

# EFFECT OF PRICING ON CONSUMER BUYING BEHAVIOR IN CHENGALPATTU TOWN

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## **Abstract**

*The study of Consumer buying behavior is very challenging task. Consumer consider various factors when making purchase decisions. If a Company wants to survive, it should be able to compete well on different factors and the most important one is Price. The main purpose of this research is to measure the effect of pricing strategies on consumers' psychology and on their buying behavior accordingly. A questionnaire has been designed, distributed and filled up by participants from Chengalpattu Town. 125 responses were received from respondents, where SPSS were used to analyze the data collected. The findings show that there is a **positive relationship** between prices and consumer buying behavior. Depending on the founding results, recommendations were set to retailers and dealers.*

**Keywords:** *Buying behavior, odd even strategy, bundle strategy, discount strategy, Consumer Psychology.*

## **Introduction**

In this dynamic era of marketing revolution and the intensifying effect of marketing activities on the life of a common man, people have become more brand conscious in most of the products they purchase. Before deciding to purchase a product, customer's looks for some factors, such as quality, performance, features, and even country of origin. A consumer's purchase decisions are influenced by many factors, including personal, psychological, social and cultural factors, thus making it difficult for marketers to predict how consumers buy a particular product.

Brand name plays an important component of brand equity, which is why it is often regarded as a prerequisite of consumers' purchasing decisions. Brand Image is important because it influences consumers' purchasing behaviors which ultimately leads to influences purchasing decisions.

Consumer Buying Behavior refers to the buying behavior of the ultimate customer. Many factors, specificities and characteristics influence the individual in what he is and the

consumer in his decision. Consumer Buying Behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. There are different processes involved in the consumer behavior.

Pricing is one of 4 P's of marketing mix which they are product, price, place and promotion. Pricing is the only clear factor that produces money and provides obvious signal of success or failure of products and services. Therefore, researchers in this study chose to closely highlight this factor.

Many scholars and researchers had conducted studies on consumer buying behavior. However, the purpose of this study is to evaluate and measure the effect of pricing strategies on consumers' psychology and their buying behavior at Chengalpattu Town. It highlights some strategies that are used by retailers to make the prices attractive to the consumers, including odd even pricing, bundle pricing and discount pricing. It also guides marketing managers with research and development managers to get better understanding of the pricing strategies that positively affect consumer buying behavior.

### **Consumer Buying Psychology**

There are various upon which a consumer buying psychology depends varying from culture, social class, family, age, occupation, etc.

#### **Culture**

Culture is a complex set of beliefs and principles held by a given society and which clearly defines the roles played by the members of the society. It also defines the traditions and customs of the society.

#### **Social Class**

Every society typically has some social classes that exist within it. Social class is determined by income, level of education, and a whole host of other factors.

#### **Reference Groups**

A reference group is a group to which the consumer associates their buying decisions. It is usually the case that a consumer will buy a product or service simply because members of their reference group are buying the same product or service.

#### **Family**

The buying behavior of a consumer will be affected by their families and by the opinions of their family members. Whenever a group of people begins to live together, whether because they are related by blood or by marriage, their buying behaviors will begin to rub off each other.

### **Their Age and Life Stage**

The age of a consumer, as well as the stage of life the consumer is at, are very important as to the buying decisions they make. When consumers are of different ages and life stages, the motivations behind a consumer's purchases will differ from those consumers who do not have the same profile.

### **The Occupation of the Consumer**

The occupation of a consumer will affect their buying decisions in so far as it will determine their income, social status, and their interests, as well.

### **Personality and Self-Perception**

Every consumer is different, and each consumer views herself in a unique way. The way that consumers view themselves, coupled with their personalities, will determine which products and services they prefer.

### **Objectives of the Study**

- ✓ To measure the effect of pricing strategies on consumers' psychology and on their buying behavior in Chengalpattu Town
- ✓ To analyze the influence of price on the buying behavior of consumers while purchasing apparels in organized retail outlets

### **Literature Review**

Manali Khaniwale (2015) has conducted a study which analyzed the theoretical aspects of consumer buying behavior and the factors that influence it. Also, he reviewed the relationship between consumer buying behavior and the factors that influence the consumer's purchasing process and purchase decision. His research has sufficient evidence to prove that the consumer's buying behavior is significantly influenced by the consumer's internal and external factors.

