

# CURRENCY DEVALUATION AND RETAIL PRICE STRATEGY IN NIGERIA

Sambo Ulumeh Isaac<sup>1</sup> Sesay Daniel Kassim<sup>2</sup> Okenyi Samuel Akgbokaode<sup>3</sup>  
Daniel Harold Elikwu<sup>4</sup>

## ABSTRACT

*The persistent devaluation of the Nigerian Naira raises concern among policymakers, economists, and retailers of imported goods. As the currency weakens, retailers face pressure to adjust pricing strategies in response to exchange rate fluctuations, rising import duties, and inflation. Despite the growing body of literature on currency devaluation, there remains a contextual gap regarding how Naira devaluation specifically influences the price-setting behaviors of small-scale retailers operating within contained ecosystems like university campuses. This study, therefore, investigates the effect of naira devaluation on the pricing strategy of imported goods in Nigerian retail markets. This research adopted a quantitative approach utilizing a descriptive survey design. The sample consisted of 213 retail shop owners in Lagos State who engage in the sale or use of imported goods or raw materials. Data were collected through structured, close-ended questionnaires to ensure consistency and comparability. The results revealed that naira devaluation significantly impacted pricing strategies in Nigerian retail markets. Exchange rate fluctuations and inflation directly influenced price adjustments, while all three factors, including import duties, affected mark-up decisions and promotional pricing. Currency devaluation profoundly shapes retailers' pricing strategies for imported goods in Nigeria. Retailers are advised to monitor exchange rate trends, anticipate cost variations, and implement flexible pricing mechanisms, including adaptive mark-ups and targeted promotions, to sustain profitability and competitiveness amid economic volatility.*

## Author's Affiliation:

Department of Business Administration and Marketing, Babcock University, Illisan-Remo, Ogun State, Nigeria<sup>1,3</sup>

Department of Economics, Ernest Bai Koroma University of Science and Technology, Sierra Leone<sup>2</sup>

Eastern Illinois University, United States<sup>4</sup>

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## Corresponding Mail:

[ulumehsamboisaac@gmail.com](mailto:ulumehsamboisaac@gmail.com)

[m](mailto:ulumehsamboisaac@gmail.com)

+234 9037722133

## 1. Introduction

Nigeria has faced considerable economic headwinds, with one of the most pressing issues being the persistent devaluation of the national currency, the naira (Abang, Jombo & Abuh-Amasi, 2025). This trend has raised serious concerns among policymakers, economists, and business owners, particularly those operating within the retail sector and dealing heavily in imported goods. As the naira continues to weaken, the implications for foreign trade dynamics, import duty valuations, and general cost structures have become increasingly severe. This has created a ripple effect across retail markets, forcing businesses to frequently revise pricing strategies to remain operationally viable in an unstable macroeconomic environment (Iyadi & Uyo, 2024). The challenges posed by naira devaluation are especially significant in an economy like Nigeria's, where import dependency remains high. Retailers must respond not only to the fluctuations in exchange rates but also to rising import duties and inflationary pressures, all of which collectively impact the affordability and availability of consumer goods. A major development occurred in June 2023 when the Central Bank of Nigeria (CBN) implemented foreign exchange reforms that led to a substantial devaluation of the naira. Following these reforms, the Nigeria Customs Service adjusted its exchange rate for import duty calculations from ₦422.30/\$ to ₦589/\$, reflecting a nearly 40% increase (Egole, 2023). This abrupt change significantly increased the cost of clearing goods at Nigerian ports, particularly affecting sectors with high import volumes.

One stark example of this economic adjustment can be found in the pharmaceutical industry. The cost of clearing a standard 40-foot container rose sharply from ₦7 million to ₦25 million within just one year (Anagor-Ewuzie, 2024; Okeke, Nwoha, & Duru, 2024). Importers, unable to absorb these costs, were compelled to transfer a portion of the financial burden to consumers, resulting in noticeable price hikes across retail outlets. This development placed additional strain on purchasing households and began to alter consumer purchasing behavior. The

automotive industry similarly experienced severe consequences, with vehicle import duties rising by 40%. This led to higher retail prices and a marked decline in import volumes, ultimately threatening jobs and revenue generation in a sector already grappling with declining demand and low consumer confidence (Egole, 2023).

