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"MARKETING STRATEGIES: TRADITIONAL VS MODERN PRICING STRATEGIES AND ITS INFLUENCES ON CONSUMER PURCHASING IN INDIA "

Presented by:

Author 1: JANGA PULLA REDDY

IBMR B-SCHOOL, HUBLI

&

Author 2: RAMADEVU SIVA SANKAR

IBMR B-SCHOOL, HUBLI

Abstract-:

In this research paper, we want to tell how marketing managers used to make pricing strategies in the old days, and now in the present trend, how marketing people are changing pricing strategies and making customers buy their products. Price is the one element of the marketing mix that produces revenue; the other elements produce costs. Prices are perhaps the easiest element of the marketing programme to adjust; product features, channels, and even communications take more time. Price also communicates to the market the company's intended value positioning of its product or brand. A well-designed and marketed product can command a price premium and reap big profits. Set prices too high, and you miss out on valuable sales. Set them too low, and you miss out on valuable revenue. Thankfully, pricing doesn't have to be a sacrifice *or* a shot in the dark. There are dozens of pricing models and strategies that can help you better understand how to set the right prices for your audience and revenue goals. Pricing strategies account for many of business factors, like revenue

goals, marketing objectives, target audience, brand positioning, and product attributes. They're also influenced by external factors like consumer demand, competitor pricing, and overall market and economic trends.

INTRODUCTION

Pricing method is a technique that a company apply to evaluate the cost of their products. This process is the most challenging challenge encountered by a company, as the price should match the current market structure and also compliment the expenses of a company and gain profits. Also, it has to take the competitor's product pricing into consideration so, choosing the correct pricing method is essential.

Meaning of Pricing:

Pricing is a process of fixing the value that a manufacturer will receive in the exchange of services and goods. Pricing method is exercised to adjust the cost of the producer's offerings suitable to both the manufacturer and the customer.

"Price is the amount of money charged for a product or service or the sum of the values that the consumers exchange for the benefits of having or using the product or service." -**Philip Kotler.**

Set prices too high, and you miss out on valuable sales. Set them too low, and you miss out on valuable revenue. Thankfully, pricing doesn't have to be a sacrifice or a shot in the dark. There are dozens of pricing models and strategies that can help you better understand how to set the right prices for your audience and revenue goals. Price is not just a number on a tag. Price comes in many forms and performs many functions Rent, tuition, fares, fees, rates, tolls, retainers, wages, and commissions all may in some way be the price you pay for some good or service. It's also made up of many components. If you buy a new car, the sticker price may be adjusted by rebates and dealer incentives. Every businessperson starts a business with a motive and intention of earning profits. This ambition can be acquired by the pricing method of a firm. While fixing the cost of a product and services definitely organisations consider the following points

- The identity of the goods and services
- The cost of similar goods and services in the market
- The target audience for whom the goods and services are produces
- The total cost of production (raw material, labour cost, machinery cost, transit, inventory cost etc).
- External elements like government rules and regulations, policies, economy, etc.,

Traditionally, price has been the major determinant of a buyer's choice. And this is still the case with large segments of buyers across the globe. Although nonprice factors have become quite important in the last few decades, price still remains an important factor in determining sales and profitability. Competitive pressures together with consumer and middlemen behavior, and short-term orientation of the companies have resulted in a market place that is characterized by heavy discounting and sales promotion.

Marketing managers are influencing their customers by making many changes in pricing strategies. There are many differences between the traditional pricing strategies used in the olden days and the pricing strategies using now.

Background of the Study:

The pricing strategy is an important aspect of marketing that directly affects the buying behavior of consumers. In today's competitive market, businesses are constantly struggling to attract customers by offering products at competitive prices. A company's pricing strategy can either make or break its chances of success, as it has a significant impact on consumer decisions. India's retail market is growing at an unprecedented rate, with various retailers using different pricing strategies to attract customers. This research paper aims to analyse various pricing strategies used by retailers in India and the impact of these strategies on consumer behavior. This study provides valuable insights into the retail industry, which can help businesses formulate effective pricing strategies to remain competitive in the market.

Traditional pricing strategies are:

Competition-Based Pricing, Cost-Plus Pricing, Dynamic Pricing, Skimming Pricing, Penetration Pricing, Value-Based Pricing, Discount Pricing, Project-Based Pricing

Whereas

Modern pricing strategies are:

Freemium-Pricing, Hourly-Pricing, Premium Pricing, Bundle Pricing, Psychological Pricing, Geographic Pricing, Comparative pricing strategies

These pricing strategies are influencing the customers and organizations are making good profits as well as they are creating their own brand value and equity.

