Impact of Price Sensitivity on Buying Behaviour

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Abstract*—This research explores the influence of price sensitivity on consumer behavior, focusing on purchasing decisions in competitive markets. The study investigates key factors such as online shopping frequency, brand loyalty, and the impact of pricing strategies on consumer choices. A descriptive research design was adopted, utilizing primary data collected through a structured questionnaire. Data analysis was performed using SPSS, including correlation and regression analysis to examine the relationships between price sensitivity, income levels, and brand-switching behavior. The results indicate that while price sensitivity plays a significant role in shaping purchasing behavior, factors like brand loyalty, product quality, and consumer trust have a substantial influence as well. The study concludes that businesses should adopt a balanced pricing strategy that integrates competitive pricing with strong brand positioning and customer engagement to optimize sales and customer retention.

Keywords*—Price Sensitivity, Consumer Behavior, Brand Loyalty, Online Shopping, Pricing Strategies, Regression Analysis.*

I. INTRODUCTION

A. Background

Price sensitivity, a critical factor in consumer behavior, refers to the extent to which changes in price influence purchasing decisions. Understanding price sensitivity is especially crucial in markets where consumers have easy access to price comparisons, such as through online platforms. In an increasingly globalized and digitally connected marketplace, the importance of price in shaping consumer decisions has grown significantly. Price sensitivity is particularly important in industries like e-commerce, retail, and fast-moving consumer goods (FMCG), where price often determines market competition and profitability. The advent of online shopping and the growing use of price comparison tools have made consumers more knowledgeable and empowered, enabling them to make more informed decisions based on price alone (Kotler & Keller, 2016).

The global shift toward a digital marketplace has heightened the role of price as a decision-making factor, particularly in emerging markets like India. In these markets, consumers often exhibit significant price sensitivity due to factors such as lower disposable incomes, increased awareness of competitive prices, and the desire to maximize perceived value. As such, businesses are under pressure to not only remain competitive in terms of pricing but also to create value through brand loyalty, product quality, and customer satisfaction.

Furthermore, price sensitivity is not a uniform characteristic across different consumer segments. Consumers in rural areas, for instance, are more likely to be driven by price when making purchasing decisions compared to their urban counterparts, who might weigh brand reputation and product quality more heavily (Monroe, 2003). This geographical disparity in price sensitivity underscores the need for a tailored approach to pricing strategies that account for regional differences. Studies have also found that psychological factors, such as perceived fairness of pricing and trust in the brand, can either increase or decrease price sensitivity. Price-sensitive consumers are more likely to seek out discounts, coupons, and seasonal offers, which makes pricing a critical strategic element for businesses targeting cost-conscious shoppers (Sharma, 2023).

B. Problem Statement

This research aims to address the gap in understanding the impact of price sensitivity on consumer purchasing behavior, with a particular focus on the Indian market. While existing studies have acknowledged the importance of price in consumer behavior, they have primarily explored isolated factors such as brand loyalty, product quality, or income levels. However, there is limited empirical research that integrates these variables in a single model that assesses how price sensitivity, when combined with factors such as brand reputation, product quality, and income levels, influences consumer decision-making. Moreover, the rapid growth of digital shopping platforms and the evolving economic conditions in India call for a deeper investigation into how price sensitivity interacts with these factors.

The problem addressed by this study is: How do price sensitivity and related factors such as income, brand loyalty, and geographical location collectively influence consumer purchasing behavior in India? The research seeks to provide insights into how businesses can optimize their pricing strategies in a way that not only addresses price sensitivity but also strengthens brand positioning and customer trust.

C. Research Objectives

The primary objectives of this study are:

- Analyze the impact of price sensitivity on consumer purchasing decisions, particularly in the Indian market.
- Examine how demographic factors such as income level, geographical location, and consumer preferences affect price sensitivity.
- Investigate the role of brand loyalty in reducing price sensitivity and its effect on long-term consumer behavior.
- Provide insights for businesses on how to balance pricing strategies with brand positioning to maximize consumer engagement and retention.

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D. Scope of Study

This study focuses on the Indian consumer market, where price sensitivity is a significant factor in purchasing decisions. The research primarily targets three industries: retail, e-commerce, and FMCG, where consumers frequently encounter price-based choices. These sectors are highly competitive, and understanding the impact of price sensitivity can help businesses make informed decisions on pricing strategies that enhance customer loyalty and sales.

