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# A Study on the Impact of Price Sensitivity on Consumer Purchasing Pattern

**Dr. Helen Roselin Gracy. S, Arvind.R, Georgina Joe Infenciya C**

Associate Professor, Sri Sairam Institute of Management Studies, Sri Sairam Engineering College, Chennai, India

Scholar, Sri Sairam Institute of Management Studies, Sri Sairam Engineering College, Chennai., India

Scholar, Sri Sairam Institute of Management Studies, Sri Sairam Engineering College, Chennai., India

**ABSTRACT:** This research paper investigates how price sensitivity influences consumer purchasing behaviour, particularly in the context of rapidly changing market conditions and diverse demographic profiles. With growing inflation, increased product variety, and dynamic consumer expectations, price sensitivity has emerged as a key determinant of consumer choice. Using both descriptive and inferential statistical methods, this study analyses the behaviour of 103 respondents through primary data collection. Statistical tools such as ANOVA and ChiSquare tests are applied to identify the relationship between income levels and brand-switching behaviour, as well as other price-driven decisions. The findings underscore the significance of understanding price-sensitive segments to design better marketing strategies.

**Keywords:** Price Sensitivity, Consumer Behaviour, Brand Switching, Purchasing Patterns

## I. INTRODUCTION

Consumer behaviour is a dynamic domain influenced by a wide range of factors such as brand image, quality, social status, and most importantly, price. Price sensitivity refers to the degree to which the price of a product affects consumers' purchasing behaviour. In a competitive market, understanding price-sensitive behaviour is essential for marketers to align pricing strategies, promotions, and product positioning.

This study focuses on exploring the impact of price sensitivity on the decision-making process and purchasing patterns of consumers, with special attention to income levels, demographic variables, and their influence on brand loyalty and switching behaviour.

### OBJECTIVES OF THE STUDY:

- To analyse the extent of price sensitivity among consumers.
- To examine the influence of income level on brand switching due to price.
- To explore the relationship between demographic factors and price-driven purchasing behaviour
- To identify the role of price sensitivity in affecting product quality perception and loyalty.
- To investigate the impact of promotional strategies (e.g., discounts, offers) on price-sensitive consumer segments.
- To assess how consumer price sensitivity varies across different product categories (e.g., essentials vs. luxuries).
- To determine the effect of price sensitivity on purchase frequency and basket size.
- To explore consumer attitudes toward dynamic pricing and perceived fairness of price changes.
- To evaluate the role of digital tools (e.g., price comparison apps, e-commerce platforms) in shaping price-sensitive behaviour.

## II. REVIEW OF LITERATURE

Price sensitivity has been widely discussed in marketing literature. Monroe (1990) defines price sensitivity as the extent to which price affects purchasing intentions. Studies by Lichtenstein et al. (1993) highlight the role of perceived value and discount attraction. According to Tellis (1988), consumers are more likely to switch brands if the perceived price difference outweighs the perceived benefit of brand loyalty.





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Kotler and Armstrong (2017) emphasize that lower-income consumers demonstrate higher price sensitivity, while higher-income segments show relative indifference to moderate price changes. The psychology of pricing also affects consumer perception, influencing how price changes are interpreted in terms of quality or fairness.

### III. RESEARCH METHODOLOGY

- **Research Design:** Descriptive and analytical
- **Sample Size:** 103 respondents
- **Sampling Technique:** Convenience sampling
- **Data Collection Method:** Structured questionnaire (primary data), literature review (secondary data)
- **Statistical Tools:** Percentage analysis, One-Way ANOVA, Chi-Square Test

### IV. DATA ANALYSIS AND INTERPRETATION:

#### 1. DEMOGRAPHICS:

- Gender: 61.2% Male, 38.8% Female
- Age: Majority (52%) between 21-30 years
- Education: 66% postgraduates
- Income: 52.1% earn less than ₹20,000/month

#### 2. ANOVA ANALYSIS HYPOTHESIS:

- $H_0$ : There is no significant difference in brand-switching behaviour based on income levels.
- $H_1$ : There is a significant difference in brand-switching behaviour based on income levels.