The persistent devaluation of the Nigerian naira has intensified inflation, with rates reaching 34.80% by December 2024, largely driven by soaring costs of food and non-alcoholic beverages, thereby eroding consumer purchasing power (National Bureau of Statistics [NBS] 2025). Retailers are increasingly forced to choose between reducing profit margins or maintaining prices and risking the loss of price-sensitive customers. In response, many have diversified sourcing to countries with more favorable exchange rates or increased reliance on local products; measures that reflect both immediate survival tactics and long-term supply chain realignments. Despite these developments, existing academic literature has largely concentrated on macroeconomic outcomes, offering limited insight into retail-level responses. Busari and Kwak (2017) reported a 6.4% drop in consumer welfare due to devaluation-driven inflation, while Adeyemi and Ajibola (2019) linked devaluation to trade imbalances constrained by structural rigidities. Nwokoye et al. (2023) similarly found a strong correlation between exchange rate depreciation and rising domestic prices. However, these studies do not adequately explore how retailers, particularly those dependent on imports, adjust pricing strategies in response to currency volatility. This study addresses that gap by investigating retailer-level responses in Nigeria's import-heavy sectors, aiming to generate actionable insights for practitioners and policymakers while contributing to academic discourse on micro-level business adaptation within broader macroeconomic instability.

## **2. Literature Review**

### **2.1 Currency Devaluation**

Currency devaluation refers to a downward adjustment in the value of a country's currency relative to foreign currencies. In Nigeria's context, when the Naira depreciates, it requires more Naira to acquire a given amount of foreign currency, which increases the local-currency price of imported goods, services, and inputs. This shift in relative prices affects consumption, production, and trade incentives. The impact of devaluation on the domestic economy depends on structural factors such as the degree of import dependence, the composition of export baskets, domestic production capacity, and the trade and monetary policy regime in place (Adedokun, Ogbaekirigwe, & Tiamiyu, 2022; Bada, Olufemi, Tata, Peters, Bawa, Onwubiko, & Onyowo, 2016).

One of the central mechanisms linking devaluation to domestic price levels is exchange-rate pass-through, which measures the extent to which exchange-rate changes are transmitted into domestic prices of imported and final consumption goods. Empirical evidence for Nigeria indicates that this pass-through is often significant. For example, Iyoha (2018) finds that exchange-rate shocks fully pass through to domestic prices within approximately six months. Iyoha concluded that such pass-through is a major conduit through which exchange-rate depreciation influences inflation, although other factors such as money supply and fuel prices also play important roles. Similarly, Oyadeyi, Oyadeyi, and Iyoha (2024) employed quarterly data from 2000 to 2023 and identified non-linearities in pass-through. Their study showed that when quarterly depreciation exceeds a threshold of around five percent, the effect on producer, import, and consumer prices becomes considerably stronger, highlighting the importance of the magnitude and frequency of devaluation.

Because many consumer goods and production inputs in Nigeria are imported, devaluation tends to raise both the cost of living and production costs. Domestic producers reliant on imported raw materials or capital goods face higher input costs, which are often passed on to consumers, thereby increasing inflation. This cost-push effect via imported inflation is reinforced when devaluation is substantial or persistent. Research supports the view that depreciation has a stronger and more immediate impact on inflation than appreciation in Nigeria (Ikue, Ofuru, Onodjaefe, Ajaba, Onuosa, & Emeke, 2024).

