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A Study on Exploring the Effect of Psychological Pricing on Consumer Choices in Top Online Stores

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ABSTRACT

The rapid growth of e-commerce has significantly influenced consumer purchasing behavior, making pricing strategies an important factor in online shopping decisions. This study, titled **"A Study on Exploring the Effect of Psychological Pricing on Consumer Choices in Top Online Stores,"** examines the impact of psychological pricing techniques such as charm pricing (e.g., ₹99), discounts, bundle offers, and promotional deals on consumer perceptions and purchase decisions. The research aims to understand how these pricing strategies affect consumer behavior and influence buying intentions in digital retail environments. The study is based on primary data collected through a structured questionnaire from online shoppers gain a competitive advantage in the growing e-commerce market.

Keywords: Psychological Pricing, Consumer Behavior, Online Shopping, E-commerce, Purchase Decisions.

INTRODUCTION

The rapid expansion of e-commerce has transformed the way consumers search for, evaluate, and purchase products. In the highly competitive online retail market, businesses continuously adopt innovative marketing strategies to attract customers and influence their buying decisions. Among these strategies, psychological pricing has emerged as a powerful tool that leverages consumer perceptions and behavioral responses to pricing. Techniques such as charm pricing (e.g., ₹99 instead of ₹100), discounts, bundle offers, and limited-time promotions are widely used by online retailers to create a perception of greater value and encourage purchases. This study explores the effect of psychological pricing on consumer choices in top online stores by examining consumer perceptions, preferences, and purchase behavior.

Objectives:

- 1.To study the role of behavioral psychology factors influencing consumer response to online pricing strategies.
- 2.To examine consumer behavior toward different psychological pricing strategies in digital retail environments.
- 3.To analyze the impact of psychological pricing techniques on consumer purchase decisions in top online stores.
- 4.To evaluate consumer perception of price discounts, charm pricing (e.g., ₹99), and bundle pricing in online shopping.

Hypothesis :

Null Hypothesis (H₀): There is no significant impact of psychological pricing strategies on consumer purchase decisions in top online stores.

Alternative Hypothesis (H₁): There is a significant impact of psychological pricing strategies on consumer purchase decisions in top online stores.

Scope of the study

The scope of this study is limited to examining the impact of psychological pricing strategies on consumer choices in top online stores. It focuses on pricing techniques such as discounts, flash sales, cashback offers, bundle pricing, and charm pricing. The study analyzes the perceptions, preferences, and purchasing behavior of online shoppers

Limitations of the study

- The study is limited to a selected sample of online shoppers and may not represent the views of all consumers.
- The findings are based on responses collected through a structured questionnaire.
- The accuracy of the results depends on the honesty and understanding of the respondents.
- The study focuses only on selected psychological pricing strategies such as charm pricing, discounts, and bundle pricing.

1.Literature Review:

1. Kotler (2017) stated that psychological pricing plays an important role in influencing consumer perceptions and purchasing behavior. The study highlighted that pricing strategies such as discounts and promotional offers can increase the perceived value of products and encourage purchase decisions.

2. Schiffman and Kanuk (2018) found that consumer buying behavior is strongly affected by psychological factors, including price perception. Their research indicated that attractive pricing strategies can significantly influence customer preferences and purchasing intentions.

3. Monroe (2016) emphasized that consumers often evaluate products based on perceived value rather than actual price. The study concluded that psychological pricing helps create a positive perception of affordability among customers.

4. Nagle and Müller (2019) observed that strategic pricing techniques contribute to increased sales and customer satisfaction. Their findings showed that discount pricing and promotional offers are effective tools for attracting consumers.

1. Research Methodology:

Research Design

A descriptive and causal research design **will be adopted for this study.**

Descriptive: The descriptive research design is used to describe and analyze consumers' perceptions, preferences, and buying behavior regarding.

Causal: The causal research design is used to identify and examine the relationship between psychological pricing strategies and consumer purchase decisions. It helps determine how pricing techniques influence consumer behavior and buying intentions in online stores.

Population and sample:

Population The study focused on consumers who actively shop through online platforms and are exposed to various psychological pricing strategies. A sample of 120 respondents was selected using the convenience sampling method to analyze their perceptions and purchasing behavior.

Sample size

120 respondents are selected for this research study.

Data Collection Methods

Primary Data

The primary data is collected using structured questionnaires.

Secondary Data

Secondary data were collected from books, journals, websites, and published reports related to psychological pricing and consumer behavior.

Research Instruments

The primary research instrument used for data collection purposes is a well-structured questionnaire.

•This comprises 21 questions.

The questionnaire is subdivided into different parts as follows:

- The instrument helped collect data on online shopping behavior and purchase decisions.
- Responses obtained through the questionnaire were used for statistical analysis and interpretation.

Techniques of Data Analysis

1. The collected data were organized and classified systematically for analysis.
2. Percentage analysis was used to interpret respondents' opinions and preferences.
3. Tables were prepared to present the data in a clear and structured format.
4. Charts and graphs were used to visually represent the findings.
5. The analyzed data helped in drawing conclusions regarding the impact of psychological pricing on consumer choices.

