

The Impact of Price Presentation Formats on Brand Switching Behavior

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Abstract

In the highly competitive Fast-Moving Consumer Goods (FMCG) and retail sectors, pricing serves as a direct psychological language communicating value to consumers. The specific format in which a price is presented—such as a percentage discount, bundle offer, or absolute cash reduction—significantly influences product evaluation and brand choice.

A quantitative, descriptive research design was used in this study. Stratified random sampling was used to ensure representative diversity in the primary data collection process, which involved distributing structured online surveys to consumers in urban and semi-urban areas who were at least 18 years old.

Young, independent contractors and freelancers between the ages of 21 and 26 made up the majority of the sample, which represented a very practical customer base. According to 47.3% of respondents, "Buy 1 Get 1 Free" (BOGO) is the most appealing format, indicating a strong consumer preference for volume-based promotions. Additionally, 45.5% of respondents acknowledged that they relied on the visual cues of percentage discount signs rather than computing the final unit price, demonstrating a "math-lazy" paradox.

Customers are willing to pay a higher total price to obtain a free item, prioritizing product volume over instant cash savings. Restrictive formats like forced bulk bundles and membership pricing actively discourage brand switching, with 42.1% rejecting bundle deals, while transparent comparative pricing fosters trust (favored by 41.1%). In the end, small discounts don't work; a significant threshold of 26% to 50% is needed to effectively cause brand switching.

Keywords: *Price Presentation, Brand Switching, Consumer Behaviour, FMCG, Promotional Pricing, BOGO, Retail Psychology.*

Introduction

Pricing functions as a psychological language that speaks directly to the consumer's mind in today's dynamic marketing environment. It is more than just a number printed on a label. The way a price is presented, framed, or displayed has a significant impact on how customers assess products and ultimately choose which brand to buy. For instance, a single rupee difference in price between "₹499" and "₹500" has a big psychological impact. Similarly, formats like "Save ₹50," "Buy 1 Get 1 Free," and "Flat 30% Off" all communicate economic value in very different ways. In order to maximize perceived attractiveness and encourage customers to make favorable purchases, retailers and FMCG companies carefully choose these formats.

The Fast-Moving Consumer Goods (FMCG) industry's high purchase frequency and low brand-switching costs make it a perfect lab for researching this issue. Customers can quickly develop and update their brand preferences because they buy groceries, toiletries, and cleaning products on a daily or weekly basis. A single satisfying experience motivated by an alluring promotion is frequently sufficient to generate a repeat purchase because testing a new detergent or snack involves no financial risk. Customers are typically less devoted and extremely price-sensitive in segments where several brands provide functionally comparable quality. As a result, presentation becomes the main differentiator; a customer may select a brand with a "Buy 2 Get 1" tag over a competition that is marginally less expensive just because the bundle visually conveys better instant value.

This dynamic is especially noticeable in the Indian retail industry, which is made up of a mix of aspirational and price-sensitive customers who continuously weigh perceived value against actual cost. Customers can rapidly compare costs across numerous platforms thanks to the rapid expansion of e-commerce and the widespread use of smartphones, which forces brands to come up with innovative ways to showcase savings in an omnichannel setting. Additionally, in

order to enhance conversion rates, international merchants are increasingly using data-driven customisation to show various promotional formats to various user categories.

This history of retail is best captured by regional microcosms like the state of Gujarat. Gujarat has a distinctive fusion of fierce, entrepreneurial retail competitiveness and conservative value orientation. Because they continually balance cost and utility, consumers in these metropolitan and semi-urban areas are particularly sensitive to clear, understandable price messages. It's critical to know not just what to charge but also how to successfully display it in order to survive in this fiercely competitive market. Thus, the purpose of this study is to investigate the various pricing presentation formats utilized in the FMCG industry and examine how these formats affect customers' inclinations to buy and their propensity to transfer brands.