Exchange-rate volatility, not merely a one-off devaluation, further complicates the economic landscape. Frequent or sharp currency fluctuations can undermine investor and business confidence, hinder long-term planning, disrupt supply chains, and increase uncertainty. This environment may discourage investment, reduce domestic production, and weaken macroeconomic stability. In economies such as Nigeria, which have limited domestic production capacity and high import reliance, persistent volatility can amplify inflationary pressures and weaken structural growth prospects. Devaluation of the Naira cannot be analyzed in isolation. It operates through exchange-rate pass-through to affect inflation and cost structures, and its macroeconomic consequences depend critically on structural factors including import dependence, trade composition, production capacity, and policy environment. When devaluation is frequent or large, and domestic supply is unable to adjust, the likely outcome is rising inflation and cost-push pressures rather than sustainable trade or growth benefits. Therefore, devaluation should be viewed as a policy instrument whose effectiveness depends on broader economic and structural conditions rather than as an automatic solution.

## **2.2 Pricing Strategies**

Pricing strategy remains a fundamental instrument in marketing because it shapes both revenue and how consumers perceive value and brand positioning. As markets digitize and competition

intensifies, firms increasingly rely on strategic pricing beyond cost-plus or competitor-based methods. Contemporary scholarship emphasizes that pricing must reflect demand conditions, consumer psychology, market dynamics, and firm objectives in order to maximize both short-run revenue and long-run brand equity (Yang & Xia, 2021; Dilmé & Garrett, 2025). Dynamic pricing, which involves adjusting prices in response to demand, inventory, or other market conditions, has gained prominence with advances in data analytics and algorithmic pricing. A recent review of algorithmic and dynamic pricing underscores that digitalization enables firms to tailor prices in real time, creating value for both sellers and buyers when implemented ethically and transparently (von Wangenheim & Bayón, 2022). Such flexibility allows firms to optimize profitability and manage demand fluctuations, though it requires careful implementation to avoid perceptions of unfairness or price gouging (von Wangenheim & Bayón, 2022).

Discounting remains one of the most common and studied pricing tactics. Longitudinal evidence from supermarket data shows that price discounts significantly boost the sales volume of promoted items, at least during the discount period. For example, Mamiya, Schmidt, and Moodie (2022) found that sales of sugar-sweetened beverages rose markedly during discount periods, though the lagged post-discount effect was limited for most categories. This suggests that discounts are effective for stimulating short-term demand and clearing inventory, but their effect may taper off soon after the promotion ends.

In product categories such as apparel, discounting affects not only purchase behavior but also consumer perception. Research by Lee and Chen-Yu (2018) demonstrated that while discounts increase perceived savings and purchase intention, an excessively large discount can lead some consumers to perceive lower product quality. This implies a trade-off: heavy discounting may boost volume but can undermine brand positioning if perceived as cheap or low-quality.

Beyond dynamic pricing and discounts, value-based pricing remains an important but often under-emphasized strategy. In models of modern pricing, firms set prices based on perceived consumer value rather than solely on cost or competition, allowing them to capture higher margins when consumers perceive strong utility or brand value (Yang & Xia, 2021). This approach aligns price with value delivered, supporting premium positioning and long-term brand strength, particularly for differentiated products or services where consumers base purchase decisions on perceived value. The literature suggests that effective pricing strategy is multidimensional and context-dependent. Dynamic pricing provides flexibility and responsiveness to market conditions. Discounts and promotions stimulate short-term demand and inventory turnover. Bundling and value-based pricing allow firms to align price with consumer-perceived value and brand positioning. However, the success of each strategy depends on product type, market structure, consumer behavior, timing, and the firm's long-term brand orientation. Firms, especially in emerging markets or price-sensitive environments, must carefully balance revenue generation, brand quality perception, and consumer fairness when designing pricing strategies.

### **2.3 Economic Implications of Naira Devaluation on Retail Pricing Dynamics in Nigeria**

The persistent depreciation of the Nigerian naira continues to impose wide-ranging macroeconomic and microeconomic distortions, particularly within the retail sector whose pricing architecture is acutely sensitive to exchange-rate disequilibria. The empirical literature on Nigeria consistently demonstrates that currency devaluation heightens domestic price levels through multiple transmission channels. Abubakar, Apeh and Nweze (2021) establish a strong pass-through effect from exchange-rate depreciation to inflation, underscoring how external shocks manifest as sustained domestic price volatility. This conclusion aligns with Adeniran,

Yusuf and Adeyemi (2014), who found that fluctuations in the naira aggravate inflationary inertia and diminish monetary policy predictability.

