



The Mediating Role of Product Quality in the Relationship Between Price and Marketing Performance of Small and Medium Enterprises in Ghana

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Abstract

Small and Medium Enterprises (SMEs) play a critical role in Ghana's economic growth, employment generation, and poverty reduction, yet they encounter significant hurdles in enhancing their marketing performance. With pricing strategies and product quality recognized as pivotal factors in gaining a competitive edge, this study investigates the relationships among price, product quality, and marketing performance in Ghanaian SMEs. The study targeted 100 owner-managers selected through convenience and purposive sampling, and data were analyzed using SMART PLS version 3.0 and SPSS version 25, applying the partial least squares structural equation modeling (PLS-SEM) technique to test the proposed model and hypotheses. Findings reveal a notable positive association between price and marketing performance, underscoring the strategic importance of effective pricing. Additionally, a strong relationship between pricing and product quality was found, emphasizing the need for competitive pricing to support superior product quality. This study also identifies the significant role of product quality in enhancing marketing performance. Importantly, the analysis reveals that product quality mediates the relationship between price and marketing performance, providing new insights into SME dynamics. Based on these results, it is recommended that Ghana's SMEs pursue a coordinated approach to pricing and quality management. By aligning competitive pricing with a commitment to high-quality product delivery, SMEs can drive customer satisfaction, foster loyalty, and achieve sustainable profitability, thereby improving their overall marketing performance in a competitive landscape.

Keywords Price, Product Quality, Marketing Performance, SMEs, Ghana.

INTRODUCTION

In Ghana's dynamic business environment, Small and Medium Enterprises (SMEs) play a pivotal role in driving economic growth, generating employment, and alleviating poverty. The intense competition among SME highlights the critical need for effective marketing strategies that align with consumer needs and market conditions. As SMEs navigate this competitive landscape, the interplay between pricing and product quality emerges as a fundamental determinant of marketing success. Understanding how these two factors influence customer perceptions and purchasing decisions is crucial for SMEs to optimize their marketing efforts and achieve sustainable growth. Given the challenges SMEs face in the Ghanaian market, exploring how pricing and product quality can be leveraged to enhance marketing performance and competitive advantage is essential.

Previous studies have underscored the importance of pricing and product quality in shaping SME success. Obeng (2022) emphasized that pricing strategies must be carefully crafted to reflect market conditions and consumer expectations in Ghana's unique economic context. Fathima,

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(2023) highlighted that setting competitive prices is challenging due to the dynamic and price-sensitive nature. Product quality is equally critical, with [Naradda Gamage et al. \(2020\)](#) suggesting that high-quality offerings foster customer trust and loyalty, which can reduce price sensitivity among consumers. [Demirkan \(2022\)](#) further elaborated on the challenges SMEs face in maintaining consistent product quality because of resource limitations and technological constraints, which affect overall market performance.

Furthermore, [Kharub et al. \(2022\)](#) noted that SMEs that successfully align their pricing strategies with high product quality can differentiate themselves from competitors, thereby improving customer satisfaction and loyalty. [Shanak and Abu-Alhaija \(2022\)](#) found that understanding customer perceptions of price and quality is essential for developing effective marketing strategies that boost sales. Ferreira and Coelho (2020) argued that SMEs must leverage innovation to enhance product quality while managing costs to strengthen their competitive positioning. Finally, [Abrokwah-Larbi and Awuku-Larbi \(2023\)](#) pointed out that the relationship between price and product quality remains underexplored within the Ghanaian context, indicating a gap in the literature that this study seeks to address.

The purpose of this research is to investigate the mediating role of product quality in the relationship between price and marketing performance for SMEs in Ghana. By examining the interactions between these variables, this study aims to provide valuable insights that can help SMEs enhance their marketing effectiveness and achieve sustainable growth in a competitive market. The research questions guiding this study are as follows:

1. How does price influence marketing performance in SMEs in Ghana?
2. How can SMEs optimize their pricing strategies and product quality to enhance overall marketing performance?
3. What role does product quality play in the relationship between price and marketing performance?

This research is important as it will offer a deeper understanding of the dynamics between price, product quality and marketing performance and provide practical recommendations for SMEs to improve their marketing strategies, customer satisfaction and long-term success in the Ghanaian market.

LITERATURE REVIEW

Pricing

Pricing is a critical element of the marketing mix that has a significant impact on firms' consumer behavior and financial performance. According to [Sappor et al. \(2023\)](#), the perceived value of a product or service, as well as the credibility of the brand, are essential determinants of consumers' willingness to pay a premium price. In a study of small and medium-sized enterprises (SMEs) in Ghana, [Bruce et al. \(2023\)](#) found that the adoption of digital marketing strategies has enabled SMEs to set competitive prices, build customer relationships, and improve their financial performance. Additionally, [Adenutsi and Whajah \(2023\)](#) studied the relationship between enterprise risk management and the financial performance of SMEs in Ghana and demonstrated that pricing is a crucial factor in enhancing operational and financial performance.

