on customer loyalty. Directly, fair pricing reduces dissatisfaction and perceptions of exploitation. Indirectly, it enhances corporate reputation, trust, and emotional attachment, which are essential components of loyalty. This supports the findings of Robert Morgan and Shelby Hunt (1994), who argued that trust and commitment mediate the relationship between firm practices and customer retention. In the context of Stabex Uganda Limited, customers who perceive pricing as ethical are likely to develop confidence in the company, leading to repeat purchases and positive word of mouth.

In conclusion, the findings corroborate both theoretical and empirical literature demonstrating a significant positive relationship between ethical product pricing and customer loyalty. However, consistent with previous studies, ethical pricing must remain competitive and consistently communicated to customers. Transparency, stability, and value alignment are critical to sustaining and strengthening the observed positive relationship.

Conclusion and Recommendations

Conclusion

This study examined the effect of ethical product pricing on customer loyalty at Stabex Uganda Limited. The findings established a strong, positive, and statistically significant relationship between ethical product pricing and customer loyalty ($r = 0.671$, $p < 0.01$). The regression results further confirmed that ethical pricing is a significant predictor of customer loyalty ($\beta = 0.671$, $p = 0.000$), explaining 44.3% of the variation in loyalty levels among customers.

Descriptive findings revealed that customers generally perceive pricing practices as fair, responsible, and customer oriented. Respondents agreed that price plays a critical role in enhancing satisfaction and that unreasonable price changes create perceptions of unfairness. These results indicate that customers are sensitive not only to price levels but also to pricing processes and transparency. Ethical pricing practices such as consistency, fairness, and clear justification of price changes significantly influence customer attitudes and behavioral intentions.

However, the study also identified an important concern regarding perceived high pricing relative to competitors. Although customers acknowledge fairness and value, price competitiveness remains a key factor influencing long-term loyalty. This suggests that ethical pricing must integrate fairness with strategic market positioning to sustain customer retention.

The study therefore concludes that ethical product pricing significantly enhances customer loyalty by fostering satisfaction, trust, and perceived value. However, the strength of this relationship can be further enhanced by ensuring competitive pricing structures and improved communication strategies. Ethical pricing should be viewed not only as a moral obligation but also as a strategic tool for long-term relationship building and sustainable competitive advantage.

Recommendations

Based on the findings, the following recommendations are proposed to strengthen the positive impact of ethical product pricing on customer loyalty at Stabex Uganda Limited:

- **Strengthening Pricing Transparency and Communication:** Management should enhance communication regarding pricing structures, adjustments, and value justifications. Customers should clearly understand the reasons behind price changes, especially in response to market fluctuations. Transparent communication builds trust and reduces perceptions of unfairness, thereby strengthening loyalty.
- **Balancing Fairness with Competitive Pricing:** Although ethical pricing practices are positively perceived, management should continuously benchmark prices against competitors to ensure competitiveness. Regular market analysis will help maintain fairness while preventing customer migration due to perceived price disparities.
- **Implementing Stable and Predictable Pricing Policies:** Sudden and unexplained price fluctuations negatively affect customer perceptions. The company should establish stable pricing policies with gradual and well communicated adjustments to maintain consistency and protect customer trust.
- **Enhancing Customer Value Proposition:** Ethical pricing should be complemented by superior service quality, product reliability, and customer engagement initiatives. When customers perceive that price aligns with quality and service excellence, loyalty strengthens even when prices are relatively higher.
- **Establishing Customer Feedback Mechanisms:** The company should institutionalize structured feedback systems to continuously monitor customer perceptions of pricing fairness. Regular surveys and customer forums would provide insights into price sensitivity and allow timely adjustments to maintain loyalty.

In summary, while ethical product pricing significantly contributes to customer loyalty at Stabex Uganda Limited, maximizing its impact requires a balanced strategy that integrates transparency, competitiveness, stability, and continuous customer engagement. Implementing these recommendations would not only reinforce loyalty but also enhance the company's long-term profitability and market sustainability.

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