#### 3. ANOVA RESULT:

- ZF-value: 4.506
- p-value: 0.002 ( $p < 0.05$ )
- **Interpretation:** Null hypothesis is rejected. Income level significantly affects brand switching based on price.

#### 4. CHI-SQUARE TEST HYPOTHESIS:

- $H_0$ : No association between income and brand switching due to price.
- $H_1$ : There is an association.

#### 5. RESULT:

- Chi-Square value: 21.347
- p-value: 0.006
- **Interpretation:** Significant association exists between income and price sensitivity in brand switching.

#### 6. BEHAVIOURAL INSIGHTS:

- 33.3% of respondents are neutral toward price affecting brand choice.
- 34.3% express disagreement with community trust, hinting at price concerns.
- 45.1% say community feedback helps them assess quality—indirectly showing price/quality trade-offs.

### V. KEY FINDINGS

- Lower-income consumers are more price-sensitive and tend to switch brands based on price.
- A significant portion remains neutral, suggesting mixed or situation-based behaviour.
- Price sensitivity affects perception of product quality and brand loyalty.



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### VI. DISCUSSION

The findings highlight the need for segmented marketing strategies. Brands targeting lower income groups must focus on pricing, discounts, and value packs. For higher-income consumers, emphasizing quality and exclusivity over price can yield better loyalty.

The emotional and psychological impact of price cannot be overlooked—discounts, loyalty rewards, and transparent pricing can bridge the gap between quality expectations and affordability.

### VII. SUGGESTIONS

1. Offer flexible pricing models such as subscription plans or bundling.
2. Use personalized discounts based on purchase history.
3. Maintain a value proposition even at lower price points.
4. Enhance communication around price transparency and value.
5. Leverage digital platforms for real-time feedback and dynamic pricing.

### VIII. CONCLUSION

Price sensitivity plays a pivotal role in shaping consumer purchasing decisions, especially in economically diverse societies where income levels, spending habits, and priorities vary significantly. This study confirms that price is not merely a numerical factor; it is a psychological and emotional variable that influences how consumers perceive value, quality, and brand trustworthiness. The research highlights that lower-income groups tend to exhibit higher sensitivity to price changes, often resulting in brand switching and reduced loyalty. Conversely, higher-income segments, while less sensitive to small price fluctuations, still consider price as a component of overall perceived value.

The analysis also shows that demographic variables such as age, education, and occupation interact with price sensitivity in complex ways. Younger consumers may exhibit higher price awareness due to digital literacy and access to comparison tools, while older consumers might prioritize reliability and perceived quality. Furthermore, the role of promotional offers, peer opinions, and community engagement platforms like brand forums or social media significantly influence how consumers interpret price in relation to value.

The findings underscore the importance for businesses to go beyond superficial price cuts. Instead, they must adopt a holistic strategy that aligns pricing models with customer expectations, financial capabilities, and behavioural patterns. Personalized pricing, loyalty rewards, transparent discounting, and contextual promotions can help brands connect better with different consumer segments.

In the context of brand equity, excessive price sensitivity can erode brand perception if it leads to frequent price wars or inconsistent pricing policies. Therefore, companies must strike a balance between affordability and value proposition. A consistent, fair, and emotionally resonant pricing strategy will not only attract but also retain customers.

Ultimately, understanding price sensitivity is not just about changing numbers—it's about changing perceptions. Brands that succeed in decoding and responding to the signals of price-sensitive consumers will not only improve their market share but also build deeper, longer-lasting customer relationships. This research thus contributes to the growing literature on consumer behaviour and pricing psychology, providing practical insights for businesses aiming to thrive in increasingly competitive and value-conscious markets.

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