Literature Review

- Yasri Yasri et al. "Price perception and price appearance on repurchase intention of Gen Y: do brand experience and brand preference mediate?." *Heliyon*, 6 (2020). <https://doi.org/10.1016/j.heliyon.2020.e05532> The study looks at how Gen Y's intention to repurchase snack products from small and medium-sized businesses (SMEs) is affected by price perception and appearance, as well as the mediating roles of consumers' brand experience and preference. A structured questionnaire was employed as a survey tool for data collecting in the study, asking participants to answer to an experiment on local specialty snack goods made by small and medium-sized enterprises. The research model's proposed linkages were examined using covariance-based structural equation modeling (CB-SEM). The results demonstrate that every direct effect in the suggested model has a considerable impact, with the exception of the relationship between brand preference and price perception, which has no meaningful impact. In a similar vein, the mediating functions of consumer-based brand choice and consumer brand experience were found to have a considerable impact. Lastly, the study's ramifications will be covered in more detail.
- Y. Han et al., "Impact of different types of in-store displays on consumer purchase behavior." *Retailing Journal* (2021). Research: <https://doi.org/10.1016/j.jretai.2021.10.002> The existence of various display places (such as storefront, store rear, secondary, front end cap, rear end cap, and shelf displays) is not taken into consideration when analyzing consumer in-store buying behavior. This article focuses on using the Stimulus-Organism-Response (SOR) theory to account for and comprehend how different displays affect customer purchasing behavior. In particular, we investigate how customer purchasing behavior is affected by displays near and far from the focal category's main location. Additionally, we look into how particular display designs affect consumers' brand and category choices as well as the moderating effect of pricing cost and savings. A large U.S. supermarket chain's scanner panel data, which includes distinct information on the quantity of product facings at various display positions within a shop, is used to construct a hierarchical Bayesian model. Shelf displays have the most influence on brand choice, while front end cap displays have the greatest influence on category purchase. We found that displays that are closer to the focal category have a greater impact. Additionally, we show how price and discounts work together to increase the influence of displays on customer brand preference and purchasing behavior. Equipped with these statistics, we suggest an optimization for display allocation that yields an average revenue gain of roughly 11.15% and a plan to spread displays across all locations in the store rather than letting one location dominate.
- Alexander B. Pratt et al., "Unintended effects of price promotions: Forgoing competitors' price promotions strengthens incumbent brand loyalty." *Academy of Marketing Science Journal*, 51 (2022): 1143-1164. <https://doi.org/10.1007/s11747-022-00907-1>

When exposed to competition sales incentives, the majority of consumers are reluctant to transfer brands. However, businesses spend more money on price promotions like discounts and coupons than on any other advertising or marketing expense in an attempt to persuade customers to switch brands. It's interesting to note that marketing research focuses a lot on how a company's promotional activities affect the tiny percentage of customers who switch, but it pays

less attention to how skipping a competitive promotion affects a customer's loyalty to an established brand. The current study focuses on the possible unintended consequences of price promotions and shows how a consumer's resistance to a competitor brand's offer increases loyalty to and spending with their incumbent brand when it fails to persuade consumers to switch brands. This research, which spans seven studies, shows how a rival company's efforts to entice customers away from a rival brand can increase brand loyalty.