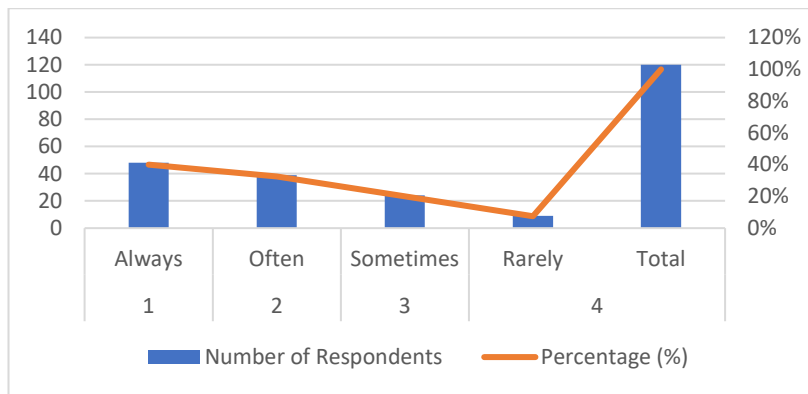
6.Ethical Considerations

The study was conducted with due regard for ethical principles. Participation was voluntary, and respondents were informed about the purpose of the research. The confidentiality and privacy of participants were maintained, and the information collected was used solely for academic purposes. Data were analyzed and reported honestly without any bias or misrepresentation.

Data Analysis

1.How often do you feel attracted to a product because it appears “low-priced”?

S. No	Response	Number of Respondents	Percentage (%)
1	Always	48	40%
2	Often	39	32.5%
3	Sometimes	24	20%
4	Rarely	9	7.5%
	Total	120	100%

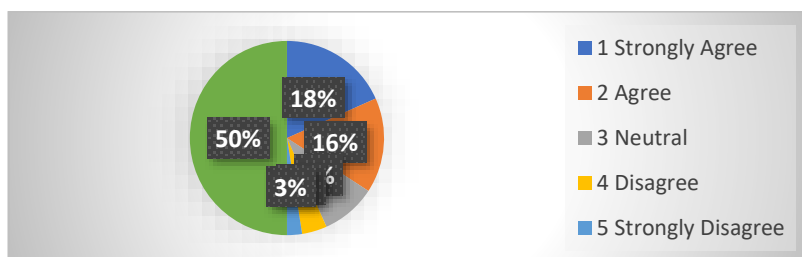


Interpretation:

The table and pie chart illustrate how respondents are drawn to goods that seem inexpensive in internet retailers. Of the 120 respondents, 32.5% (39) stated they are attracted frequently, and 40% (48) claimed they are always attracted. 20% (24) answered occasionally, while 7.5% (9) chose infrequently. This suggests that the appearance of reduced prices has a significant impact on consumers' attention and influences their decisions to make online purchases.

2.Pricing influences my perception of product quality?

S. No	Response	Number of Respondents	Percentage (%)
1	Strongly Agree	44	36.7%
2	Agree	38	31.7%
3	Neutral	22	18.3%
4	Disagree	10	8.3%
5	Strongly Disagree	6	5.0%
	Total	120	100%



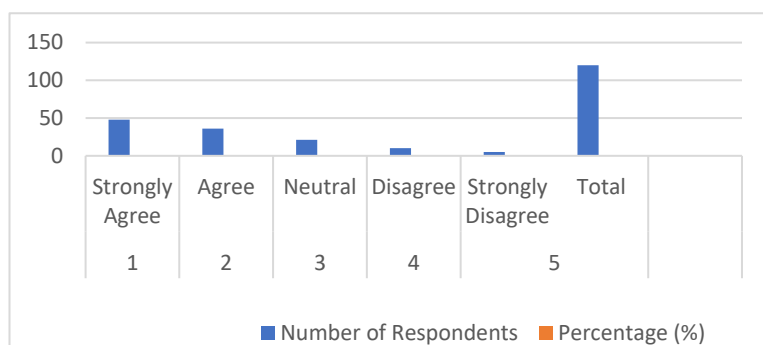
Interpretation:

Of the 120 respondents, 38 (31.7%) agree and 44 (36.7%) strongly agree that pricing affects how well a product is perceived. Only a small percentage disagree, with 22 respondents (18.3%) being neutral. This demonstrates how pricing has a significant impact on how consumers view the quality of a product.

