

การกำหนดราคาเชิงกลยุทธ์และผลการดำเนินงาน: หลักฐานจากธุรกิจ SMEs เครื่องสำอางในประเทศไทย

Strategic Pricing and Firm Performance: Evidence from Cosmetics SMEs in Thailand

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บทคัดย่อ

การวิจัยนี้ มีเป้าหมายเพื่อทำการทดสอบผลกระทบของการกำหนดราคาเชิงกลยุทธ์ที่มีต่อผลการดำเนินงาน ชีวธุรกิจ SMEs เครื่องสำอางในประเทศไทย จำนวน 148 กิจการ เป็นกลุ่มตัวอย่างที่ใช้ในการวิจัย ผลลัพธ์การวิจัย พบว่า การกำหนดราคาเชิงกลยุทธ์ มีผลกระทบเชิงบวกต่อการตอบสนองตลาดความต้องการ ได้เปรียบทางการแข่งขันอย่างยั่งยืน และผลการดำเนินงาน นอกจากนี้ การตอบสนองตลาด มีผลกระทบเชิงบวกต่อความต้องการ ได้เปรียบ ทางการแข่งขันอย่างยั่งยืน และผลการดำเนินงาน ขณะที่ ความต้องการ ได้เปรียบทางการแข่งขัน อย่างยั่งยืน มีผลกระทบเชิงบวกต่อผลการดำเนินงาน การวิจัยนี้สามารถยืนยันว่า การกำหนด ราคาเชิงกลยุทธ์ เป็นศักยภาพเชิงพลวัตร และเป็นปัจจัยหลักที่ส่งผลต่อความต้องการ ได้เปรียบ ทางการแข่งขัน และผลการดำเนินงาน

คำสำคัญ : การกำหนดราคาเชิงกลยุทธ์ การตอบสนองตลาด ผลการดำเนินงานความได้เปรียบทางการแข่งขันอย่างยั่งยืน

Abstract

This study aims at examining the effects of strategic pricing on firm performance. The samples of the study are 148 cosmetics SMEs in Thailand. The results find that strategic pricing has a positive effect on market response, sustainable competitive advantage and firm performance. Also, market response

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has a positive influence on both sustainable competitive advantage and firm performance while sustainable competitive advantage has a positive impact on firm performance. This study confirms that strategic pricing is a dynamic capability and it is a key factor of their competitive advantage and performance.

Keywords: Strategic Pricing Market Response Firm Performance Sustainable Competitive Advantage

Introduction

Nowadays, competitive markets and environments have continuously changed. They are highly rigorous and uncertain. To achieve success in entrepreneurship, operation, practices, and activities, firms need to create and implement their competencies, capabilities and potentialities through utilizing valuable resources, and assets in doing business. These effective creations and implementations can enhance firms to efficiently respond to customer needs and market requirements and achieve sustainable competitive advantage, superior performance and long-term survival. Thus, business competencies, capabilities and potentialities are important for enabling their success and sustainability. Strategic management accounting is one of the management accounting approaches, methods, processes, and procedures and it reflects firms' valuable business competencies, capabilities and potentialities. It is a key determinant of competitive advantage and performance. In this study, strategic management accounting is defined as the provision and analysis of management accounting data, information and insight about a business and its competitors and competitive markets and environments, for use in developing and monitoring business strategies and techniques (Simmonds, 1981). It explicitly highlights strategic issues and concerns with using financial information and non-financial information in order to develop superior strategies as means to achieve sustainable competitive advantage and outstanding performance (Ward 1993). In addition, strategic management accounting provides for a more external, long-term, forward-looking, and strategic focus (Cadez & Guilding, 2008). It comprises of five techniques,

namely strategic costing, strategic performance measurement, strategic decision making, competitor accounting, and customer accounting. Greater strategic management accounting implementation can promote firms to be stable and grow in the competitive markets and environments.