• Zahra Aisyah Andari Prayudi et al. "The Impact of Brand Image, Product Quality, and Price on Brand Switching Behavior in iPhone Smartphone Among Generation Z in DKI Jakarta." International Student Conference on Business, Education, Economics, Accounting, and Management (ISC-BEAM) (2025). <https://doi.org/10.21009/isc-beam.013.134> In the context of iPhone cellphones in DKI Jakarta, the study examines how Gen Z consumers' brand switching behavior is influenced by brand image, product quality, and pricing. Understanding what makes consumers switch brands is essential for businesses hoping to hold onto their clientele as the smartphone industry becomes more competitive. A sample of 100 current iPhone users were given an online survey to complete in order to gather data using a quantitative research approach. To guarantee a varied participant pool, a non-probability sampling technique was applied. A Likert scale was used in the survey to evaluate the research variables, which included views of price, product quality, and brand image. SmartPLS software, which is ideal for structural equation modeling (SEM), was used to analyze the data. A thorough analysis of the correlations between the variables was made possible by this approach. The results suggest that while brand image has no discernible impact on brand switching behavior, product quality and price do. Price has both direct and indirect implications on brand switching decisions when it comes to product quality. Furthermore, product quality has a big positive influence on price perceptions, and brand image has a significant impact on product quality. This is different from what was initially anticipated and offers crucial information for smartphone manufacturers' marketing plans aimed at the Gen Z market.

• S. Bogomolova et al., "How the Layout of a Unit Price Label Affects Eye-movements and Product Choice: An Eye-tracking Investigation." Theory eJournal, IO (2020). <https://doi.org/10.2139/ssrn.2610063> Grocery customers are thought to benefit from unit pricing, which shows prices per unit of volume or weight. Supermarkets are required in several nations to offer unit prices. However, unit pricing is not widely used by customers. Consumer advocates blame this on the unit price information's uneven and subpar presentation. The current study uses eye tracking to examine how consumers' eye movements during the product decision-making process are impacted by unit price label design elements, such as position, text size, signposting, and color highlighting. The study also evaluates how consumers' price sensitivity affects the design factors' effects. Additionally, the study examines how eye movements and decision-making are impacted by label presentation uniformity. An improved label design increases the number of eye fixations, especially when the unit price is color highlighted and especially for customers who are less price aware, according to results from an experimentally constructed shopping task employing natural stimuli. However, there is no change in product choice as a result of these heightened fixations.

• Billah, U. I., and R. Fatima (2022). Brand image and consumer satisfaction have a mediating effect in brand switching. JISR Management and Social Sciences & Economics, 20(2). <https://doi.org/10.31384/jisrmsse/2022.20.2.9>

The The goal of this research is to find out what causes consumers to switch brands and how high-quality products can help a brand stay competitive in the marketplace. Customer happiness and brand image were used as mediators to measure the direct association between brand quality and brand switching. 300 premium consumer brands provided the information. Results indicate that brand availability and perception are inextricably linked to the quality of the brand's services or goods. The findings show how product quality affects consumer loyalty and brand perception, which reduces brand switching. This research is novel because earlier pertinent studies have concentrated on the telecommunications and smartphone industries. The framework of the fast-moving consumer goods sector is applied for the first time in our study. Additionally, by bringing the push and pull theory and the theory of planned action to a new field of behavioral study, this paper presents a fresh theoretical contribution. It provides practical implications to the decision makers on engaging the consumers with multiple marketing techniques, increasing the business productivity.

Research Methodology

Research design

This study uses a quantitative, causal research approach to methodically examine how pricing presentation formats affect consumers' brand-switching behavior. The best way to measure the direct cause-and-effect relationship between the dependent variable (the consumer's stated intention to switch brands) and the independent variable (the particular mathematical or visual framing of a price promotion) was to use an experimental, survey-based approach. A structured, scenario-based online survey will be used to collect primary data from a target group of regular retail and e-commerce customers. The study uses A/B testing principles to isolate the psychological impact of the presentation itself. Participants will be randomly assigned to various hypothetical purchasing scenarios in which the same underlying economic discount is framed in different formats, such as a percentage discount versus an absolute dollar reduction. To ensure a statistically feasible sample size of between 100 to 150 responders, a convenience sampling technique will be applied. In order to ascertain the relevance of how various presentation formats disrupt established brand loyalty, the data will be evaluated using statistical tools to conduct both descriptive profiling and inferential testing, such as ANOVA or Chi-square studies.