Now, let's cover pricing strategies.

Methodology

This research was conducted through observation methodology, which involved the careful and systematic observation of pricing strategies employed by various retail stores in India. The sample size consisted of 20 to 70 individuals for each strategy, and the observations were conducted over a period of one month. The retail stores observed were located in different cities of India, and different types of products were analyzed, including food, beverages, personal care products, and stationery items.

Traditional pricing strategies

1. Competition -Based Pricing Strategy

Competition-based pricing is also known as competitive pricing or competitor-based pricing. This pricing strategy focuses on the existing market rate (or going rate) for a company's product or service; it doesn't take into account the cost of their product or consumer demand. It uses the competitor's prices as a benchmark and doesn't take into account the cost of its product or consumer demand.

Advantages: -

- Simple to implement
- Low risk

Disadvantages: -

- Unsustainable in the long term
- One amongst the herd

Example: -Between Pepsi &Coca-Cola.

Both Brands compete against each other over price, quality & features. And their prices Remain Similar.

Pepsi is slightly cheaper on an average.

2. Cost-Plus Pricing Strategy

A cost-plus pricing strategy focuses solely on the cost of producing your product or service, it's also known as markup pricing since businesses who use this strategy "markup" their products based on how much they'd like to profit. It focuses solely on the cost of producing the product or service. It is typically used by retailers who sell physical products, not the best fit for service-based companies.

Advantages:

- Reliable
- Easy to explain
- Require little research

Disadvantages:

- Not always correlate to customer's value
- Reduce efficiency
- Not taking into account the competition

Example: -Let's say you sell toys.

It Costs Rs10 for manufacturing & Rs10 for packaging Transporting & Marketing. So, your overall unit cost is Rs20.

Now you want to make Rs 10 profit on each product. Therefore, you will set a price of Rs30per unit.

3. Dynamic Pricing Strategy

Dynamic pricing is also known as surge pricing, demand pricing, or time-based pricing. It's a flexible pricing strategy where prices fluctuate based on market and customer demand. It's a flexible pricing strategy where prices fluctuate based on market and customer demand.

Widely applied by hotels, airlines, event venues, and utility companies.

1. Time and distance of the route

2. Traffic and peak hours

3. Current rider-to-driver demand

Advantages:

- Alert to the competition
- Better understand customer behaviors
- Boost sales and maximize profits

Disadvantages:

- Provoke customer alienation
- Increase competition

Example: -In 2020, as one of the largest rides sharing service provides, UBER has more than 90 million active users around world. UBER's dynamic pricing algorithm just the ride phase based on 3 major variables: -

1. Time & distance of route.

2. Traffic & peak hours.

3. Current rider to driver demand.

Despite the criticism of unfavored prices UBER stands by their algorithm and claims that it helps the system Managing Supply & demand issues and provides driver with incentives to work under typical circumstances.

4. Skimming Pricing Strategy

A skimming pricing strategy is when companies charge the highest possible price for a new product and then lower the price over time as the product becomes less and less popular. Skimming is different from high-low pricing in that prices are lowered gradually over time. Companies charge the highest possible price for a new product and then lower the price over time as the product becomes less and less popular.

Advantages:

- Increase return on investment
- Maintain the brand image
- Divide the market into segments
- Early adopters help in the testing of new products

Disadvantages:

- Not fit the crowded market
- Not effective if the demand curve is elastic
- Attracts competitors
- Anger the early adopters

Example: -When Samsung first released its 2020 Smart Galaxy S20, the price was RS 9999, However 1 year after the release of Galaxy S21, the price of Galaxy S20 has significantly dropped to Rs 6500.

5. Penetration Pricing strategy

Contrasted with skimming pricing, a penetration pricing strategy is when companies enter the market with an extremely low price, effectively drawing attention (and revenue) away from higher-priced competitors. Penetration pricing isn't sustainable in the long run, however, and is typically applied for a short time. Companies to attract customers to a new product or service by offering a lower price during its initial offering.

The goal is to entice customers to try a new product and build market share with the hope of keeping the new customers once prices rise back to normal levels.