As import dependency remains structurally entrenched across Nigerian production and distribution networks, retail input costs escalate sharply whenever the currency weakens. The manufacturing sector, which underpins a substantial portion of retail supply chains, has also been compromised by monetary instability. Studies by Orekoya and Afolabi (2021) and Essien and Onwioduokit (2018) articulate that exchange-rate volatility suppresses manufacturing output, worsens production rigidities and curtails sectoral competitiveness. These dynamics raise retail procurement costs, distort inventory planning and truncate supply elasticity. Consequently, retailers increasingly abandon conventional cost-plus pricing and gravitate toward more sophisticated and adaptive models capable of accommodating recurrent cost shocks. Firms have thus adopted more elastic pricing regimes that incorporate expected exchange-rate trajectories, value-perception metrics and real-time operational adjustments.

The effects of depreciation are equally pronounced at the consumer level. Price escalation erodes real wages and household purchasing power, compelling consumers to recalibrate their consumption hierarchies. Numerous studies corroborate this behavioural adjustment. For instance, Iheanacho (2016) and Akinlo and Niyi (2015) demonstrate that inflationary persistence induces households to prioritise essential commodities while downscaling demand for imported or discretionary goods. These behavioural responses reshape retail demand structures by amplifying the turnover of low-margin necessities and diminishing sales of high-value, import-intensive merchandise. The phenomenon of substitution towards domestic alternatives also gains momentum as consumers seek cost-mitigating strategies.

Small and medium-sized enterprises remain especially vulnerable within this milieu. With limited access to foreign exchange, inadequate hedging mechanisms, and comparatively fragile

balance sheets, SMEs experience acute financial strain during depreciation episodes. Their profit margins contract rapidly, forcing many to reduce inventories, postpone expansion and in some cases exit the market altogether. Empirical examinations by Mustapha and Fagge (2015) and Nwokoma (2020) highlight that exchange-rate misalignment destabilises SME investment decisions and impairs their operational resilience. The structural fragility of this segment has broader macroeconomic consequences since SMEs constitute a significant proportion of employment generation and supply-chain intermediation.

Currency devaluation also depresses investor sentiment and constrains productive investment, especially in sectors reliant on imported intermediate goods. Olayeni (2016) demonstrates that exchange-rate uncertainty deters capital formation, while Bakare (2011) finds that currency depreciation imposes adverse long-run implications for Nigeria's industrial expansion. The cumulative effect of these conditions reverberates throughout retail networks, intensifying supply bottlenecks and reinforcing inflationary expectations.

Policy responses must therefore transcend episodic interventions. The scholarly consensus increasingly advocates for structural diversification, enhanced domestic value addition and reforms that expand Nigeria's foreign-exchange base. In addition to exchange-rate management, scholars such as Adebisi and Dauda (2009) stress the importance of coherent coordination between fiscal and monetary authorities to mitigate inflationary pressures and stabilise macroeconomic fundamentals. Strengthening SME access to credit, incentivising local sourcing, improving logistics efficiency and supporting firms in adopting basic hedging instruments will be indispensable for stabilising the retail ecosystem. Broader interventions that enhance manufacturing competitiveness and reduce import dependency offer long-term solutions capable of attenuating the recurrent cycle of currency-induced retail price shocks.