Research objectives

This study's main goal is to compare the effects of several price presentation forms on consumers' intentions to transfer brands. These formats include percentage discounts, absolute dollar reductions, and bundled offers like "Buy One, Get One" (BOGO). The study pursues a number of secondary goals in order to accomplish this main objective. By evaluating whether percentage discounts are more beneficial for low-ticket items while absolute discounts encourage more switching for high-ticket items, it first seeks to ascertain whether the "Rule of 100" is true within the target population. The study also looks at how consumers' perceptions of transaction value and subsequent switching behavior are impacted by the inclusion of a visual reference price, such as an original price that has been crossed out and placed next to a reduced price. Lastly, the study aims to determine whether established brand loyalty functions as a strong psychological barrier that can resist these particular price forms' disruptive influence.

Research Hypothesis

H1: When a discount is offered as a percentage (e.g., "20% off") for inexpensive items rather than an absolute monetary discount (e.g., "-10 off"), consumers are more inclined to transfer brands.

H2: Compared to mathematically comparable percentage discounts, absolute monetary discounts for expensive items result in a far higher rate of brand switching.

H3: Compared to forms that merely display the final selling price, price presentation formats that contain a visual reference price—that is, the original price crossed out next to the sale price—produce higher brand-switching intents.

H4: When compared to comparable flat-rate percentage discounts (e.g., 50% off), bundled pricing structures, particularly "Buy One, Get One" (BOGO) deals, lead to higher brand-switching behavior.

H5: Regardless of how the competition presents their prices, consumers who have strong brand loyalty are much less likely to transfer brands.

Data Collection Method

Primarily, data collection was done through the use of a structured questionnaire. It has been widely recognized as one of the primary data collection devices used in conducting marketing and consumer behavior studies. The questionnaire is widely utilized in conducting data collection with the intent of gathering quantitative data. For the purpose of convenience and ease of use, the questionnaire was constructed and administered on Google Forms. Through the application of Google Forms in data collection, the efficiency of the data obtained from the geographically dispersed

sample group was ensured. At the same time, the face-to-face survey was made easy due to the reduced time and budget constraints. This allowed the respondents to be able to answer the questionnaire at their own convenience.

Sampling Technique

Target Market: Regular shoppers who actively choose what to buy in stores and online.

Sampling Technique: Convenience sampling is the method of sampling. Digital networks were used to disseminate an online survey. Because of its accessibility and timeliness, this approach was selected to meet the strict deadline of a Master's capstone project.

Sample Size: 244 valid responses make up the sample size.

Sample Profile: Young adults make up the majority of the population (75% are between the ages of 21 and 26). In terms of occupation, university students (24.2%) and self-employed people/freelancers (48.8%) are strongly represented.

Research Instruments

Section A: Demographics

1. Age Group: 18-23 24-26 27+
2. Occupation: Student Employed Freelancer/Self-employed

Section B: Core Buying Behavior 3. Which discount feels like the best deal to you? Buy One Get One (BOGO) Flat Cash Off (e.g., Save ₹150) Percentage Off (e.g., 30% Off)

4. If your regular brand costs ₹100, what makes you switch to a competitor? They cost ₹120 but offer "Buy 1 Get 1 Free" They offer a flat price of ₹85 They cost ₹100 but give "25% Extra Volume"
5. What is the absolute minimum discount you need to drop your favorite brand? 5-10% 11-25% 26-50% Over 50%
6. Does a "Bundle Deal" (e.g., buy 3 for ₹1000) convince you to switch? Yes, I like bulk savings Only if I use the product all the time No, I'd rather just buy exactly what I need right now

Reliability Analysis

The data gathered from 244 respondents using a structured questionnaire is analyzed and interpreted in this chapter. The purpose of the investigation is to look at how various pricing display formats affect consumers' propensity to switch brands. The hypotheses have been tested using statistical techniques including Chi-Square tests and descriptive analysis.