Advantages: -

- High adoption and diffusion
- Marketplace dominance
- Economies of scale
- High inventory turnover

Disadvantages: -

- Low price expectation
- Low customer loyalty
- Damage brand image

Example: -One player that comes to mind while talking about a successful penetration pricing strategy is Gillette. With its razors often given away for free or priced lower than its competitors, it has been able to retain its position as a market leader for years. The profits Gillette loses from selling its razors for low prices, it gains from razor blades, attachments, and accessories that are priced at a premium.

6. Value-Based Pricing Strategy

A value-based pricing strategy is when companies price their products or services based on what the customer is willing to pay. Even if it can charge more for a product, the company decides to set its prices based on customer interest and data.

Advantages:

- It increases focus on customer services
- It promotes customer loyalty
- It increases brand value

Disadvantages

- Difficult to justify the added value for commodities
- Perceived value is not always stable
- Price is harder to set

Example -: Consider a brand, ABC fashion designers who are into men's fashion. Suppose they are launching new trousers and the pricing needs to be made as per value-based. Brand ABC, a premium fashion retailer, has to price the product appropriately to target the correct audience. It will consider another premium fashion retailer, brand XYZ, to compare similar trousers' prices.

Suppose the brand XYZ has priced at Rs125, then brand ABC is a similar brand and launching a similar product, the price should also be around Rs125. Depending on the value addition happening in the new product to be established, ABC decided to launch the product at Rs130.

7. Discount Pricing Strategy

A high-low pricing strategy is when a company initially sells a product at a high price but lowers that price when the product drops in novelty or relevance. Discounts, clearance sections, and year-end sales are examples of high-low pricing in action — hence the reason why this strategy may also be called a discount pricing strategy.

Advantages

- Revenue generation
- Excitement creation
- Increased store traffic
- Turning inventory

Disadvantages

- Marketing expenses
- Consumer expectations
- Risk of losing profit
- Perception of quality

Example -: Alibaba applies a promotion for buying. The Chinese giant gives discounts of between 20% and 60% on products which are cheap to ship for the seller. The user's costs reduce significantly, while the seller gains popularity, accessibility, and good reviews, without saying goodbye to their profits.

8. Project-Based Pricing Strategy

A project-based pricing strategy is the opposite of hourly pricing — this approach charges a flat fee per project instead of a direct exchange of money for time. It is also used by consultants, freelancers, contractors, and other individuals or laborers who provide business services. Advantages are

- Achieving Your Revenue Goals is Easier
- Your Clients Know What to Expect
- You Can Provide Better Client Service

Example: -say you build a birthday bot for a client for Rs700. It's a one and done project; they'd prefer to run Facebook ads themselves and handle the rest.

Modern pricing strategies

1. Freemium Pricing Strategy

A combination of the words "free" and "premium," freemium pricing is when companies offer a basic version of their product hoping that users will eventually pay to upgrade or access more features. Unlike cost-plus, freemium is a pricing strategy commonly used by SaaS and other software companies. They choose this strategy because free trials and limited memberships offer a peek into a software's full functionality — and also build trust with a potential customer before purchase.

."Free" + "Premium"

Companies offer a free version of their product with basic functions and hope their users will eventually pay to upgrade or access more features.

Commonly used by software companies.

Advantages:

1. No barrier

2. Build database

Disadvantages:

1. Burn out cash flow

2. Sunk cost

2. Hourly Pricing Strategy

Hourly pricing, also known as rate-based pricing, is commonly used by consultants, freelancers, contractors, and other individuals or laborers who provide business services. Hourly pricing is essentially trading time for money. Some clients are hesitant to honour this pricing strategy as it can reward labour instead of efficiency.

Advantages

- It is easy to explain to customers.
- Works well when the initial brief is vague and the project scope or the schedule is unclear.

Disadvantages

- Earnings are limited by the number of billable hours in a week. You cannot increase your working time beyond a limit.
- It does not value productivity.
- Your hourly rate becomes your price tag. Irrespective of the complexity of the project you will still be paid the same hourly rate.

3. Premium Pricing Strategy

Companies price their products high to present the image that their products are high-value, luxury, or premium.

Focus on the perceived value of a product rather than the actual value or production cost. Common in fashion and high-tech firms.

Advantages: -

- High profit margin
- High entry barrier

Disadvantages: -

- Difficult to maintain
- More vulnerable
- Less potential for growth

Example: -Dropbox is a file hosting service company.

They offer Cloud storage, File Synchronization,

Person who clouds & client software. It provides a basic free trial & 2 upgraded plans that include more storage &users. Since its freemium marvel is not offered as a trial it has to teutically present to entise customers to may walk at the price minimizing any anchoring effect.