Strategic pricing is one of efficient strategic decision-making techniques and it is used to determine, drive and explain changing levels of competitive advantage and performance. Here, strategic pricing refers to the management accounting data and information used to provide pricing decisions that comply with strategic objectives of firms and directly relates to costs involved with their businesses (Tzokas et al. 2000). Best pricing policy and optimal pricing offer can increase firms' competitiveness and improve their valuable outcome. Effective strategic pricing can influence customers' choices, prevent competitors' market entry and competency and fulfill market requirements and expectations. Therefore, strategic pricing has a significant impact on firms' competitive edge in competing against competitors and successfully dealing with rigorously uncertain competitive markets and environments. Additionally, strategic pricing is defined as the analysis of strategic factors in the pricing decision process (Turner et al. 2017). It comprises of competitor reaction, elasticity, market growth, economies of scale, and experience. Both cost and non-cost factors can assist firms to develop pricing policies in order to promote market response, gain sustainable competitive advantage and achieve superior performance. With regard to pricing in a competitive environment, costs, marketing, technological changes, and business and competitive forecasting are important factors that link to the aforementioned outcome. Thus, strategic pricing significantly determines firms' market response, sustainable competitive advantage and firm performance. It is likely to drive their business outcome.

This study aims at examining the effects of strategic pricing on firm performance of cosmetics SMEs in Thailand. Cosmetics SMEs in Thailand have grown very fast from the past to the present according to increased competencies, capabilities and potentialities of Thai entrepreneurs and continuous growths

of information and internet technology that enhance their successful business operations and they have created much value to Thai economy, including economic development, employment, tax revenue, and others.

Relevant Literature Review

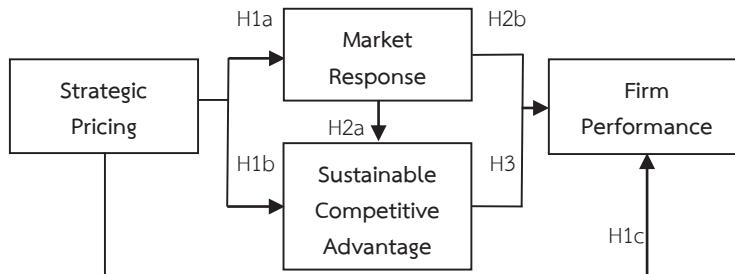


Figure 1 A Conceptual Model of Strategic Pricing and Firm Performance

According to dynamic capability theory, a capability is an important source of firms' competitive advantage and performance (Teece, Pisano & Shuen, 1997). It must be valuable, rare, inimitable, and non-substitutable. It also creates, adapts, combines, integrates, and reconfigures skills, resources and abilities to renew competencies to achieve congruence with changing competitive markets and environments. In this study, strategic pricing is considered as a valuable dynamic capability of firms and it is proposed to determine, drive and explain changing levels of market response, sustainable competitive advantage and firm performance. Thus, the research relationships of these variables are discussed and hypothesized. The conceptual model presents the aforementioned relationships, as shown in Figure 1.

Strategic Pricing

Strategic pricing is one of the strategic management accounting techniques and it plays a significant role in helping firms respond to customer needs, fulfill market requirements and deal with business environment, increase sustainable competitive advantage, and improve outstanding performance. Then, the effects of strategic pricing on market response, sustainable competitive advantage and

firm performance are empirically investigated. Here, strategic pricing is considered as a valuable business approach to determining competitive advantage and performance. It is defined as the management accounting data and information, including financial and non-financial aspects used to provide pricing decisions that comply with strategic objectives of firms and directly relates to costs involved with their businesses (Tzokas et al., 2000). To obtain successful strategic pricing, company-, market- and product-related factors are considered. Firstly, company-related factors are competencies, capabilities, potentialities, resources, assets, and experiences of firms. Secondly, market-related factors are characteristics and behaviors of customers, competitors, suppliers, and environments. Thirdly, product-related factors are degrees of product uniqueness and differentiation, stages of product life cycle and availabilities of substitutes. Similarly, costs, customer demand and competitor behavior are main factors to set pricing policies. Firms need to pay attention to these factors through effectively managing costs, efficiently responding to customer needs and excellently learning competitor operations, practices and activities in order to gain competitiveness and promote performance in highly uncertain competitive markets and environments. Thus, they are likely to provide market response, build sustainable competitive advantage and improve performance in the current and future perspectives.