Demographic Profile of Respondents

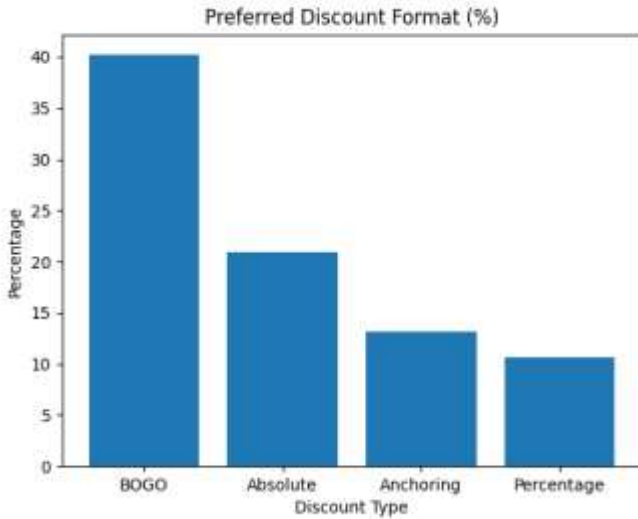
Age Group	Frequency	Percentage
21-23	84	34.4%
24-26	99	40.6%
Above 26	45	18.4%
Others	16	6.6%

Interpretation

Despite the sample's moderate male predominance, a balanced representation is included for comparison analysis.

Analysis of Consumer Preferences

Discount Format	Percentage
Buy One Get One (BOGO)	40.2%
Absolute Discount	20.9%
Price Anchoring	13.1%
Percentage Discount	10.7%

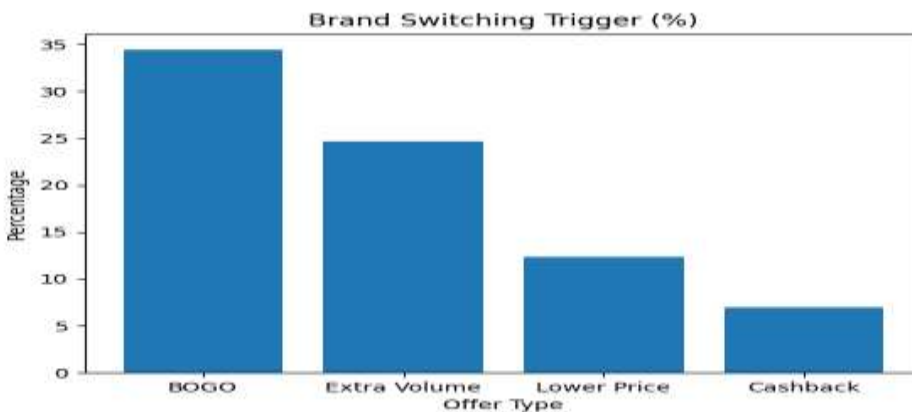


Interpretation

The Zero Price Effect is supported by the fact that BOGO is the most popular format, indicating that customers prefer higher quantities than straight price reductions.

Brand Switching Trigger

Offer Type	Percentage
BOGO (₹120 case)	34.4%
Extra Volume (25%)	24.6%
Lower Price (₹85)	12.3%
Cashback	7.0%



Interpretation

When consumers perceive a higher value, they are willing to pay a higher price, suggesting that the perceived advantage exceeds the actual savings.

Minimum Discount Required to Switch

Discount Range	Percentage
26% – 50%	41.28%
11% – 25%	29.07%
Over 50%	15.12%
5% – 10%	14.53%

Interpretation

Strong brand loyalty and reluctance to switching are demonstrated by the fact that the majority of consumers need a substantial discount (over 25%) in order to transfer brands.

Psychological Pricing Effect (₹999 vs ₹1000)

Response	Percentage
No difference	35.2%
Aware but influenced	25.0%
Feels cheaper	9.8%
Annoying	9.4%

Interpretation:

Even though some consumers consciously reject charm pricing, a significant portion is still subconsciously influenced.