4. Bundle Pricing Strategy

Companies group several products into a bundle and sell them at a single price, rather than attribute individual prices to each item.

Advantages: -

- Simply the buying experience
- Increases sales of low-volume products

Disadvantages: -

- Customers may prefer individual products over the whole bundle
- Customers may not need all products in the bundle
- Increase the cognitive load

Example: -Widely applied in Restaurants & Fast-food junks because it loves them to create bundles of food items that complement each other which can encourage Customer to Purchase an entire meal rather than Single item. In addition, internet & Cable Companies, Such as AT&T, Verizon & Comcast an also benefit using this strategy. They offer their customers several options for channel preferences all of which has different price points & values.

5. Psychological Pricing Strategy

A strategy that uses pricing to influence customers' spending or shopping habits to make more or higher value sales.

Meet customers' psychological needs for something, whether that's saving money, investing in the highest quality item, or getting a "good deal".

Advantages: -

- Boost attention
- Simplify consumers' decision-making process
- High return

Disadvantages: -

- Deceptive
- Damage brand reputation
- No sales guarantee

Example: -According to 9-digit effect, even product cost Rs 9&99 cents. This is centrally Rs10. Customers may see this as good deal. Simply because of 9 in price. Another way would be to place a more expensive item directly next to one near most focused on selling or offer Buy 1 Get 1 free. That makes customers feel these circumstances are too good to pass upon. And lastly changing font size & color of pricing information on / around products. has also been proven in various instances to boost sales.

6. Geographic Pricing Strategy

Geographic pricing is when products or services are priced differently depending on geographical location or market.

This strategy may be used if a customer from another country is making a purchase or if there are disparities in factors like the economy or wages (from the location in which you're selling a good to the location of the person it is being sold to).

Advantages

- Allows you tailor prices to locality
- Can help you recoup shipping costs

Disadvantages

- Can make accounting and bookkeeping more complex
- Have to take local regulations into considerations

Example-: The seller may decide to sell their product in a location far away and absorb the cost of shipping, thereby pricing the product competitively in a foreign market.

7.Comparative pricing strategy:

placing expensive next to standard

Comparative pricing may be tagged as the most effective psychological pricing strategy. This simply involves offering two similar products simultaneously but making one product's price much more attractive than the other.

This is a psychological game of choice for the customer, who has to choose between two products that are similar but have different prices.

This strategy works well with fashion brands, which place side by side tuxedos

with similar quality but different prices, to make customers pick the more expensive one, which is the desired purchase.

To the average human, if something is expensive, then it is "quality."

For example, consider a Rs999 smart watch placed beside its Rs1,099 counterpart, which has a larger screen and more storage. The customer is more likely to go for the latter option when it is framed as a Rs100 upgrade from the Rs999 option, rather than the full Rs1,099 if it were viewed on its own.

8.Decoy Pricing strategy

Decoy pricing is a strategy that aims to guide a potential customer towards a specific product by presenting an inferior choice.

What's the reason for our disposition towards the middle way option?

Basically, our brain eliminates the cheapest option regardless of whether it actually meets our needs or not, because it seems inferior to the rest.

When it comes to the most expensive of the three, once again, our subconscious mind steps in and tells us that the extra features are unnecessary, or not worth the extra money. So, we go for the middle option.

Example -: If there are two bottles of soft drink on a menu for Rs 9 and Rs16, which one would you pick? It's not that definite. If you're cheap like me, you may go for the Rs9 one — but there's not much of a scale of reference.

If this list now has a Rs 47 bottle on it, most of the time people will go for the Rs16 one. The perceived value of the Rs16 bottle has changed. Something you may not have bought because the price seemed too high now suddenly appears of value — and less expensive.

9. Markup price strategy

A high price is fixed for an intentional product or service, but to make the customers believe that they are giving a discount, they mark the price tag and put a reduced-price tag. But here they are selling at the same price as they want to sell at that price.

In this way, customers are influenced to buy the product by making them feel that they are giving a big discount. All the retail supermarkets are following this pricing strategy.

Example -: If we take it from the supermarket, they will add a discount tag to each product. For example, the actual cost of an oil packet is Rs130, but it is marked with a tag of Rs140 and sold at Rs130, showing that it is an offer of 10.

LITERATURE REVIEW

Prof Philip Kotler (2009)-: A tag's price is not only a numerical value. Price takes many different shapes and serves a variety of purposes. Rent, school fees, transportation costs, rates, tolls, retainers, salaries, and commissions are all possible forms of payment for goods and services.