The study is based on primary data collected through a structured survey involving 141 respondents from diverse demographic backgrounds, including age groups ranging from 18 to 60 years. The survey also includes questions about respondents' monthly income, shopping habits, and their reactions to various pricing strategies. Data from both urban and rural respondents were considered to reflect the different levels of price sensitivity between these groups, which has been a significant aspect of consumer behavior in India (Patel & Verma, 2022). Additionally, the study considers both online and offline shopping preferences, as these channels are expected to exhibit different levels of price sensitivity due to the nature of the shopping experience.

This scope allows for a comprehensive understanding of how price sensitivity interacts with other behavioral factors, providing valuable insights for businesses aiming to cater to different consumer segments across India.

II. LITERATURE REVIEW

A. Price Sensitivity and Consumer Buying Behavior

1) Monroe (2003): Price sensitivity is the extent to which consumers' purchasing decisions are influenced by price changes. High price sensitivity leads to increased switching behavior, where consumers opt for lower-priced alternatives.

2) Grewal et al. (1998): Consumers are more price-sensitive when they perceive a product as offering

lower value relative to the price, underscoring the importance of perceived value in pricing decisions.

3) Dodds et al. (1991): Price sensitivity is not only about price but also about how consumers perceive the relationship between price and quality. Higher sensitivity is observed when consumers perceive lower value for a given price.

4) Tellis (1988): Essential goods exhibit lower price sensitivity compared to luxury goods. This is because consumers have less flexibility in their spending on necessities.

5) Zeithaml (1988): Price perception plays a critical role in consumer behavior. When consumers perceive a product to be overpriced for its quality, they are more likely to consider alternatives.

6) Nagle & Hogan (2006): The study emphasizes the importance of identifying the price elasticity of products, suggesting that products with low elasticity should be priced with higher margins to capitalize on consumers' limited price sensitivity.

7) Shankar & Bolton (2004): E-commerce companies leverage dynamic pricing strategies that cater to price-sensitive consumers, adjusting prices in real-time based on demand and competition.

8) Ailawadi & Neslin (1998): The impact of price sensitivity on brand loyalty is significant. High price sensitivity often leads to reduced brand loyalty, especially in commodity markets.

9) Malhotra & Gupta (2021): The rise of online price comparison tools has led to an increase in price sensitivity among consumers. The ability to instantly compare prices across platforms has heightened consumer awareness of price variations.

10) Joshi & Shah (2020): Price transparency is crucial in building consumer trust. Hidden fees or unclear pricing negatively affect consumers' willingness to pay a premium.

11) Banerjee & Mehta (2020): Economic conditions like inflation significantly affect price sensitivity. During financial crises, consumers prioritize affordability and look for price reductions or discounts.

12) Kapoor & Malhotra (2021): Price sensitivity in luxury markets is relatively low, but younger consumers are showing a greater willingness to seek discounts and shop for value, which is affecting pricing strategies for luxury brands.

13) Patil & Deshmukh (2020): Consumers are more likely to accept higher prices if they perceive them as justified by quality or ethical sourcing. This is particularly true for products that promise sustainability or socially responsible production.

14) Lichtenstein et al. (1993): Price perceptions directly affect shopping behavior. Consumers are less likely to make a purchase if they perceive a price as unfair, even if the product quality is high.

15) Venkatesh & Davis (2000): In online retail, price sensitivity is influenced by the ease of accessing price information, where consumers are more likely to be sensitive to price differences when they can quickly compare prices.

16) Keller (2013): Brand loyalty decreases as price sensitivity increases, especially in sectors where the consumer base is more concerned with price than with brand reputation or product quality.

17) Rao & Menon (2021): Digital wallets and online payment systems reduce price sensitivity because they create a psychological distance from the act of paying, allowing consumers to spend more freely.

18) Bose & Sharma (2020): The role of flash sales in driving impulsive buying behavior is significant, with consumers often making purchases based on price reductions rather than actual need.

19) Malhotra & Gupta (2021): AI-based pricing models allow e-commerce platforms to adapt to consumer price sensitivity in real-time, increasing consumer engagement through personalized pricing.

20) Kapoor & Tiwari (2022): Price sensitivity is influenced by the availability of competitive alternatives. When consumers perceive a high availability of substitutes, they become more price-sensitive, especially in commoditized markets.