In addition, strategic pricing is defined as the analysis of strategic factors in the pricing decision process (Turner et al., 2017). These factors include competitor reaction, elasticity, market growth, economies of scale, and experience. Similarly, costs, marketing technological changes, and business and competitive forecasting are also requirements for effective strategic pricing implementation. They encourage firms to survive and sustain in changing competitive situations, circumstances and conditions. In existing literature, pricing policies and guidelines can enable to firms' competitive positions and outcomes. These policies and guidelines are considered as valuable business strategies and techniques used to help firms compete against target and future competitors

and successfully deal with uncertain and unexpected competitive markets and environments. With regard to these markets and environments, strategic pricing comprises of six approaches and methods, namely target-profit pricing, cost-plus pricing, perceived-value pricing, going-rate pricing, sealed-bid pricing, and negotiated pricing (Cannon & Morgan, 1990). Firstly, target-profit pricing is required to achieve profit objectives and is determined on the basis of sales volume forecasts. Secondly, cost-plus pricing refers to the use of a standard mark-up on unit costs, based on company or industry norms. Thirdly, perceived-value pricing involves the basis of the monetary value a product has for target customers. Fourthly, with going-rate pricing firms charge basically the same price as key competitors, depending upon relative market strength. Fifthly, sealed-bid pricing refers to the basis of cost considerations and expectations about what competitors will do. Sixthly, negotiated pricing is established through price/service negotiations with an individual customer. Other pricing approaches include new product pricing (focusing on skimming versus penetration strategies), product-line pricing (the implications of pricing factor interactions among products within a product line) and differential pricing (a method whereby the marketer charges a different price to different segments of the market). Hence, best pricing policy and optimal pricing offer can help firms create business values in the current and future and long-term perspectives. Thus, strategic pricing is a key determinant of market response, sustainable competitive advantage and firm performance. Therefore,

H1: Strategic pricing has a positive effect on (a) market response, (b) sustainable competitive advantage and (c) firm performance.

Market Response

Market response is the first consequence of successful strategic pricing implementation in the competitive markets and environments and it also determines firms' sustainable competitive advantage and superior performance. In this study, market response is defined as an ability of firms to understand market situations, circumstances and conditions, fulfill customer needs, expectations

and requirements; and compete against competitor competencies, capabilities and potentialities. It can enhance firms to meet customers' preferences and behaviors, learn competitors' characteristics and practices and utilize environments' statuses and movements. It positively leads to their competitiveness and long-term valuation. Greater market response is significantly related to better business outcome. Firms with effective market response can obtain sustainable competitive advantage and enhance performance. They expect to have on their success, stability, growth, survival, and sustainability in changing businesses. In addition, market response comprises of customer response and competitor response (Ailawadi, Lekmann & Neslin, 2001). Customer response attracts and retains customers by inducing more of them to switch to their brand, repeat-purchase more often and consume larger quantities. Also, competitor response focuses on approaches and methods to provide the nature of competitive interactions in established markets and react to new entrants in the market. Both customer response and competitor response can reflect firms' abilities to achieve their competitive advantage and performance. Hence, market response is an important driver of sustainable competitive advantage and outstanding performance

To deal with changing characteristics of competitive markets and environments, firms need to effectively respond customer requirements and efficiently react to competitor potentialities. Market response can lead to more effective targeting of products, determine optimal business strategies, create effective promotional offer, utilize cost effectiveness in marketing plans, and maximize the appeal of product features (Kazemi et al., 2013). It relates to increased market share, volume for new brands, and sales, and resulted in substantial improvement of firms' overall competitive advantage and performance. It is expected to have a positive relationship with sustainable competitive advantage and performance. More market response has promoted firms to have better performance in the current and future and long-term businesses. Firms with beneficial market response can use marketing efforts and attempt to encourage customers to buy and purchase their products and

services more. They also intercept and delay their existing and future competitors' operations, practices and activities. Accordingly, market response definitely drives firms to stay, grow, succeed, survive, and sustain in highly rigorous competitive markets, environments, situations, and circumstances. It is likely to determine their sustainable competitive advantage and superior performance. Thus, the linkages among market response and sustainable competitive advantage and firm performance are proposed. Therefore,

H2: Market response has a positive effect on (a) sustainable competitive advantage and (b) firm performance.