However, the impact of pricing on marketing performance is complex and multifaceted. [Dodor \(2023\)](#) examined the comprehension of McKinsey's 7S model by women in Ghanaian SMEs and found that the lack of understanding of pricing strategies was one of the most significant barriers to improving performance. Furthermore, [Yeboah et al. \(2023\)](#) investigated the determinants and constraints of agro-based SMEs' access to finance in Ghana and revealed that pricing strategies were often influenced by the high production cost, which constrained firms'

ability to set competitive prices. Overall, the literature suggests that pricing is a critical factor in determining marketing performance, but firms need to consider a range of factors when setting prices to achieve optimal outcomes.

Product Quality

Product quality is one of the fundamental factors that influence consumers' buying behavior and firms' financial performance. According to [Sambo et al. \(2022\)](#), product quality has a positive effect on customer satisfaction and loyalty, which, in turn, leads to increased sales and profits. In a study of Ghanaian SMEs, [Nimfa et al. \(2021\)](#) found that product quality and innovation were the most significant determinants of the success of SMEs. [Dingjun et al. \(2023\)](#) explored the relationship between product quality and supply chain management and found that firms with high-quality products are better equipped to manage their supply chains effectively.

However, the impact of product quality on marketing performance is not straightforward. In a study of the pharmaceutical industry in Ghana, [Donkor et al. \(2022\)](#) found that while product quality is essential, firms must also consider the price and accessibility of their products to achieve optimal marketing performance. Similarly, [Naini et al. \(2022\)](#) and [Fitriani \(2024\)](#) examined the relationship between product quality and customer satisfaction in the hospitality industry and found that quality-of-service delivery is just as important as product quality. Overall, the literature suggests that product quality is a critical determinant of marketing performance, but firms must consider other factors when developing marketing strategies to achieve optimal outcomes.

Marketing Performance

Marketing performance is a critical aspect of a firm's financial success, and two key metrics of marketing performance are customer-based profit performance (CBPP) and customer-based relational performance (CBRP). According to [Al-Reesh, \(2021\)](#) and [Marcelo et al. \(2024\)](#), CBPP measures the profitability of a firm's customer base, while CBRP measures the strength of the firm's relationships with its customers. In a study of SMEs, [Ramani, & Kumar, \(2008\)](#) found that both CBPP and CBRP were significant determinants of firms' financial performance, with CBRP having a more significant impact on financial performance than CBPP. Similarly, [Chang et al, \(2014\)](#) examined the impact of marketing mix elements on CBPP and CBRP and found that product quality, price, and promotion had a more significant impact on CBPP, while customer service and relationship building had a more significant impact on CBRP.

However, the association between CBPP, CBRP, and financial performance is complex and multifaceted. In a study of the banking industry in Ghana, [Chang et al. \(2014\)](#) found that while CBPP was positively related to financial performance, it had no significant impact on financial performance. Additionally, [Ramani, & Kumar, \(2008\)](#) examined the impact of customer satisfaction and loyalty on CBPP and CBRP and found that while customer satisfaction had a positive impact on both measures of marketing performance, customer loyalty only had a positive impact on CBRP. Overall, the literature suggests that both CBPP and CBRP are critical measures of marketing performance that can impact a firm's financial success, but firms need to consider other factors when developing marketing strategies to achieve optimal outcomes.

Small and Medium Enterprises (SMEs) in Ghana

Small and Medium Enterprises (SMEs) play a critical role in the economic development of Ghana, accounting for a significant portion of employment and contributing to poverty reduction and economic growth. However, SMEs in Ghana face numerous challenges, including limited access to finance, inadequate infrastructure, and a highly competitive market environment ([Hagin, & Caesar, 2021](#)). Research indicates that SMEs often struggle with innovation and operational

efficiency, which hinders their ability to scale up and compete effectively both locally and internationally (Akpabli, 2019). Turkson et al. (2022) noted that access to credit remains a key obstacle, with many SMEs relying on informal financial sources. Additionally, in the context of marketing, Ghanaian SMEs have difficulty adopting strategic marketing practices, particularly in areas such as pricing, customer relationship management, and brand positioning (Amaglo, 2020). Despite these challenges, SMEs in Ghana have demonstrated resilience by leveraging entrepreneurial initiatives and exploiting market opportunities in sectors such as agriculture, retail, and manufacturing (Purnomo et al, 2021).

Hypothesis Formulation

The hypotheses were derived from the framework diagram, which will be elaborated upon in the following subsection.