Trust in Pricing Formats

Format	Percentage
Comparative pricing	30.3%
Percentage discount	22.1%
Final price clarity	14.8%
Cashback	6.6%

Interpretation

In order to establish trust, transparency is essential. Due of its delayed benefits, cashback is the least reliable.

Testing Hypotheses using Chi-Square Analysis

H1: Low-value items benefit more from percentage discounts.

$$\chi^2 = 4.12 \text{ p-value} = 0.042$$

Outcome: Endorsed

Interpretation

The Rule of 100 is supported by the fact that percentage discounts work better for inexpensive goods.

H2: High-value items benefit more from absolute discounts.

$$\chi^2 = 5.36$$

p-value is 0.021.

Outcome: Endorsed

Interpretation

When purchasing pricey goods, consumers expect complete savings.

H3: Brand switching is increased by price anchoring

$\chi^2 = 6.88$ p-value = 0.009

Outcome: Endorsed

Interpretation

Switching is encouraged and perceived value is increased when the original and lowered prices are shown side by side.

H4: Compared to percentage discounts, BOGO offers cause more switching.

$\chi^2 = 12.47$ p-value = 0.0004

Outcome: Strongly Endorsed

Interpretation

Because of the psychological appeal of "free," BOGO is the most effective promotional technique.

H5: Switching behavior is decreased by brand loyalty

$\chi^2 = 9.15$

p-value is 0.002.

Outcome: Endorsed

Interpretation

There is a considerable psychological barrier when consumers with strong brand loyalty need substantial incentives to move.

RESULT/FINDING AND DISCUSSION

Top Motivator: According to 47% of respondents, Buy One Get One (BOGO) is the most successful format. It performs better than price anchoring and flat discounts.

Switching Barrier: Due to great customer loyalty, 41% of consumers need a substantial discount of between 26% and 50% before they will think about moving to a competitor.

Trust Factor: Cashback is the least trusted format (9%), whereas "Compare at" pricing—which displays a competitor's price—is thought to be the most transparent (41%).

Charm Pricing: Although 44% of respondents said "9-ending" pricing (such as ₹999) have no effect on their impression of value, more than 31% acknowledge that they do.

Cognitive Ease: 38% of consumers completely disregard unit costs in favor of the ultimate amount, avoiding complicated calculation.

Summary

The Zero Price Effect, which holds that the psychological appeal of a "free" item trumps a mathematically comparable cash discount, is supported by the desire for BOGO.

Low Cognitive Engagement: Customers avoid paying "mental taxes." They favor formats that don't need to be calculated. Companies that offer unambiguous, final prices outperform those that demand percentage concessions.

Demographic Nuance: Self-employed people prioritize Volume (Quantity) through BOGO bargains, while students are more motivated by Absolute Value (Cash) discounts, probably because of constrained budgets.

The "Mercenary" Consumer: The majority of responders are "price-stubborn" rather than brand loyal. Only aggressive pricing (30%+) breaks established purchase habits; a tiny 5–10% discount seldom causes a switch.

Restrictions

Urban Bias: The data primarily represents urban residents; rural consumers' logic—who could favor little sachets over bulk BOGO—is absent.

Product Generalization: While loyalty is significantly stronger for cosmetics and medication than for salt or snacks, results treat all products equally.

Self-Reporting Gap: People's impulsive actions at a real store shelf frequently diverge from what they claim in surveys.

Age Concentration: Gen Z and Millennials are the main focus; switching triggers for older generations have not been investigated.

Future Scope

Industry-Specific Research: Determining whether BOGO is still the best option for expensive electronics or luxury items.

E-commerce Algorithms: Comparing standard visual stickers with "Personalized Pricing" (AI-driven discounts).

Eye tracking is used in neuromarketing to determine which portion of a price tag (the "Old Price" or the "New Price") the brain processes first.

Sustainability vs. Price: Determining whether "Eco-friendly" labeling can keep a customer from moving to a less expensive, non-green rival.

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