Sustainable Competitive Advantage

Achieving sustainable competitive advantage in business requires an understanding and utilizing of strategic pricing and market response. Both strategic pricing and market response are considered as sources of sustainable competitive advantage in turbulent and unpredictable markets and environments. Here, sustainable competitive advantage is defined as long-term and future benefits of implementing unique value-creating strategies in dynamic and uncertain situations, circumstances and conditions (Kim et al., 2012). It presents positional superiority based on combinations of differentiation and cost leadership through marshalling firms' resources, assets, competencies, capabilities, and potentialities and operating in a protected niche (Griffiths & Finlay, 2004). It is regarded as the ability to enhance competitive position over rivals and earn overall performance persistently above the average for the industry. It positively leads to firm performance. Firms with more sustainable competitive advantage can significantly influence greater performance. They tend to achieve outstanding performance and gain survival and sustainability in the future and long-term aspects. In addition, sustainable competitive advantage provides operational superiority and can help present competitors with a moving target and create a superior market position that allows firms to generate superior returns and performances (Reed, Lemak & Mero, 2000). It can determine their superior performance in the long-term aspects. Accordingly, sustainable

competitive advantage importantly promotes firms' performance, success, growth, stability, survival, and sustainability in changing environments.

Firms can utilize characteristics and behaviors of sustainable competitive advantage in order to obtain long-term performance. They are likely to have a great performance in a business. In this study, sustainable competitive advantage is continuously considered to be a key source of firm performance in long-term aspects (Lubit, 2001). It helps achieve their performance and profitability through utilizing resources and markets, knowledge and intellectual capital. Better sustainable competitive advantage is significantly related to greater superior performance. Also, sustainable competitive advantage comprises of three components, namely overall cost leadership, differentiation and focus (Lumpkin, Droege & Dess, 2002). Firstly, overall cost leadership offers the lowest cost products and services to customers relative to firms' rivals. Secondly, differentiation competes on the uniqueness and value of their products and services. Thirdly, focus is on positioning themselves in a market niche. All of overall cost leadership, differentiation and focus encourage firms to achieve outstanding performance. Firms can provide sustainable competitive advantage in order to link to firm performance. They tend to have a superior performance in the current, future and long-term perspectives. Therefore,

H3: Sustainable competitive advantage has a positive effect on firm performance.

Research Methods

Sample Selection Procedure and Data Collection

All 354 cosmetics SMEs in Thailand from Department of Business Development, Ministry of Commerce, Thailand are the samples of the study. A mail survey procedure via questionnaire was used for data collection. Here, accounting managers of cosmetics SMEs in Thailand are the key informants of the study. With regard to the questionnaire mailing, the valid mailing was 325 surveys, from which 153 responses were received. Of the surveys completed

and returned, 148 were usable. The effective response rate was approximately 45.54%. The response rate for a mail survey, with an appropriate follow-up procedure, if greater than 20% is considered acceptable according to Aaker, Kumar & Day (2001).

To verify potential non-response bias and detect possible problems with non-response errors, a comparison of the first and the second wave of data as recommended by Armstrong & Overton (1977) is used. In this regard, neither procedure showed significant differences because there were no statistically significant differences between first and second groups at a 95% confidence level as firm age ($t = 0.12, p > .05$), firm size ($t = 0.10, p > .05$) and firm capital ($t = 0.11, p > .05$).

Measures

All constructs were measured using a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree), except for firm age, firm size, and firm capital. Measurements of these constructs are self-developed from existing literature. In this study, strategic pricing, market response, sustainable competitive advantage are the main variables of the study. Firm performance refers to a valuable outcome of business operations, practices and activities in an organization. Four-item scale was identified to assess how firms obtain customer satisfaction, sales growth, return on investment, and market share growth. Next, strategic pricing as six-item scale was developed to assess how firms set a price relating to competitor reaction, elasticity, market growth, economies of scale, and experience. Also, market response as four-item scale was established to measure how firms respond to customer needs, compete against competitor potentialities, fulfill market gaps, and utilize environmental changes. Lastly, sustainable competitive advantage as four-item scale was initiated to evaluate how firms present positional superiority based on combinations of cost leadership, differentiation and focus through marshalling firms' resources, assets, competencies, capabilities, and potentialities and operating in a protected niche.