Price and Customer-Based Profit Performance (CBPP)

Price is a critical element in a firm's marketing mix because it directly impacts customer behavior and financial performance. According to Akins (2020), price has a significant impact on customer-based profit performance (CBPP), which measures the profitability of a firm's customer base. In their study of Ghanaian SMEs, Ramani, & Kumar, (2008) found that firms that adopt a premium pricing strategy tend to have higher CBPP. Similarly, Morehead et al. (2021) examined the impact of pricing strategies on CBPP and found that firms that adopt value-based pricing strategies have higher CBPP than those that adopt cost-based pricing strategies. Additionally, Amoah et al. (2023) explored the factors driving competitive sustainability for SMEs in the tourism sector and found that pricing strategies play a significant role in firms' financial performance. As a result, we propose the following hypothesis:

H1: There is a significant relationship between Price and Customer-Based Profit Performance (CBPP)

Price and Customer-Based Relational Performance (CBRP)

Price is a critical component of a firm's marketing mix because it can impact customer behavior and relational performance. According to Akins (2020), pricing strategies, such as value-based pricing and cost-based pricing, can significantly impact customer-based relational performance (CBRP), which measures the strength of a firm's relationships with its customers. In their study of Ghanaian SMEs, Acheampong et al. (2022) found that firms that adopt value-based pricing strategies tend to have higher CBRP than those that adopt cost-based pricing strategies. Similarly, Tirtayasa, (2022) and Wati and Amalia (2024) found that product quality, price, and promotion have a significant impact on CBPP, which measures the profitability of a firm's customer base, and customer service and relationship building have a more significant impact on CBRP. As a result, we propose the following second hypothesis:

H2: there is a significant relationship between Price and Customer-Based Relational Performance (CBRP)

Price and product Quality

Price and product quality are two critical components of a firm's marketing mix that can significantly impact customer behavior and financial performance. According to Das (2023), product quality has a significant positive impact on customer-based profit performance (CBPP), which measures the profitability of a firm's customer base. In their study of Ghanaian SMEs, Buer,

(2022) found that firms that adopt a high-quality product strategy tend to have higher CBPP. Similarly, Elgarhy (2023) examined the impact of pricing strategies on customer-based relational performance (CBRP) and found that firms that adopt value-based pricing strategies tend to have higher CBRP when combined with high product quality. Zheng et al. (2022) also found that product quality has a significant impact on customer satisfaction and loyalty, which can lead to higher financial performance. Overall, the literature suggests that both price and product quality are critical determinants of customer behavior and financial performance, and firms need to consider various factors, including customer preferences and the competitive landscape, when developing marketing strategies to achieve optimal outcomes. As a result, we provided our third hypothesis as follows:

H3: A significant relationship between Price and product quality.

Product Quality and Customer-Based Profit Performance

Product quality is a critical determinant of customer-based profit performance (CBPP), which measures the profitability of a firm's customer base. According to Ramani, & Kumar, (2008), product quality has a significant positive impact on CBPP. In their study of Ghanaian SMEs, Chang, Wong, & Fang, (2014) found that firms that adopt a high-quality product strategy tend to have higher CBPP. Similarly, Das, (2023) found that product quality has a significant impact on customer satisfaction, which, in turn, leads to higher financial performance. Additionally, Zheng et al. (2022) found that product quality has a significant impact on customer satisfaction and loyalty, which can lead to higher financial performance. Overall, the literature suggests that product quality plays a critical role in customer-based profit performance, and firms need to consider various factors, including customer preferences and the competitive landscape, when developing product quality strategies to achieve optimal outcomes. As a result, we propose the following fourth hypothesis:

H4: A significant relationship between product quality and product quality.

Product Quality and Customer-Based Relational Performance (CBRP)

Product quality is a key component of a firm's marketing mix and can have a significant impact on customer-based relational performance (CBRP). According to Sop (2021), product quality has a positive and significant impact on CBRP, which measures the strength of a firm's relationships with its customers. In their study of Ghanaian SMEs, Kwarteng et al. found that firms that adopt a high-quality product strategy tend to have higher CBRP. Similarly, Zheng et al. (2022) found that product quality has a positive and significant impact on customer satisfaction and loyalty, which can lead to higher financial performance. Additionally, Kamoni (2022) examined the impact of pricing strategies on CBRP and found that firms that adopt value-based pricing strategies tend to have higher CBRP when combined with high product quality. Overall, the literature suggests that product quality is a critical determinant of CBRP, and firms need to consider various factors, including pricing strategies and customer preferences, when developing marketing strategies to achieve optimal outcomes. As a result, we provide the following fifth hypothesis:

H5: there is a significant relationship between Quality and Customer-Based Relational Performance (CBRP)

Price, Product Quality, and Customer-Based Profit Performance (CBPP)