Price has typically been the primary factor in a buyer's decision. Additionally, this is still true for sizable populations of consumers worldwide. Price still plays a significant role in determining sales and profitability even if non-price elements have grown in importance over the past few decades. Due to intense discounting and sales promotion, the market is now defined by competitive pressures, consumer and middleman behaviour, and short-term company orientation.

Prof Tanya Sammut-Bonnici (2015)

A company's pricing strategy is the approach it takes to decide how much to charge for its goods and services. Cost-based pricing, competition-based pricing, and value-based pricing are the three categories into which strategic approaches can be roughly divided. In financial modelling, the pricing strategy is a crucial variable that affects the revenues attained, the profits made, and the sums invested in the company's expansion for long-term survival. Markup pricing, goal return on investment pricing, perceived value pricing, competition-based pricing, penetration pricing, and skimming pricing are some of the various pricing strategy alternatives. The firm's pricing decisions will be influenced by its broader business strategy, customer expectations and behaviour, competitor plans, industry changes, and regulatory restrictions.

Allie Decker (2019)-: Any organization's pricing of its goods and services may be challenging. If they set their pricing too high, they lose out on profitable sales. If they are too low, businesses lose out on significant money. Thank goodness, pricing doesn't have to be a compromise or a guess. Numerous pricing models and techniques exist that might aid in understanding how to choose the appropriate prices for customers and revenue targets.

FACTORS IMPACTING PRICE STRATEGIES

The choice of pricing strategy adopted by the firm will depend upon the overall corporate strategy, buyer expectations and behavior, competitor strategies, industry changes, and regulatory boundaries.

Corporate image-:

The external image of the corporation affects its ability to adopt a specific pricing strategy. For example, a producer of low-cost automobiles would find it extremely difficult to move up to an image of a producer of luxury cars. A mid-market supermarket chain would find it difficult to move up market in price. The corporation also needs to consider the impact of its pricing strategies on others, such as shareholders, consumer pressure groups, regulatory authorities, and government agencies

Geography-:

Many companies charge different prices for goods and services in different geographic regions, depending upon local market conditions and regulations.

Price discrimination-:

Many companies differentiate between customers, product or service form, place, and time. Strategic brand architecture creates brands that are differentiated from the competition, thereby reducing the number of substitutes in the marketplace. The price elasticity of demand becomes low, allowing the company to increase prices and improve prove profitability.

Discounts-:

Many corporations offer discounts based on demand for both volume and value. Large users can usually command significant discounts. Discounts may also be offered for early payments and penalties imposed for late payments.

IMPACT OF PRICING STRATEGIES ON CONSUMER PURCHASING BEHAVIOR

1. **Price perception**: The price of a product or service can influence consumers' perception of its value. Consumers often associate a higher price with higher quality, while a lower price may be perceived as indicating lower quality.
2. **Price sensitivity**: Consumers may be more or less sensitive to price depending on various factors, such as their income, age, and lifestyle. For example, a price increase for a luxury product may not deter high-income consumers, while a price increase for a budget product may drive away price-sensitive consumers.
3. **Competitor pricing**: Consumers may compare prices across different brands and products when making purchasing decisions. If a product is priced significantly higher than its competitors, consumers may choose a more affordable option.
4. **Discounts and promotions**: Discounts and promotions can encourage consumers to make a purchase, especially if the discount is perceived as significant. Consumers may be more likely to buy a product if they feel they are getting a good deal.
5. **Psychological pricing**: Some pricing strategies, such as using odd prices (e.g., RS 9.99 instead of RS 10.00) or anchoring prices (e.g., showing a higher price first, then a lower price), can influence consumer perception and encourage purchasing.
6. **Subscription pricing**: Subscription pricing can encourage repeat purchases and customer loyalty. Consumers may be willing to pay a higher overall price for a product or service if they can spread the cost over time and receive regular deliveries.