Methods

Table 1 presents the results for factor loadings, item-total correlation and Cronbach alpha for multiple-item scales used in this study. To verify and prove the validity and reliability of the study, factor analysis, discriminant power and Cronbach alpha are considered. Factor analysis was implemented to assess the underlying relationships of a large number of items and to determine whether they can be reduced to a smaller set of factors. Thus, all factor loadings as values of 0.76-0.89 are greater than the 0.40 cut-off and are statistically significant (Nunnally & Bernstein, 1994). Next, discriminant power was utilized to gauge the validity of the measurements by item-total correlation. In the scale validity, item-total correlations as values of 0.73-0.90 are greater than 0.30 (Churchill, 1979). Lastly, the reliability of the measurements was evaluated by Cronbach alpha coefficients. In the scale reliability, Cronbach alpha coefficients as values of 0.78-0.87 are greater than 0.70 (Nunnally & Bernstein, 1994). Thus, the scales of all measures express an accepted validity and reliability in this study.

Table 1 Results of Measure Validation

Items	Factor	Item-total	Cronbach
	Loadings	Correlation	Alpha
Strategic Pricing (SP)	0.78-0.87	0.81-0.86	0.86
Market Response (MR)	0.76-0.83	0.73-0.82	0.78
Sustainable Competitive Advantage (CA)	0.79-0.89	0.80-0.90	0.85
Firm Performance (FP)	0.79-0.85	0.78-0.85	0.87

To investigate the effects of strategic pricing on market response, sustainable competitive advantage and firm performance, structural equation model (SEM) is considered as an appropriate approach used to test these relationships. In this study, strategic pricing is an independent variable of the study while market response, sustainable competitive advantage and firm performance

are dependent variables of the study. The results of this study are presented in the next section.

Results and Discussion

Table 2 presents the descriptive statistics and correlation matrix for all variables. Multicollinearity might occur when inter-correlation in each predict variable is more than 0.80, which is a high relationship (Hair et al., 2010). The correlations ranging from 0.51 to 0.79 at the $p < 0.05$ level, which means that the possible relationships of the variables in the conceptual model could be tested. Thus, there are no substantial multicollinearity problems encountered in this study.

Table 3 presents the results of path coefficients and hypotheses testing of the research relationships. A summary of the relationships between strategic pricing and firm performance is also shown in Figure 2. Here, the goodness of fit of the models, including the goodness of fit index (GFI), the comparative fit index (CFI), the incremental fit index (IFI), and the root mean square error of approximation (RMSEA) are considered (Herda & Lavelle, 2012). The initial test of the measurement model resulted in a good fit to the data (CFI = 0.96; GFI = 0.98; IFI = 0.97; RMSEA = 0.02). CFI values always lie between 0 and 1, with values over 0.90 indicating a relatively good fit (Bentler, 1990). Next, GFI value is an index that ranges from 0 to 1, with value over 0.90 indicating a relatively good fit (Byrne, 1998). In addition, IFI values exceeding 0.90 indicate a relatively good fit (Kline, 1998). Lastly, a RMSEA value of less than 0.05 indicates a close fit and less than 0.08 suggests a marginal fit (Bollen & Long, 1993).

Table 2 Descriptive Statistics and Correlation Matrix

Variables	SP	MR	CA	FP
Mean	4.11	4.15	4.15	4.04
Standard Deviation	0.48	0.55	0.63	0.62
Strategic Pricing (SP)				
Market Response (MR)	0.60***			
Sustainable Competitive Advantage (CA)	0.54***	0.51***		
Firm Performance (FP)	0.65***	0.63***	0.79***	