Product quality is a critical mediator in the relationship between price and customer-based

profit performance (CBPP). According to [Rahman et al. \(2022\)](#), product quality positively mediates the relationship between price and CBPP, which measures the profitability of a firm's customer base. In the study of SMEs, to Chang, Wong, & Fang, (2014). found that firms that adopt a premium pricing strategy tend to offer higher quality products, which, in turn, generate higher CBPP. Similarly, [Zhao et al. \(2021\)](#) found that product quality significantly mediates the relationship between price and customer satisfaction, which, in turn, leads to higher financial performance. [Zheng et al. \(2022\)](#) also found that product quality has a significant impact on customer satisfaction and loyalty, which can lead to higher financial performance. Overall, the literature suggests that product quality plays a critical mediating role in the relationship between price and customer-based profit performance, and firms need to consider various factors, including customer preferences and the competitive landscape, when developing pricing and quality strategies to achieve optimal outcomes. As a result, we propose the following sixth hypothesis:

H6: Product quality mediates between Price and Customer-Based Profit Performance (CBPP)

Price, Product Quality, and Customer-Based Relational Performance (CBRP)

Product quality is a critical mediator in the relationship between price and customer-based relational performance (CBRP). According to [Siddiqui \(2021\)](#), product quality positively mediates the relationship between price and CBRP, which measures the strength of a firm's relationships with its customers. In their study of Ghanaian SMEs, [Acheampong et al. \(2022\)](#) found that firms that adopt a value-based pricing strategy tend to offer higher quality products, which, in turn, generate higher CBRP. Similarly, [Zhao et al. \(2021\)](#) found that product quality significantly mediates the relationship between price and customer satisfaction, which, in turn, leads to higher financial performance. [Zheng et al. \(2022\)](#) also found that product quality has a significant impact on customer satisfaction and loyalty, which can lead to higher financial performance. Overall, the literature suggests that product quality plays a critical mediating role in the association between price and customer-based relational performance, and firms need to consider various factors, including customer preferences and the competitive landscape, when developing pricing and quality strategies to achieve optimal outcomes. As a result, we provide the seventh hypothesis as follows:

H7: Product quality mediates the relationship between price and customer-based relational performance (CBRP)

Conceptual Framework

The framework comprises price as the independent variable and quality as, with quality serving as the mediating variable. In addition, marketing performance, which services as the dependent variable, is divided into two; Customer-Based Profit Performance (CBPP) and Customer-Based Relational Performance (CBRP), as shown in Figure 1.

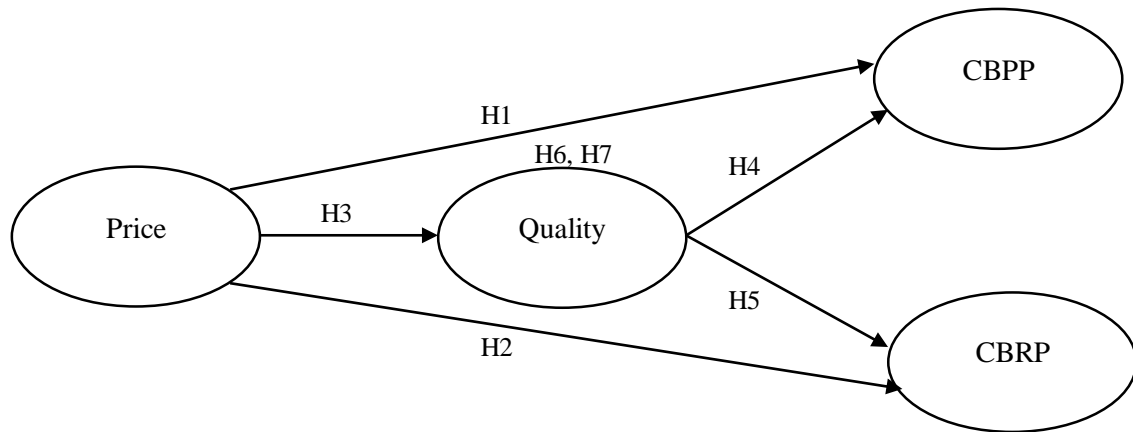


Figure 1. Conceptual Framework
Source: Researchers' Own Construct, (2023)

RESEARCH METHOD

This study adopted an explanatory research design, focusing on owner-managers of service and manufacturing SMEs in Kumasi, a major economic hub and the capital of Ghana's Ashanti Region. To ensure an adequate sample size and account for potential non-responses, 155 questionnaires were distributed using purposive and convenience sampling methods, with 100 valid responses analyzed, representing a response rate of 64.5%. The final sample was selected based on the quality and completeness of the returned questionnaires to guarantee reliable data. Partial least squares structural equation modeling (PLS-SEM) was applied because it is well-suited for small sample sizes and complex models, in line with the recommendations of [Hair et al. \(2019\)](#). This approach ensures that the findings provide valuable insights into the interplay between pricing, product quality and marketing performance within Ghanaian SMEs