## 2.4 Empirical Review

Empirical evidence consistently reveals that Naira devaluation has wide-reaching effects across Nigeria's economic landscape, particularly in the retail sector. A central theme emerging from recent studies is the persistent pressure on retail pricing due to exchange rate fluctuations. Alabi et al. (2025) found that exchange rate volatility significantly increases the prices of both imported and locally manufactured goods. This inflationary impact forces retailers to frequently revise their pricing strategies to protect their profit margins. Their findings align closely with those of Akinyemi and Adegbite (2022), who highlighted that currency depreciation increases import costs, ultimately leading to inflationary pressures that compel retailers to hike prices. Both studies point to a downward spiral where the weakening of the Naira diminishes consumer purchasing power, placing additional strain on pricing decisions within the retail space.

Further affirming this inflationary chain reaction, Adesoji (2023) reported that devaluation drives retailers especially those dealing in luxury or imported goods to raise their mark-ups in order to cushion the shock of escalating import costs. Interestingly, Adesoji (2023) also linked currency instability with reduced foreign direct investment, explaining that diminished capital inflows limit access to affordable foreign goods and thereby constrain the product mix available to retailers. This dual impact on pricing strategy and inventory variety demonstrates how currency instability touches every node of the retail value chain. In terms of sector-specific insights, Adewuyi and Ajibola (2023) showed that firms in the consumer goods and industrial sectors are particularly vulnerable to exchange rate movements due to their dependency on imported production inputs. Their findings provide a more granular understanding of how exchange rate volatility disproportionately burdens certain industries, thereby influencing pricing behavior at the consumer level. This concern is echoed in the telecommunications

sector, where African Business (2024) highlighted how rising costs for imported parts and equipment have forced Nigerian telcos to reconsider their operational strategies. This mirrors patterns observed in the consumer goods sector, where operational models are shifting in response to exchange rate-induced shocks.

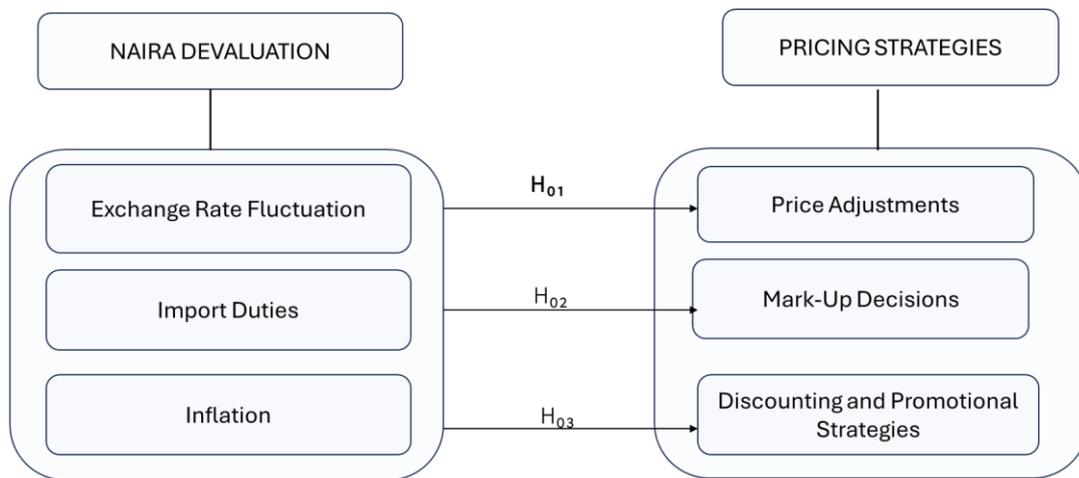
Stock market reactions to currency depreciation also reveal downstream effects on retail pricing. Udoye et al. (2025) found that firms reliant on imports experience substantial declines in stock prices during periods of currency devaluation. This financial strain often results in businesses passing increased operational costs onto consumers through elevated prices. Their recommendation for improved monetary policy coordination is particularly notable, suggesting that macroeconomic stability could relieve pressure on businesses and, by extension, the end-consumer. Moreover, exchange rate pass-through effects appear to be robust and unavoidable. The International Monetary Fund (2019) reported that depreciation in the Nigerian currency directly fuels higher consumer prices, largely due to the economy's limited domestic production capacity. This observation reinforces the call by Udoye et al. (2025) for local sourcing strategies, which could serve as a buffer against foreign exchange risks by reducing import dependence. Finally, Ogundele and Alabi (2023) presented a broader regional view, suggesting that regional financial integration could help insulate Nigeria's capital market from domestic currency shocks. While their focus was on financial markets, the implication for retailers is meaningful: diversified investment flows may contribute to greater macroeconomic stability, which in turn could lead to more predictable pricing environments. With these varying discourse and findings this research hypothesizes that:

**H<sub>01</sub>:** Naira devaluation has no significant effect on the adjustment of retail prices of imported goods in Nigerian retail markets.

**H<sub>02</sub>:** Naira devaluation does not significantly influence retailers' mark-up decisions for imported goods in Nigerian retail markets.

**H<sub>03</sub>:** Naira devaluation has no significant impact on the use of discounting and promotional pricing strategies by retailers in Nigerian retail markets.

**Figure 2.1:**  
*Conceptual Model*



**Source:** *Researcher's Model 2025*

The model illustrates how Naira devaluation affects pricing strategies through its impact on key economic variables such as exchange rate fluctuations, import duties, and inflation, which collectively determine the cost of goods and services in the domestic market. In response to these macroeconomic pressures, firms strategically adjust their pricing through mechanisms such as price changes, mark-up revisions, and promotional or discounting tactics. This model emphasizes that currency devaluation generates operational challenges that businesses must navigate by managing prices effectively to safeguard profitability, maintain competitiveness, and sustain consumer demand.

### **3. Methodology**

This study adopts a quantitative research approach with a descriptive survey design to examine the impact of Naira devaluation on pricing strategies for imported goods in Nigerian retail markets. The target population comprises retail shop owners operating in Lagos State. A sample of 213 retail shop owners was selected using a convenience sampling technique, chosen for its practicality and cost-effectiveness, allowing the researcher to access participants who were readily available (Etikan, Musa, & Alkassim, 2016). The sample size was determined based on the number of participants accessible within the study period and the resources available, ensuring sufficient data to conduct robust statistical analysis. Data were collected through a structured, close-ended questionnaire designed to assess the effects of exchange rate fluctuations, import duties, and inflation on pricing strategies, including retail prices, mark-up decisions, and promotional pricing. The structured format standardized responses, improving reliability and consistency (Creswell & Creswell, 2018). Instrument validity and reliability were confirmed through expert review, which ensured content validity (Kelley, Clark, Brown, & Sitzia, 2003), and the Cronbach's alpha coefficient, which measured internal consistency (Cronbach, 1951). Multiple regression analysis was used to examine the relationships between the independent variables (exchange rate fluctuations, import duties, and inflation) and the dependent variable (pricing strategies), allowing the study to control for confounding factors and assess the strength of these relationships (Hair et al., 2010). Ethical approval was obtained from the relevant Research Ethics Committee, and participants were informed of their rights to confidentiality, voluntary participation, and the academic use of data, ensuring adherence to ethical standards (Saunders et al., 2019).

#### 4. Results and Discussion of Findings

**Table 4.1:**

*H<sub>01</sub>- Naira devaluation has no significant effect on the adjustment of retail prices of imported goods in Nigerian retail markets.*

Variable	Coefficient ( $\beta$ )	Std. Error	t-value	p-value
Intercept ( $\beta_0$ )	0.25	0.10	2.50	0.02
Exchange Rate Fluctuations ( $\beta_1$ )	0.40	0.15	2.67	0.01
Import Duties ( $\beta_2$ )	0.35	0.18	1.94	0.06
Inflation ( $\beta_3$ )	0.50	0.14	3.57	0.00
<b>Model Summary</b>				
	<b>R</b>	<b>R<sup>2</sup></b>	<b>Adjusted R<sup>2</sup></b>	<b>F- statistic</b>
	0.625	0.391	0.328	6.172