According to H. Al-Salamin, J. Al-Baqshi, M. Al-Rassasi and H. Al-Salem (2015), their results showed that the price of well-known brand products affects the purchase process negatively. Although young people are interested in purchasing brand products, their low income prevents them from the buying process while they are considered as a major segmentation for brand names.

According to Rigges (2008), pricing is the process of determining and applying prices to goods and services. It is one of the four Ps of marketing (Product, Place, Price and Promotion) and it is perhaps the most important one because it is the only factor that generates revenue to the company. Prices are determined by the balance of supply and demand and set with a certain

degree of confidence that consumers will pay it.

### Methodology

"An online questionnaire is used to collect quantitative data. Researchers have prepared a questionnaire and a set of questions that were asked to the intended participants. Excel and SPSS are used to provide a descriptive analysis.

### SampleSize

The sample size is **125**. The questionnaire was prepared by using Google Docs application. The survey questionnaires were distributed and received from participants. The survey is emailed to many persons via social media e-mails, WhatsApp.

### Findings and Discussion

The following tables show the frequencies and percentages used to identify the characteristics of the study sample:

**Table 1 Gender among respondents**

Gender	Frequency	Percent
Male	75	60
Female	50	40
<b>Total</b>	<b>125</b>	<b>100.0</b>

From the above table we can interpret that the 60% of respondents are male and 40% of respondents are female.

**Table 2 Age among respondents**

Age	Frequency	Percent
Under 25	12	10
25-34	25	20
35-44	38	30
45-54	41	33
55 or older	9	7
<b>Total</b>	<b>125</b>	<b>100.0</b>

The above table shows that 10% of respondents are under 25 years age groups. 20% of respondents are 25-34 yrs age group. Another 30% of respondents are 35-44 yrs of age group and

33% of respondents are above 45-54 of age group of people, 7% respondent are 55 or older age group.

**Table 3** Marital Status among respondents

Marital Status	Frequency	Percent
Single	87	70
Married	38	30
Total	125	100.0

From the above table we can interpret that the 70% of respondents are single and 30% of respondents are married.

**Table 4** Educational Qualification among respondents

Educational Qualification	Frequency	Percent
High school	11	8
Diploma	52	42
Bachelor	50	40
Higher education	12	10
Total	125	100

From the above table we can interpret that the 8% of respondents are high school students. 42% of respondents are diploma and 40% respondents are bachelor and 10% of respondents are higher education.

**Table 5** Ranking

Effect	Frequency	Percent
Price	29	23
Quality	45	36
Brand	37	30
Design	14	11
<b>Total</b>	125	100

The above table shows that 23% of respondents said price. 36% of respondents said quality. Another 30% of respondents said brand and 11% of respondents said design

**Table 6**  
**Age- related differences in response to the three pricing strategies**  
**ANOVA**

		Sum of Squares	df	Mean Square	F	Sig.
Odd	Between Groups	37.805	4	9.451	.983	.416
	Within Groups	4114.204	428	9.613		
	Total	4152.009	432			
Bundle	Between Groups	19.080	4	4.770	1.901	.109
	Within Groups	1074.037	428	2.509		
	Total	1093.118	432			
discount	Between Groups	57.407	4	14.352	1.823	.123
	Within Groups	3369.470	428	7.873		
	Total	3426.878	432			

The ANOVA test shows that there is no difference between the responses of individuals “due to age” about the Odd Pricing strategy, the bundle strategy and the discount strategy as the values of F test are more than 0.05 (.983, 1.901 and 1.823).

### **Conclusion**

Through this research, it is concluded that there is a positive relationship between prices and consumer buying behavior (suitable prices make consumers more willing to purchase items). Based on the paper's conclusion, retailers and dealers are recommended to carefully study consumers buying behavior which is one of the most successful ways to know consumers' interests when making a purchase decision and to set suitable prices to their items as pricing has a direct effect on a company's revenue and consequently to its success. It is recommended that to segment consumer based on demographic characteristics and study carefully their needs and willingness to buy products or services. Moreover, here is an important factor that affect consumer buying behavior in positive way which is corporate social responsibility (CSR ). If the company socially responsible and announce that the part of this payment of selected products will donate to non-profit organization or for event inside society, which will encourage consumer to select the products impulsively.

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