Measurements of the Constructs

This study evaluated key variables using established, reliable scales. The independent variable Price was measured using a 4-item scale developed by [Djarmiko and Pradana \(2016\)](#), with a high Cronbach's alpha of 0.945, indicating strong reliability. The mediator, Product Quality, was assessed using a 4-item scale from [Zeithaml \(1988\)](#), also demonstrating excellent reliability with a Cronbach's alpha of 0.945. The dependent variable, Marketing Performance, was divided into two dimensions: customer-based profit performance and customer-based relational performance. Customer-based relational performance was evaluated with a 3-item scale by [Chang et al. \(2014\)](#) and [Wales et al. \(2013\)](#), achieving a Cronbach's alpha of 0.949, reflecting robust reliability. Customer-based profit performance, assessed by [Ramani & Kumar, \(2008\)](#) through a 3-item scale, showed strong reliability ($\alpha = 0.951$).

FINDINGS AND DISCUSSION

The theoretical model's hypothesis was tested using structural equation modeling (SEM). Given that the proper depiction of the dependability of each construct is best accomplished in two phases to avoid any interaction between the measurement and structural models, the two-stage technique recommended by [Anderson and Gerbing \(1988\)](#) was employed in this work. A composite-based estimator of latent variable structural equation models is partial least squares structural equation modeling (PLS-SEM). The PLS-SEM algorithm is essentially a series of partial regressions, a process facilitated by the use of Smart PLS Version 3.0

Demographic Profile

The survey's demographic profile revealed a balanced representation of gender, with 53.0% male and 47.0% female participants. In terms of age distribution, 38.0% fall within the 18-30 years category, 35.0% are aged 31-45 years, and 27.0% belong to the 46-60 years group. Regarding the highest academic qualification, participants included 20.0% with basic level education, 23.0% with certificate/diploma qualifications, 20.0% with undergraduate/degree credentials, 18.0% with masters/postgraduate degrees, and 19.0% with a PhD. The distribution of respondents based on the number of years in the company is as follows: 19.0% with 1-5 years, 40.0% with 5-10 years, 23.0% with 11-20 years, and 18.0% with over 20 years of experience.

Reliability, Validity, and Measurement Model Analysis

To ensure that the targeted latent construct was measured consistently, a reliability test was performed. Cronbach's alpha was used to evaluate the validity and reliability of the data at a satisfactory level of $>.70$, which demonstrates a consistent degree of reliability for the instruments used (Nunnally, 1978). Indicating adequate internal consistency of the constructs, the Composite Reliability (CR) values were also greater than 0.80 and the average variance extracted was $>.50$ (Fornell and Larcker, 1981; Hair et al., 2012; Babin et al., 2020). This indicates convergent validity, which occurs when multiple items measuring the same concept agree. Reliability, factor loadings, and average extracted variance are displayed in the table above.

Table 1. Construct Reliability and Validity

	Cronbach's alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	Average variance extracted (AVE)
CBPP	0.923	0.936	0.951	0.866
CBRP	0.919	0.920	0.949	0.861
Price	0.923	0.926	0.945	0.812
Quality	0.922	0.923	0.945	0.811

Source: Smart PLS-SEM, (2023)

Table 1 establishes how AVE, composite reliability, and Cronbach's alpha are used to assess a measurement scale's reliability and validity. High values for these indicators support the scale's validity by showing that the items consistently assess the intended construct. Values of 0.70 or higher for Cronbach's alpha and composite reliability indicate good internal consistency, demonstrating the scale items' dependability in capturing the construct. Good convergent validity is demonstrated by AVE values of 0.50 or above, which demonstrates that the scale items are connected to the underlying construct they are meant to evaluate.

Discriminant validity

Discriminant validity was used to assess whether the measurement model was free from redundant items and to determine the extent to which the constructs were distinct from each other. Specifically, discriminant validity is achieved when items within a construct are more strongly correlated with each other than with items measuring different constructs. In this regard, no scale should not exhibit a high correlation with the measurement of a separate concept (Babin et al., 2020). This study is consistent with the theory put forth by scholars like Fornell and Lacker (1981), who claimed that the square root of the AVE should be greater than the correlation between the construct and the other constructs. All the constructs met the criteria for discriminant validity, with the AVE for each construct being greater than the squared correlation with the other constructs, as

shown in the table below.