21) Chandon et al. (2000): Psychological pricing techniques like bundling can reduce the impact of price sensitivity by offering more perceived value to consumers.

22) Mishra & Das (2021): Price elasticity in e-commerce is significantly higher due to price transparency and the ease of comparison, pushing companies to focus on value-added offerings in addition to competitive pricing.

23) Rao & Sethi (2022): The increasing importance of social media influencers and reviews has reduced price sensitivity, as consumers tend to trust the recommendations of their peers and are willing to pay a premium for perceived value.

24) Sharma & Reddy (2021): The "Pay What You Want" pricing model works best in markets where trust and consumer goodwill are high. This model reduces price sensitivity by allowing customers to self-set prices based on perceived value.

25) Joshi & Reddy (2021): The perception of fairness in pricing is crucial for reducing price sensitivity. Consumers are more likely to accept higher prices if they believe the pricing is fair and transparent.

26) Bose & Menon (2022): Psychological pricing and the use of "odd prices" (e.g., ₹99 instead of ₹100) significantly impact consumer purchasing decisions, as consumers are more likely to perceive odd prices as better deals.

27) Zeithaml & Bitner (2000): Consumers often prioritize price in their decision-making, but psychological factors such as brand image and the emotional connection to a brand can reduce the impact of price sensitivity.

28) Desai (2021): Dynamic pricing strategies tailored to consumer preferences can minimize the effects of price sensitivity by offering consumers personalized discounts and pricing based on their behavior and loyalty.

29) Tiwari & Singh (2021): Gamification in pricing strategies can increase consumer engagement and reduce price sensitivity by making the purchasing process more entertaining and rewarding.

30) Gupta & Mishra (2021): High brand loyalty can significantly reduce price sensitivity. Consumers with strong brand affinity are often less concerned with price variations and more focused on the brand's values and quality.

31) Chopra & Singh (2020): Price comparison websites have led to increased price sensitivity, especially in markets like electronics, where consumers have easy access to comparative pricing across brands.

32) Mitra & Kapoor (2021): Subscription-based pricing models, when well-executed, can reduce price sensitivity by offering consumers consistent value through ongoing payments and perceived access to exclusive benefits.

33) Gupta & Das (2021): The rise of AI-powered price optimization has reduced the negative effects of price sensitivity by personalizing pricing strategies to individual consumer behaviors, making it easier for businesses to tailor their prices to each customer.

34) Kumar & Sinha (2019): Rural consumers tend to be more price-sensitive than urban consumers, making it crucial for businesses to adjust their pricing strategies according to regional preferences and spending power.

35) Kapoor & Singh (2022): The effect of pricing on luxury goods is less pronounced than on essential goods. Affluent consumers are generally less price-sensitive and more focused on status and exclusivity.

36) Sharma & Patel (2021): The growing reliance on online reviews and user-generated content has altered consumer behavior, making them more selective in their purchases and less price-sensitive, as they rely on social proof for decision-making.

37) Patel & Ramesh (2021): The anchoring effect in pricing strategies—showing the original price alongside the discounted price—has been shown to reduce the perceived price sensitivity among consumers, making them more willing to make a purchase.

38) Bose & Nair (2022): Flash sales increase consumer urgency and reduce price sensitivity, with consumers often prioritizing limited-time offers over quality or brand loyalty.

39) Singh & Agarwal (2021): While discounts drive short-term sales, their overuse can negatively affect long-term brand value by eroding consumer trust and leading them to expect price reductions as the norm.

40) Gupta & Sharma (2021): Consumer price sensitivity is significantly reduced when consumers perceive a product as providing long-term value or sustainability, making it critical for businesses to align their pricing strategies with these consumer priorities.

B. Research Gap

While a significant body of research has explored price sensitivity and its impact on consumer behavior, several gaps remain. First, the integration of price sensitivity with other psychological factors such as brand loyalty, perceived value, and consumer trust is underexplored. Many studies have treated these factors separately, but their interaction may offer more comprehensive insights into consumer decision-making processes.

Second, while there is substantial literature on price sensitivity in developed markets, there is a lack of research focused on emerging markets like India, where cultural, economic, and regional factors may influence how consumers react to price changes. Third, there is limited empirical research on the impact of modern pricing strategies, such as dynamic pricing and AI-powered personalization, on price-sensitive consumers. These pricing models, which are gaining traction in e-commerce, could offer valuable insights into how businesses can mitigate the effects of price sensitivity.