***p<.01

In this study, strategic pricing is a valuable business approach and method and it is a key source of competitive advantage and firm performance in highly rigorous competitive markets and environments. It has a significant positive effect on market response ($b = 0.68, p < 0.01$), sustainable competitive advantage ($b = 0.48, p < 0.01$) and firm performance ($b = 0.29, p < 0.02$). It positively leads to the aforementioned results. Greater strategic pricing implementation can relate to market response, sustainable competitive advantage and firm performance. In existing literature, strategic pricing is the analysis of strategic factors relating to competitor reaction, elasticity, market growth, economies of scale, and experience in the pricing decision process (Turner et al., 2017). It uses the management accounting data and information to provide pricing decisions that comply with strategic objectives of firms and directly relates to costs involved with their businesses (Tzokas et al., 2000). Both policies and guidelines of strategic pricing can enable firms to achieve competitive positions and outcome. They help firms compete against target and future competitors and successfully deal with uncertain and unexpected competitive markets and environments. Accordingly, firms tend to have an important relationship with business values and outcome. To survive and prosper in uncertain and unpredictable competitive situations and circumstances, strategic pricing is expected to enhance to respond customer needs, competitor potentialities and environmental changes, increase

sustainable competitive advantage and improve outstanding performance in the current and future and long-term aspects. Thus, it is positively related to market response, sustainable competitive advantage and firm performance. *Therefore, Hypotheses 1a-1c are supported.*

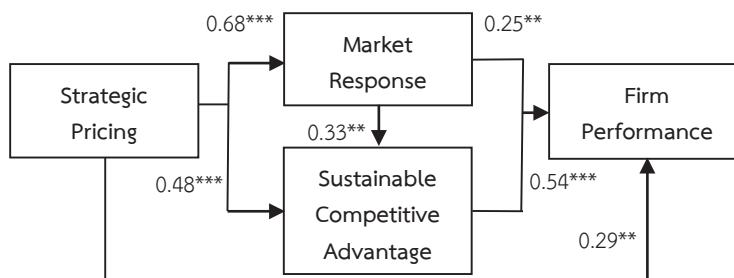
Table 3 Results of Path Coefficients and Hypotheses Testing

Hypothesis	Relationship	Coefficient	t-value	Result
H1a	SP → MR	0.68***	5.79	Supported
H1b	SP → CA	0.48***	2.85	Supported
H1c	SP → FP	0.29**	2.47	Supported
H2a	MR → CA	0.33**	2.21	Supported
H2b	MR → FP	0.25**	2.52	Supported
H3	CA → FP	0.54***	6.62	Supported

p<.05, *p<.01

In addition, market response is a key determinant of sustainable competitive advantage and firm performance. It positively leads to sustainable competitive advantage ($b = 0.33, p < 0.03$) and firm performance ($b = 0.25, p < 0.02$). It is an ability of firms to understand market situations, fulfill customer expectations and compete against competitor competencies. Firms with effective market response can meet customers' preferences and behaviors, learn competitors' characteristics and practices and utilize environments' statuses and movements. They tend to gain competitiveness, obtain superior valuation and achieve long-term performance. They are likely to have a positive influence on both sustainable competitive advantage and outstanding performance. Likewise, market response explicitly determines more effective targeting of products, determine optimal business strategies, create effective promotional offer, utilize cost effectiveness in marketing plans, and maximize the appeal of product features (Kazemi et al., 2013). It increases market share, volume for new brands, and sales, and results in substantial improvement of firms' overall competitive

advantage and performance. To achieve firms' goals, objectives and purposes of businesses, firms attempt to develop and implement their abilities in responding characteristics, behaviors and situations of customers, competitors, markets, and environments in order to create long-term competitiveness and build better profitability and performance. Thus, market response can help firms accomplish sustainable competitive advantage and performance. *Hypotheses 2a-2b are supported.*