Table 2. Fornell-Larcker Criterion for Discriminant Validity

Discriminant Validity	CBPP	CBRP	Price	Quality
CBPP	0.931			
CBRP	0.893	0.928		
Price	0.696	0.585	0.901	
Quality	0.662	0.627	0.755	0.901

Source: Smart PLS-SEM, 2023

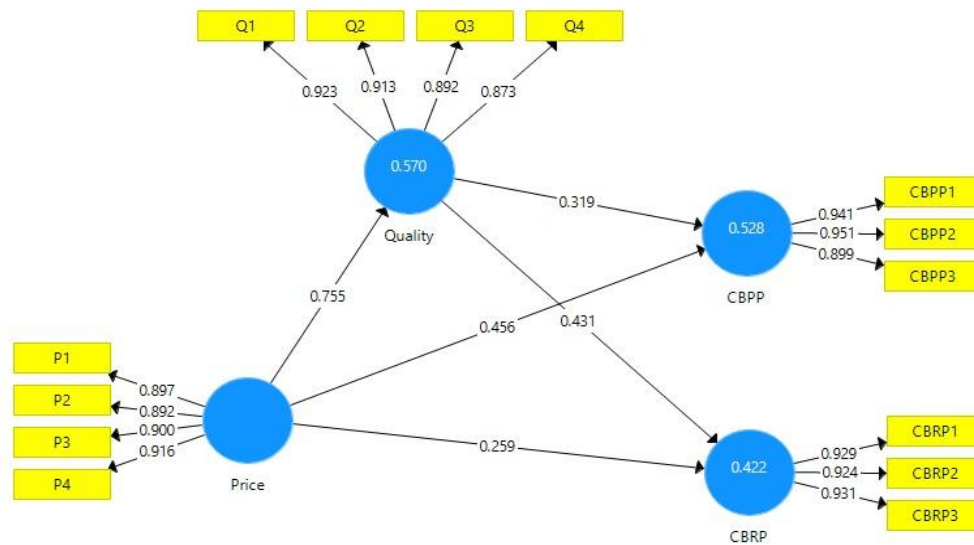


Figure 2. Structural Model of Path Coefficient

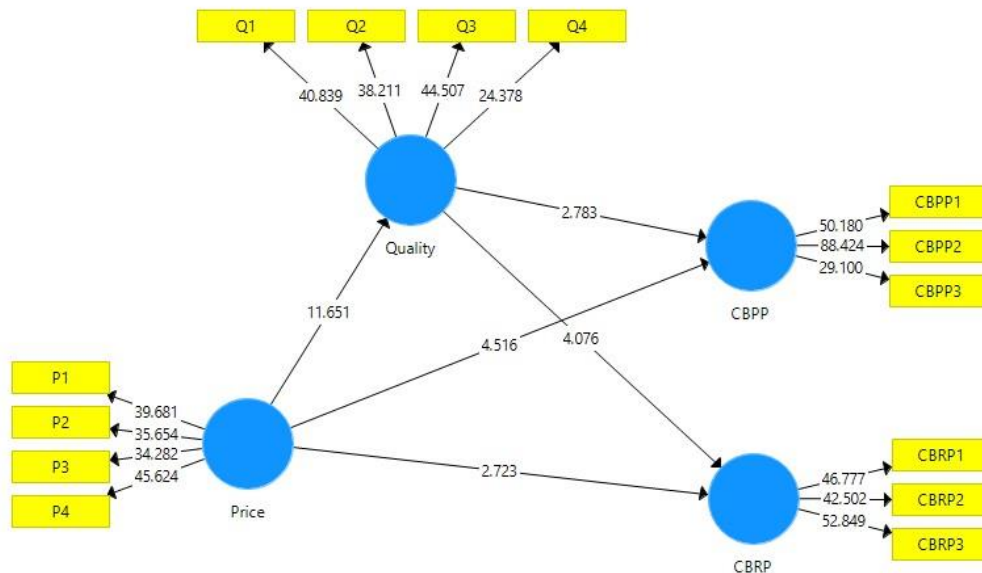


Figure 3. Structural Model of The Hypothesized Relationships

Hypothesis Testing

Table 3 and Table 4 present the results of the tests of the hypotheses on the relationship between each factor.

Table 3. Path Relationships Among P, Q, CBPP, and CBRP

Hypothesis	Path relationship	Path coefficients	T (O/STDEV)	Statistics	P Value
H1	Price -> CBPP	0.456	4.516		0.000
H2	Price -> CBRP	0.259	2.723		0.007
H3	Price -> Quality	0.755	11.651		0.000
H4	Quality -> CBPP	0.319	2.783		0.006
H5	Quality -> CBRP	0.431	4.076		0.000

Source: Smart PLS Bootstrapping, (2023)

Table 3 shows that Price ($\beta = 0.456$, $t = 4.516$, $p = 0.000$) has a significant positive impact on customer-based profit performance (CBPP), supporting H1. Additionally, Price ($\beta = 0.259$, $t = 2.723$, $p = 0.007$) also demonstrated a significant positive effect on customer-based relational performance (CBRP), confirming H2. Furthermore, Price ($\beta = 0.755$, $t = 11.651$, $p = 0.000$) significantly influences product quality, supporting H3. Product quality ($\beta = 0.319$, $t = 2.783$, $p = 0.006$) has a significant positive effect on customer-based profit performance (CBPP), supporting H4. Lastly, product quality ($\beta = 0.431$, $t = 4.076$, $p = 0.000$) significantly impacts customer-based relational performance (CBRP), supporting H5.