**Source: Researcher's field survey (2025)**

The multiple regression analysis was conducted to test the null hypothesis ( $H_{01}$ ) that Naira devaluation has no significant effect on the adjustment of retail prices in Nigerian retail markets. The results showed a moderate positive correlation ( $R = 0.625$ ) and an  $R^2$  of 0.391, indicating that 39.1% of the variation in retail price adjustments can be explained by exchange rate fluctuations, import duties, and inflation. The model was statistically significant ( $F = 6.172$ ), with the intercept ( $\beta_0 = 0.25, p = 0.02$ ) and exchange rate fluctuations ( $\beta_1 = 0.40, p = 0.01$ ) showing significant effects. Inflation ( $\beta_3 = 0.50, p = 0.00$ ) was also a strong predictor, while import duties ( $\beta_2 = 0.35, p = 0.06$ ) had a marginal effect. Given that the F-statistic and p-values for exchange rate fluctuations and inflation are significant, the null hypothesis was rejected, concluding that Naira devaluation significantly impacts retail price adjustments for imported goods in Nigerian retail markets.

**Table 4.2:**

*H<sub>02</sub>- Naira devaluation does not significantly influence retailers' mark-up decisions for imported goods in Nigerian retail markets.*

Variable	Coefficient ( $\beta$ )	Std. Error	t-value	p-value
<b>Intercept (<math>\beta_0</math>)</b>	0.30	0.12	2.50	0.02
<b>Exchange Rate Fluctuations (<math>\beta_1</math>)</b>	0.60	0.20	3.00	0.01
<b>Import Duties (<math>\beta_2</math>)</b>	0.55	0.25	2.20	0.03
<b>Inflation (<math>\beta_3</math>)</b>	0.45	0.18	2.50	0.02
<b>Model Summary</b>				
	<b>R</b>	<b>R<sup>2</sup></b>	<b>Adjusted R<sup>2</sup></b>	<b>F-statistic</b>
	0.681	0.464	0.408	8.223

**Source: Researcher's field survey (2025)**

To examine Hypothesis H<sub>02</sub>, which posits that Naira devaluation does not significantly influence retailers' mark-up decisions for imported goods in Nigerian retail markets, a multiple regression analysis was conducted. The *R*-value of 0.681 indicates a strong positive relationship between Naira devaluation factors and mark-up decisions, with an *R*-squared of 0.464, suggesting that 46.4% of the variance in mark-up decisions can be explained by exchange rate fluctuations, import duties, and inflation. The *F*-statistic of 8.223 indicates statistical significance, and the intercept ( $\beta_0 = 0.30$ ,  $p = 0.02$ ) confirms a baseline for mark-up decisions. Exchange rate fluctuations ( $\beta_1 = 0.60$ ,  $p = 0.01$ ), import duties ( $\beta_2 = 0.55$ ,  $p = 0.03$ ), and inflation ( $\beta_3 = 0.45$ ,  $p = 0.02$ ) all significantly influence mark-up decisions. Given the statistical significance of all predictors and the overall model, the null hypothesis (H<sub>02</sub>) is rejected, concluding that Naira devaluation significantly influences retailers' mark-up decisions for imported goods in Nigerian retail markets. This suggests that fluctuations in the macroeconomic environment, especially currency strength, import costs, and inflation, compel retailers to adjust their pricing structures.

**Table 4.3:**

*H<sub>03</sub>- Naira devaluation has no significant impact on the use of discounting and promotional pricing strategies by retailers in Nigerian retail markets.*

Variable	Coefficient ( $\beta$ )	Std. Error	t-value	p-value
<b>Intercept (<math>\beta_0</math>)</b>	0.20	0.10	2.00	0.05

<b>Exchange Rate Fluctuations (<math>\beta_1</math>)</b>	0.50	0.15	3.33	0.01
<b>Import Duties (<math>\beta_2</math>)</b>	0.40	0.18	2.22	0.03
<b>Inflation (<math>\beta_3</math>)</b>	0.45	0.13	3.46	0.00
<b>Model Summary</b>				
	<b>R</b>	<b>R<sup>2</sup></b>	<b>Adjusted R<sup>2</sup></b>	<b>F-statistic</b>
	0.658	0.433	0.374	7.339