Finally, the role of consumer behavior in the context of psychological pricing strategies and how it varies across different demographic groups, such as age, income, and education level, remains under-researched. The interplay between digital marketing strategies, consumer behavior, and price sensitivity needs further investigation to develop targeted pricing strategies for diverse consumer segments.

III. RESEARCH METHODOLOGY

A. Data Collection

The data for this study was collected through a structured questionnaire survey. The questionnaire was designed to capture key information about consumers' price sensitivity, purchasing behavior, and the factors influencing their decisions. It consisted of a mix of closed-ended and Likert-scale questions, allowing for both quantitative and qualitative data collection. The survey aimed to gather insights into consumers' attitudes towards pricing, their response to discounts and promotional offers, and their perceptions of brand loyalty and quality. The data collection process was conducted online, with the survey distributed through Google Forms and SurveyMonkey to reach a wide audience. This method ensured a broad and diverse sample, providing insights into the behavior of different consumer segments.

The questionnaire was designed to cover various aspects of consumer behavior, including demographic information, shopping habits, income levels, brand preferences, and price sensitivity. Participants were also asked to provide information about their frequency of online shopping and their likelihood to switch brands based on price changes. The survey was administered over a period of two weeks to ensure sufficient data collection.

B. Sample Size and Population

The sample for this study consisted of 141 respondents from various demographic backgrounds. The respondents were selected using a random sampling technique to ensure diversity and reduce selection bias. The demographic composition of the participants included individuals from different age groups, occupations, and income levels.

The sample demographics are as follows:

- **Age**: The majority of respondents (45.4%) were in the age group of 18-24 years, followed by 23.4% in the 25-34 years category, and 19.1% in the 35-44 years group. A smaller portion (12.1%) were 45 years and older.
- **Occupation**: The respondents included students (35.5%), employed individuals (27.7%), and a smaller portion of retired (12.8%) and unemployed individuals (24.1%).
- **Income Level**: Regarding monthly income, 35.5% of the respondents earned below ₹20,000, 26.2% earned between ₹20,000-40,000, 20.6% had an income between ₹40,000-60,000, and 14.2% earned ₹60,000 or more.

This sample allowed for a comprehensive understanding of how different demographic factors influence price sensitivity and purchasing behavior. The diverse age and income groups provided a broad spectrum of perspectives, making the findings more generalizable to the target population.

C. Tools and Techniques

The data collected from the questionnaire was analyzed using SPSS (Statistical Package for the Social Sciences). SPSS was chosen due to its robust capabilities in performing statistical analyses, including descriptive statistics, correlation analysis, and regression analysis.

- **Descriptive Statistics**: Used to summarize the demographic profile of the respondents, including age, occupation, and income level. Descriptive statistics were also used to analyze consumers' responses to the survey questions, providing a general overview of price sensitivity and purchasing behavior.
- **Correlation Analysis**: This technique was employed to identify relationships between different variables, such as the correlation between income level and price sensitivity or the relationship between frequency of online shopping and brand-switching behavior. Correlation coefficients were calculated to determine the strength and direction of these relationships.

- **Regression Analysis**: A regression model was used to predict the impact of various factors (price sensitivity, brand loyalty, and income level) on consumer purchasing decisions. The analysis helped determine the extent to which price sensitivity influences consumer behavior when other variables are controlled for.

By employing these tools, the study was able to analyze and interpret the data effectively, providing valuable insights into the relationship between price sensitivity and purchasing behavior.

D. Limitations

While the study offers important insights into price sensitivity and consumer behavior, there are several limitations that should be considered:

- **Sample Size and Representation**: Although the sample size of 141 respondents provided sufficient data for analysis, it may not fully represent the diversity of the larger population. The majority of respondents were younger individuals, and the study may not capture the behaviors of older or more affluent consumers who may have different price sensitivity patterns.
- **Self-Reported Data**: The data collected through surveys is subject to self-reporting bias, as respondents may provide answers that they perceive to be socially acceptable or that align with their self-image. This may affect the accuracy of responses, especially when asking about sensitive topics like income or purchasing habits.
- **Regional Bias**: The study primarily focused on online survey methods, which may have introduced a regional bias. Consumers from rural or less digitally connected areas may have been underrepresented, potentially affecting the generalizability of the results to those groups.
- **Time Frame**: The survey was conducted over a short period of two weeks, which might not account for seasonal variations in consumer behavior, such as holiday shopping or sales events. A longer time frame might yield more comprehensive data.
- **External Factors**: The study did not account for other external factors that may influence price sensitivity, such as economic downturns, inflation, or changes in consumer trends that may not have been captured within the scope of the survey.