Table 4. Special Indirect effect

Hypothesis	Path relationship	Path coefficients	T (O/STDEV)	Statistics	P Value
H6	Price -> Q -> CBPP	0.240	2.578		0.010
H7	Price -> Q -> CBRP	0.325	3.648		0.000

Source: Smart PLS Bootstrapping, (2023)

Note: P = price; Q = product quality; CBRP = customer-based relational performance; CBPP = customer-based profit performance.

Mediation analysis

The results of the mediation analysis are presented in Table 4. The analysis examines the direct relationships between price and product quality and their impact on Customer-Based Profit Performance (CBPP) and Customer-Based Relational Performance (CBRP). The mediating effect was evaluated by comparing the direction of various indirect paths with their corresponding direct paths and by assessing their significance levels. The approach used in this mediation analysis was validated by Zhao et al. (2010). The analysis reveals that product quality ($\beta = 0.240$, $t = 2.578$, $p = 0.010$) has a mediating effect on the relationship between Price and customer-based profit performance (CBPP), supporting H6. Additionally, product quality ($\beta = 0.325$, $t = 3.648$, $p = 0.000$) was found to mediate the relationship between Price and customer-based relational performance (CBRP), thus supporting H7.

Discussion

This study evaluated the influence of price and quality on the marketing performance of small and medium enterprises (SMEs), in line with prior research. [Ali and Anwar \(2021\)](#) demonstrated that pricing strategies positively affect customer loyalty and financial performance, which is consistent with our findings. Additionally, parallels are drawn from [Jyoti et al. \(2017\)](#) study, which highlighted the positive impact of service quality on customer satisfaction, loyalty, and financial performance.

Furthermore, our investigation explored the correlation between pricing and marketing performance in SMEs, specifically examining the strength of this relationship. The structural model results reveal a significant positive association, as evidenced by Price on customer-based profit performance (CBPP) ($\beta = 0.456$, $t = 4.516$, $p = 0.000$) and Price on customer-based relational performance (CBRP) ($\beta = 0.259$, $t = 2.723$, $p = 0.007$). These outcomes support H1 and H2, indicating a robust link between pricing strategies and marketing performance. This finding is consistent with previous research that also found a positive relationship between price and marketing performance. For example, [Nafuna et al. \(2019\)](#) found that pricing strategies can significantly impact customer loyalty and financial performance. Another study by [Matsuoka \(2022\)](#) found that pricing strategies can influence customer perceptions of product quality and value, which can, in turn, affect customer loyalty and financial performance.

The findings also indicate a positive impact of Price on quality ($\beta = 0.755$, $t = 11.651$, $p = 0.000$), supporting H3. This implies that effective price setting can contribute to organizational profitability by aligning with customer preferences. Moreover, customers are more likely to make purchases when the price reflects the perceived quality of the product. This discovery resonates with prior literature that emphasizes the positive association between price and quality. For example, [Lee and Chen-Yu \(2018\)](#) demonstrated that higher prices can serve as a signal for higher product quality, a sentiment echoed by [Malik et al. \(2020\)](#), who found that elevated prices can enhance customers' perceptions of overall product or service quality and value.

This study is aligned with previous research that predominantly focused on the relationship between price and quality ([Zhong & Moon, 2020](#); [Riquelme et al. 2021](#)). This study stands out by addressing how the interplay of price and quality influence customer evaluations of service and manufacturing SMEs in Ghana. The results emphasize the substantial impact of quality considerations and pricing strategies on customer perceptions, reinforcing the critical role of both factors in the competitive landscape.

Moreover, our investigation revealed a significant association between quality and marketing performance of SMEs, as we sought to determine the strength of this association. The structural model results demonstrated a positive and noteworthy connection, with quality impacting customer-based profit performance (CBPP) ($\beta = 0.319$, $t = 2.783$, $p = 0.006$) and customer-based relational performance (CBRP) ($\beta = 0.431$, $t = 4.076$, $p = 0.000$). This result substantiates the positive relationships indicated by H5 and H4. Essentially, prioritizing quality emerges as a crucial factor, as evidenced by the considerable impact on marketing performance metrics. This implies that organizations placing an emphasis on quality are likely to experience increased profitability due to heightened customer satisfaction and subsequent purchasing behavior. This finding aligns with previous research, such as [Agbaeze et al. \(2020\)](#), who established the positive impact of service quality on customer satisfaction, ultimately contributing to enhanced customer loyalty and financial performance. Similarly, the study resonates with [Mkhize and Kunene's \(2023\)](#) findings, indicating that the delivery of high-quality products and services can foster increased customer loyalty, thereby enhancing SMEs' profitability.