** $p < .05$, *** $p < .01$; CFI = 0.96; GFI = 0.98; IFI = 0.97; RMSEA = 0.02

Figure 2 A Summary of the Strategic Pricing-Firm Performance Relationships

Similarly, sustainable competitive advantage is a significant driver of firms' performance and it definitely leads to superior and outstanding performance in the long-term business operations. It has a positive effect on firm performance ($b = 0.54$, $p < 0.01$). Interestingly, sustainable competitive advantage presents positional superiority based on combinations of differentiation and cost leadership through marshalling firms' resources, assets, competencies, capabilities, and potentialities and operating in a protected niche (Griffiths & Finlay, 2004). It presents competitors with a moving target and creates a superior market position that allows firms to generate superior returns and performances (Reed, Lemak & Mero, 2000). It enhances competitive position over rivals and earns overall performance persistently above the average for the industry. Firms with more sustainable competitive advantage can achieve greater business values and outcome. They are likely to obtain superior performance. Also, sustainable

competitive advantage is provided through the lowest cost products and services to customers relative to firms' rivals, the uniqueness and value of their products and services and the positions of business operations in a market niche (Lumpkin, Droege & Dess, 2002). Thus, sustainable competitive advantage is important for enhancing firms to achieve long-term performance in highly uncertain competitive environments and environments. It is positively related to firm performance. *Hypothesis 3 is supported.*

Contributions and Directions for Future Research

Theoretical Contribution and Directions for Future Research

This study verifies, proves and confirms the characteristics and benefits of the dynamic capability theory. Within the results of the study, strategic pricing is considered as a dynamic capability of firms to increase competitiveness and business valuation. It becomes a key determinant of firms' sustainable competitive advantage and long-term performance in highly uncertain and unpredictable business markets and environments. To expand the current study, future research may need to do more literature relating to antecedents and factors of strategic pricing, search for components and dimensions of strategic pricing, put moderating variables in the conceptual model, and investigate the aforementioned relationships. Achieving the generalizability of the study, future research may need to apply a comparative study or a cross-cultural study in order to increase benefits, advantages and contributions of the study. Next, future research may need to use mixed methods in examining the research relationships that help increase valuable results of the study. Additionally, future research may need to collect data from different populations or larger populations in both Thailand and other countries. Likewise, future research may also need to apply other statistical techniques, such as regression analysis, partial least squares and path analysis, to test the research relationships.

Managerial contribution

This study makes a contribution to managerial concerns. Firms can consider strategic pricing as a valuable business approach and method used to effectively provide customer, competitor and environment responses, efficiently increase competitiveness in the long run and successfully improve outstanding business valuation, profitability and performance. Thus, firms can utilize strategic pricing to promote their sustainable competitive advantage and performance. To achieve firms' business goals, objectives and purposes, firms need to understand and learn customer behaviors, competitor positions, market situations, and environment conditions, such as competitor reaction, elasticity, market growth, economies of scale, experience, costs, marketing technological changes, and business and competitive forecasting. In addition, firms need to allocate their resources, assets, competencies, capabilities, and potentialities for developing policies and guidelines of strategic pricing. Thus, successful strategic pricing implementation significantly influences firms' sustainable competitive advantage and performance in the current and future and long-term perspectives.

Conclusion

Strategic pricing is an important dynamic capability of firms and it is a key source of competitive advantage and performance. Hence, this study attempts to examine the effects of strategic pricing on business valuations. The objective of this study is to investigate the linkages among strategic pricing, market response, sustainable competitive advantage, and firm performance of cosmetics SMEs in Thailand. In this study, 148 cosmetics SMEs in Thailand are the samples of the study through collecting data from using a mail survey procedure via questionnaire. To empirically examine the research relationships, the structural equation model (SEM) was employed. The results show that strategic pricing has a significant positive effect on market response, sustainable competitive advantage and firm performance. In addition, market response has an important positive impact on both sustainable competitive advantage and firm performance.

Similarly, sustainable competitive advantage has a critical positive influence on firm performance. In summary, strategic pricing definitely plays a significant role in determining firms' market response, sustainable competitive advantage and firm performance. Accordingly, firms need to pay more attention to developing and utilizing policies and guidelines of strategic pricing implementation through understanding and learning customer requirements, competitor competences, market conditions, and environment changes. They also need to allocate their valuable resources and capabilities to support their strategic pricing implementation. To expand the current study and verify the generalizability of the study, future research need to do more literatures relating to antecedents, components and moderators of strategic pricing and its relationships, apply a comparative study or a cross-cultural study, use mixed methods and employ other statistical techniques to test the research relationships, and collect data from different populations or larger populations.

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