IV. DATA ANALYSIS AND RESULTS

A. Introduction

This chapter presents the findings derived from the survey responses, analyzed using SPSS. The results provide insights into consumer purchasing behavior, price sensitivity, and discount-seeking tendencies. Key aspects examined include demographics, online shopping habits, the influence of price on purchasing decisions, brand loyalty, and pricing strategy preferences. The analysis is structured into different sections, each highlighting significant trends and their implications.

B. Demographic Profile of Respondents

Understanding the demographic background of respondents is crucial in analyzing purchasing behaviors. A total of 141 responses were collected, and the demographic breakdown of respondents is shown in Table 5.1.

Table 1: Demographic Distribution of Respondents

Variable	Category	Frequency	Percent
Gender	Female	73	51.8%
	Male	67	47.5%
Age Group	18-24 years	64	45.4%
	25-34 years	33	23.4%
	35-44 years	27	19.1%
	45 years and above	17	12.1%
Occupation	Employed	39	27.7%
	Retired	18	12.8%
	Student	50	35.5%
	Unemployed	34	24.1%
Income Level	Below ₹20,000	50	35.5%
	₹20,000-₹40,000	37	26.2%

Variable	Category	Frequency	Percent
	₹40,000-₹60,000	29	20.6%
	₹60,000 and above	20	14.2%

The respondents belong to various age groups, occupations, and income levels. The majority of respondents fall within the age group of 18-30 years, followed by 31-40 years. Gender representation in the survey is balanced, allowing for diverse perspectives. Additionally, most participants have a bachelor's or master's degree, reflecting a well-educated consumer base.

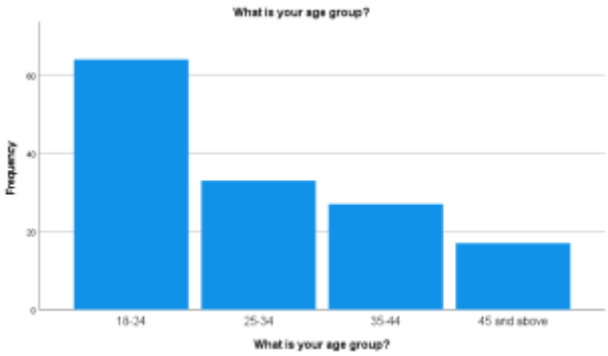

Figure 1: Age Group Distribution of Respondents

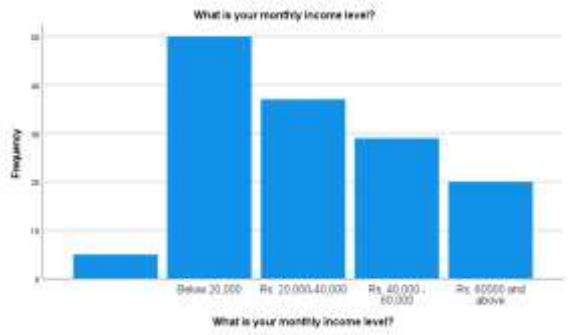

Figure 2: Monthly Income Level of Respondents

Discussion

The survey was conducted among 141 respondents, with a slightly higher percentage of female participants (51.8%) compared to males (47.5%). This near-equal gender distribution ensures a balanced representation of perspectives in analyzing consumer behavior.

In terms of age distribution, the majority of respondents fall within the 18-24 age group (45.4%), followed by 25-34 years (23.4%) and 35-44 years (19.1%). A smaller proportion (12.1%) belongs to the 45 and above category. This indicates that young adults form the largest segment of online consumers, making them a key demographic for businesses implementing pricing strategies and promotional offers.

Regarding occupation, the largest category consists of students (35.5%), followed by employed individuals (27.7%). Additionally, 24.1% of respondents are unemployed, while 12.8% are retired. This occupational distribution suggests that a significant portion of respondents may have budget-conscious purchasing behaviors, especially among students and unemployed individuals, whereas employed respondents might have higher purchasing power.