Finally, the results derived from the regression structural model unveiled the mediating role of quality between price and customer-based profit performance (CBPP) ($\beta = 0.240$, $t = 2.578$, $p =$

0.010), as well as quality between price and customer-based relational performance (CBRP) ($\beta = 0.325$, $t = 3.648$, $p = 0.000$). This underscores the significance of quality as a mediator between these constructs and their collective impact on marketing performance. Consequently, H6 and H7 receive empirical support, affirming a positive relationship. The implication is that organizations focused on delivering the best price in conjunction with superior product quality stand to increase profitability, as discerned through customer-based profit and relational performance metrics. These findings resonate with existing research, consistently demonstrating a positive association between quality and price in influencing marketing performance. For example, [Yang et al. \(2021\)](#) observed a positive correlation between high product quality and customers' willingness to pay a premium. Likewise, [Ogundipe et al. \(2023\)](#) highlighted the significant impact of the price-quality relationship on fostering customer loyalty and driving financial performance. This study underscores the importance of strategic alignment between quality and pricing strategies for organizations seeking to optimize their marketing outcomes.

CONCLUSION

This study has provided valuable insights into the intricate relationship among price, quality and marketing performance of small and medium enterprises (SMEs). The positive relationships identified between pricing strategies and both customer-based profit and relational performance underscore the strategic significance of pricing decisions for SME success. The mediating role of quality emphasizes the need for a balanced approach, where SMEs not only set competitive prices but also prioritize delivering products or services that meet or exceed customer expectations in terms of quality.

Practically, the study suggests that SMEs should carefully align their pricing strategies with perceived product or service quality, recognizing the critical impact this alignment can have on customer satisfaction, loyalty, and overall marketing performance. This integrated approach to pricing and quality management provides a roadmap for SMEs to successfully navigate the competitive landscape. As SMEs aim to enhance their competitiveness and market position, these findings offer practical guidance for strategic decision-making, emphasizing the importance of a nuanced understanding of customer perceptions, value propositions and the dynamic relationship between price and quality in shaping marketing outcomes.

The results of this study have substantial practical implications for small and medium enterprises (SMEs) seeking to enhance their marketing performance. First, the positive relationship identified between pricing strategies and customer-based profit and relational performance underscores the importance of carefully crafting pricing strategies. SMEs should conduct thorough market analyses to set competitive yet profitable prices considering customer perceptions and value propositions. Implementing dynamic pricing models that align with customer expectations can increase profitability and strengthen customer relationships.

Second, this research highlights the pivotal role of quality as a mediator between price and marketing performance. SMEs should prioritize product or service quality to maximize the positive impact of their pricing strategies. Investing in quality assurance processes, product innovation, and customer feedback mechanisms can help SMEs align their pricing with perceived value, leading to higher customer satisfaction and loyalty. Businesses that successfully communicate and deliver high-quality offerings are likely to differentiate themselves in the market, fostering positive customer perceptions and, consequently, improving marketing performance.

Furthermore, the study suggests that a dual focus on both pricing and quality management is crucial for SME success. SMEs should integrate these strategies into a holistic marketing approach, ensuring that their pricing reflects the perceived value derived from superior quality. This integrated approach provides a sustained competitive advantage, customer loyalty, and

increased profitability. Lastly, businesses should regularly reassess and adjust their pricing and quality strategies in response to market dynamics, ensuring adaptability and responsiveness to changing customer preferences and industry trends

LIMITATIONS AND FUTURE RESEARCH

Although this study provides valuable insights into the relationships between price, quality and marketing performance for small and medium enterprises (SMEs) in Ghana, certain limitations and potential avenues for future research should be acknowledged. The study's contextual specificity to Ghanaian SMEs raises questions about the generalizability of the findings to other industries and regions. The employed cross-sectional design offers a static perspective, prompting the need for future research to adopt longitudinal approaches for a more dynamic understanding over time. Additionally, the reliance on self-reported data introduces potential biases, and future studies could enhance robustness by incorporating objective measures or employing mixed methods. Future research directions include exploring cultural variations in consumer behavior, investigating the impact of technological advancements on SME strategies, examining potential moderating factors influencing these relationships, conducting customer segmentation studies, and assessing the long-term effects of pricing and quality strategies on customer loyalty and financial performance through longitudinal analyses. Addressing these aspects will contribute to a more nuanced understanding of the complex dynamics shaping marketing practices for SMEs.

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