3 Do you feel satisfied when you think you got a “good deal”?

S. No	Response	Number of Respondents	Percentage (%)
1	Strongly Agree	48	40.0%
2	Agree	36	30.0%
3	Neutral	21	17.5%

4	Disagree	10	8.3%
5	Strongly Disagree	5	4.2%
	Total	120	100%

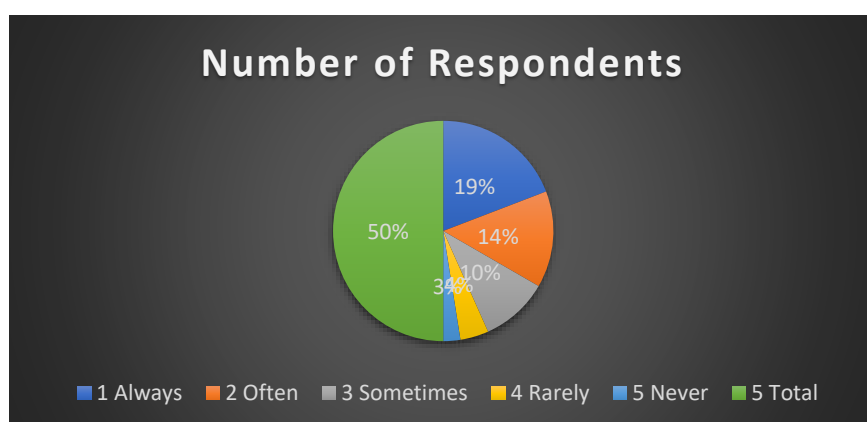


Interpretation:

Of the 120 respondents, 21 (17.5%) are indifferent, 48 (40%) strongly agree, and 36 (30%) agree that they feel content when they believe they got a "good deal." Only a small percentage disagreed. This suggests that finding a good price makes most customers feel quite satisfied and has a beneficial impact on their purchasing decisions.

4 How often do discounts influence your final purchase decision?

S. No	Response	Number of Respondents	Percentage (%)
1	Always	46	38.3%
2	Often	34	28.3%
3	Sometimes	24	20.0%
4	Rarely	10	8.3%
5	Never	6	5.0%
	Total	120	100%



Interpretation:

Of the 120 respondents, 46 (38.3%) said that discounts always affect their choice to buy, and 34 (28.3%) said they are frequently impacted. Just a small percentage of respondents are seldom or never persuaded, while 24 respondents (20%)

are occasionally influenced. This suggests that discounts have a significant influence on the final selections made by online shoppers.

Chi square calculation:

Null Hypothesis (H_0): Consumer purchasing decisions in leading online retailers are not significantly influenced by psychological pricing methods.

Alternative Hypothesis (H_1): Consumer purchasing decisions at leading online retailers are significantly influenced by psychological pricing methods.

S. No	Impact Level	Number of Respondents	Percentage (%)
1	Very High Impact	36	30.0%
2	High Impact	30	25.0%
4	Low Impact	18	15.0%
5	Very Low Impact	12	10.0%
	Total	120	100.0%

Chi-Square Calculation:

Impact Level	Observed Value (O)	Expected Value (E)	$\chi^2 = (O-E)^2/E$
Very High Impact	36	24	6.00
High Impact	30	24	1.50
Moderate Impact	24	24	0.00
Low Impact	18	24	1.50
Very Low Impact	12	24	6.00
Total	120	120	15.00

Test Results:

Particulars	Value
Chi-Square Calculated Value (χ^2)	15.00
Degrees of Freedom (df)	4
Chi-Square Table Value (5% Level of Significance)	9.488

Decision Rule:

The Alternative Hypothesis (H_1) is accepted while the Null Hypothesis (H_0) is rejected since the computed Chi-Square value (15.00) is higher than the table value (9.488).

Interpretation:

According to the data, psychological pricing tactics have a big impact on what customers decide to buy from leading online retailers. Pricing strategies have a strong or very high influence on consumers' purchasing decisions, according to most respondents.

4 Results and Findings:

The study found that psychological pricing strategies significantly influence consumer purchase decisions in online stores. Most respondents were attracted to discounts, promotional offers, and prices ending in odd numbers (e.g., ₹99), which increased their likelihood of making a purchase. The findings also revealed that bundle offers and limited-time deals encourage impulse buying and create a perception of greater value among consumers. Overall, psychological pricing was found to be an effective strategy for influencing consumer behavior and enhancing online sales.

5. Suggestions

1. Online retailers should use psychological pricing techniques such as charm pricing and discounts effectively.
2. Attractive bundle offers and promotional deals should be introduced to encourage purchases.
3. Pricing strategies should be transparent to build customer trust and satisfaction.
4. Retailers should regularly analyze consumer preferences and market trends.
5. Personalized discounts and offers can help improve customer engagement and sales.

6.Conclusion

The study concludes that psychological pricing plays a significant role in influencing consumer choices in online stores. Pricing strategies such as discounts, charm pricing, bundle offers, and promotional deals positively affect consumer perceptions and purchase decisions. The findings indicate that consumers are more likely to make purchases when products are presented using attractive pricing techniques. Therefore, psychological pricing serves as an effective marketing tool for enhancing customer engagement and increasing sales in the competitive e-commerce market.

7.Bibliography:

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Questionnaire:

1.How often do you feel attracted to a product because it appears “low-priced”?

- Always
- Often
- Sometimes
- Rarely

2.Pricing influences my perception of product quality?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

3.Do you feel satisfied when you think you got a “good deal”?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

4.How often do discounts influence your final purchase decision?

- Always
- Often
- Sometimes
- Rarely
- Never