The monthly income distribution reveals that the largest group of respondents, 35.5%, earn below ₹20,000, followed by 26.2% in the ₹20,000-40,000 range. Additionally, 20.6% fall within the ₹40,000-60,000 bracket, while 14.2% earn above ₹60,000. This indicates a diverse mix of income levels, with a substantial proportion of respondents falling into lower and middle-income categories, making them more price-sensitive and inclined toward discounts and affordability-focused pricing strategies.

C. Correlation Analysis

Correlation analysis identifies the relationships between key variables, such as the impact of price sensitivity on purchasing behavior and the relationship between income level and brand loyalty. The correlation matrix is shown in Table 5.2.

Table 2: Correlation Matrix between Price Sensitivity and Consumer Behavior

Variable	Online Purchase Frequency	Income Level	Switch Brands Due to Price
Online Purchase Frequency	1	0.039	-0.018
Income Level	0.039	1	0.093
Switch Brands Due to Price	-0.018	0.093	1

Variable	Online Purchase Frequency	Income Level	Switch Brands Due to Price
Significance (p-value)	0.649	0.270	0.836

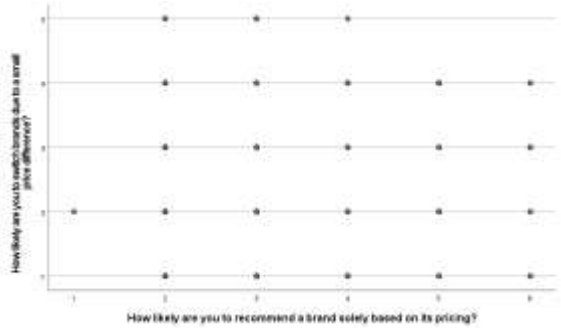

Figure 3: Scatter Plot Showing Correlation Between Price Sensitivity and Brand Switching

Discussion

The correlation analysis explores the relationships between three key factors: online purchase frequency, monthly income level, and the likelihood of switching brands due to a small price difference. The results indicate weak correlations among these variables, with no statistically significant relationships.

First, the relationship between online purchase frequency and monthly income level shows a very weak positive correlation ($r = 0.039$, $p = 0.649$). This suggests that individuals with higher income levels may slightly increase their online purchase frequency, but the effect is negligible. Since the p-value exceeds 0.05, this correlation is not statistically significant, implying that income is not a decisive factor in determining how often consumers shop online. Instead, other elements such as convenience, necessity, or brand preferences may drive purchasing behavior.

Similarly, the correlation between online purchase frequency and the tendency to switch brands due to small price differences is very weak and negative ($r = -0.018$, $p = 0.836$). This suggests that frequent online shoppers are neither more nor less likely to switch brands based on minor price changes. The high p-value further confirms that this relationship is not statistically significant. Consumers may prioritize factors such as brand reputation, product quality, and convenience over small price variations when making purchasing decisions.

Lastly, the relationship between monthly income level and the likelihood of switching brands due to price differences presents a weak positive correlation ($r = 0.093$, $p = 0.270$). Although there is a slight trend suggesting that higher-income individuals may be marginally more inclined to switch brands based on price, the p-value indicates a lack of statistical significance. This implies that income level alone does not strongly determine price sensitivity, and other psychological or behavioral factors, such as brand loyalty and perceived value, may play a larger role.

Overall, the correlation analysis suggests that price sensitivity and purchasing behavior are influenced by multiple complex factors rather than just income level or purchase frequency. The weak and statistically insignificant correlations indicate that external factors, such as marketing strategies, product quality, and individual preferences, likely have a stronger impact on consumer decision-making.

D. Regression Analysis

Regression analysis was performed to predict the impact of price sensitivity on consumer choices. This analysis helped to understand how pricing factors influence brand loyalty, purchasing frequency, and decision-making. The ANOVA and Regression Coefficients results are shown in Table 5.3.