**Source: Researcher's field survey (2025)**

For Hypothesis H<sub>03</sub>, which posits that Naira devaluation has no significant impact on the use of discounting and promotional pricing strategies by retailers, a multiple regression analysis was conducted. The *R*-value of 0.658 indicates a moderate to strong positive relationship between the predictors and promotional pricing strategies, with an *R*-squared of 0.433, meaning 43.3% of the variance can be explained by exchange rate fluctuations, import duties, and inflation. The F-statistic of 7.339 shows the model is statistically significant. Exchange rate fluctuations ( $\beta_1 = 0.50$ ,  $p = 0.01$ ), import duties ( $\beta_2 = 0.40$ ,  $p = 0.03$ ), and inflation ( $\beta_3 = 0.45$ ,  $p = 0.00$ ) all significantly affect the use of these strategies. With all predictors significant, H<sub>03</sub> is rejected, concluding that Naira devaluation significantly impacts the use of discounting and promotional pricing strategies by retailers, as they adjust their pricing tactics in response to exchange rate fluctuations, import duties, and inflation.

#### 4.2 Discussion of Findings

The analysis confirms that Naira devaluation significantly shapes retail price adjustments for imported goods in Nigeria. This finding resonates with the work of Alabi et al. (2025) and Akinyemi and Adegbite (2022), who highlighted how currency depreciation drives inflationary pressures and elevates the cost of imported and locally produced goods. The implication is that retailers do not passively absorb cost increases but actively adjust prices to preserve operational viability. These results suggest that price adjustments are a primary mechanism through which retailers buffer the impact of macroeconomic instability, indicating a sophisticated understanding of market dynamics and consumer responsiveness.

The study further reveals that Naira devaluation significantly influences retailers' mark-up strategies. Consistent with Adesoji (2023), the findings suggest that fluctuations in exchange rates and rising import costs compel retailers to revise mark-ups as a means of safeguarding profitability. This behavior reflects a strategic adaptation to cost pressures and limited product availability, illustrating that retailers actively manipulate margins to maintain revenue streams under economic uncertainty. The results demonstrate the micro-level agency of retailers, who balance competitive pressures with internal financial sustainability in navigating a volatile currency environment.

In the final analysis, the evidence indicates that currency devaluation materially affects the use of discounting and promotional pricing. In line with Udoye et al. (2025), retailers appear to employ targeted promotions and temporary discounts not merely as marketing tactics but as deliberate strategies to manage demand and consumer perception amid declining purchasing power. This approach highlights the adaptive and dynamic nature of retail pricing behavior, suggesting that retailers strategically intervene in the market to stabilize sales, retain customers, and maintain brand competitiveness despite macroeconomic pressures.

## **5. Summary and Conclusion**

This study concluded that Naira devaluation significantly influences retail pricing strategies in Nigeria, with exchange rate fluctuations and inflation being key determinants in pricing decisions. The findings highlight the complex relationship between macroeconomic factors and retailers' pricing behaviors, emphasizing the need for adaptive strategies in a volatile economic environment. This study highlights the importance of strengthening exchange rate stability and promoting local sourcing to mitigate the impact of Naira devaluation on retail pricing strategies. It is recommended that the Nigerian government, through the Central Bank of Nigeria, implement policies that stabilize the exchange rate, while also incentivizing local production

to reduce import dependence. Retailers are encouraged to adopt flexible pricing models and inflation-indexed strategies to enhance their resilience. This study is limited by its focus on Lagos State, highlighting a gap in understanding how Naira devaluation affects retail pricing strategies across different regions and market contexts in Nigeria. Future research should expand the geographic scope and sample size, exploring the effects of Naira devaluation across diverse markets, and investigate the role of government policy in alleviating the negative impacts of exchange rate fluctuations on retail pricing.

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