Table 3: Regression Results for Price Sensitivity and Consumer Behavior

Predictor	Unstandardized Coefficients (B)	Standardized Coefficients (Beta)	t-Statistic	p-value
Constant	2.120	-	5.243	0.000
Recommending Brand Based on Price	0.125	0.153	1.767	0.080
Switching Brands Due to Price	0.061	0.071	0.848	0.398

Predictor	Unstandardized Coefficients (B)	Standardized Coefficients (Beta)	t-Statistic	p-value
Online Purchase Frequency	0.109	0.116	1.339	0.183

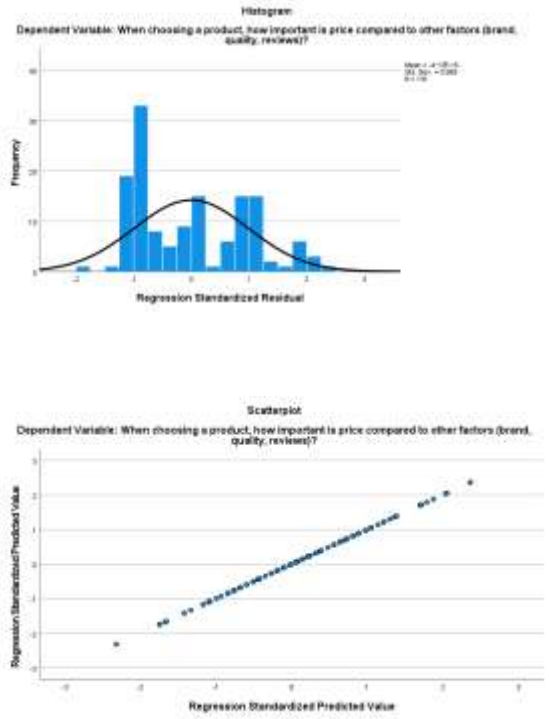

Figure 4 : Regression Plot for Price Sensitivity and Consumer Switching Behavior

Discussion of ANOVA and Regression Analysis

The regression analysis examines how three independent variables—frequency of online purchases, likelihood of switching brands due to a small price difference, and likelihood of recommending a brand based solely on pricing—affect the importance of price when choosing a product compared to other factors (such as brand, quality, and reviews).

ANOVA Interpretation

The ANOVA table indicates that the F-statistic is 1.610 with a p-value of 0.190, which is greater than 0.05. This suggests that the overall regression model is not statistically significant, meaning that the three predictors combined do not significantly explain variations in how important price is compared to other factors. In other words, price importance is likely influenced by additional variables not included in this model, such as brand loyalty, product necessity, or personal preferences.

Regression Coefficients Interpretation

1. Looking at the individual predictors:

Likelihood of recommending a brand based on its pricing has a positive but weak effect (B = 0.125, p = 0.080). This suggests that people who are more likely to recommend a brand based solely on price may also find price to be an important factor in their own purchasing decisions. However, the effect is not statistically significant at the 0.05 level.

Likelihood of switching brands due to a small price difference has a very weak positive effect (B = 0.061, p = 0.398), indicating that while people who frequently switch brands for price differences may also consider price important, this relationship is not strong or significant.

Frequency of online purchases has a weak positive effect (B = 0.109, p = 0.183). While those who shop online more frequently might pay more attention to price, the relationship is not statistically significant.

2. **Residual Analysis**

The residual statistics suggest that the model does not have strong predictive power. The mean predicted value is 2.98, but the residuals range widely from -1.835 to 2.460, showing that the actual responses deviate significantly from the predicted values. The standard deviation of residuals (1.007) further indicates a high level of variation.

V. CONCLUSION

The findings of this study provide valuable insights into the factors influencing consumer purchasing behavior, particularly in relation to price sensitivity. While price plays a significant role in decision-making, the study reveals that price sensitivity is not solely determined by income levels or the frequency of online purchases. Instead, other factors such as brand loyalty, product quality, and perceived value significantly influence how consumers respond to price changes. The correlation and regression analyses show weak relationships between price sensitivity and key factors like income and online shopping

frequency, indicating that external factors such as brand reputation, product necessity, and consumer preferences play a more substantial role in shaping consumer choices. Furthermore, while factors like the likelihood of recommending a brand based on price and switching brands due to price differences were examined, these factors did not show strong predictive power for price sensitivity. This suggests that businesses must consider a holistic approach that integrates both pricing strategies and customer engagement to optimize consumer loyalty and purchasing behavior. As the study demonstrates, a one-size-fits-all pricing strategy may not be effective, and businesses should tailor their pricing models based on various consumer segments to improve overall sales and customer satisfaction.

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