Data and Analysis:

To better understand the impact of pricing strategies on consumer purchasing behavior, an observation method was employed. This involved observing a sample of 20 to 70 customers for each pricing strategy across a variety of products in a local store. The results were as follows:

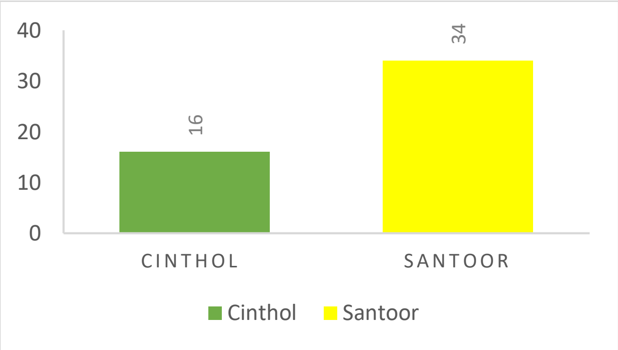
Comparative pricing: Pepsi and Coca-Cola were both available in the store, with Pepsi offering a 20% discount on one particular day. Out of 50 customers, 28 chose to purchase Pepsi, indicating that comparative pricing was an effective strategy in this scenario.

CUSTOMERS PRODUCT CHOOSEING			
PRICING STRATEGY NAME	TOTAL NUMBER OF SAMPLE SIZE	PRODUCTS COMPERSION	
		PEPSI	COCLA
Comparative pricing	50	28	22

Penetration pricing: Two brands of soap, Santoor and Cinthol, were available with similar quality and brand value. Despite Cinthol being priced at Rs. 40 per 100g, customers tended to purchase

Santoor, priced at Rs. 34 per 100g, indicating that penetration pricing was successful in this instance.

CUSTOMERS PRODUCT CHOOSEING			
PRICING STRATEGY NAME	TOTAL NUMBER OF SAMPLE SIZE	PRODUCTS COMPERSION	
Pentration pricing	50	Cinthol	Santoor
		16	34



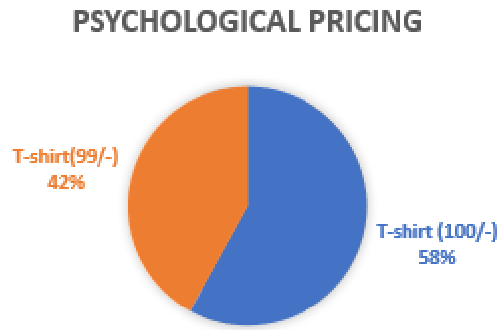
Bundle pricing: Classmate notebooks were available as individual books for Rs. 50 each or in sets of five for Rs. 220. Out of 30 customers, 22 chose to purchase the bundle, suggesting that bundle pricing was a successful strategy in this scenario.

CUSTOMERS PRODUCT CHOOSEING			
PRICING STRATEGY NAME	TOTAL NUMBER OF SAMPLE SIZE	PRODUCTS COMPERSION	
Bundle pricing	30	BOOK-1	SET OF BOOKS
		22	8

Psychological pricing: A T-shirt was priced at Rs. 100, but when the price was changed to Rs. 99, 32 out of 50 customers

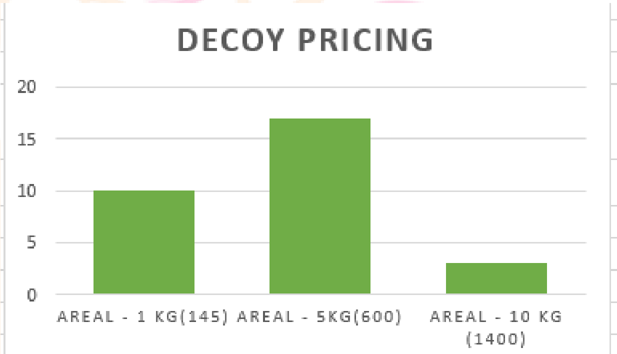
purchased the T-shirt, indicating the effectiveness of psychological pricing.

CUSTOMERS PRODUCT CHOOSEING			
PRICING STRATEGY NAME	TOTAL NUMBER OF SAMPLE SIZE	PRODUCTS COMPERSION	
Psychological pricing	50	T-shirt (100/-)	T-shirt(99/-)
		29	21



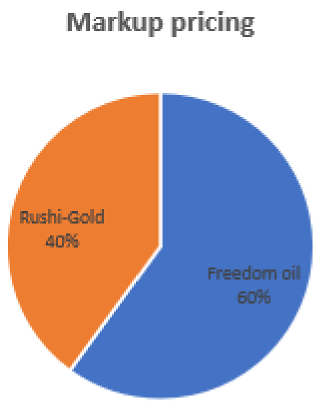
Decoy pricing: Areal washing powder was offered in three different quantities, with the middle size priced at Rs. 600 for 5kg. Out of 30 customers, 17 chose to purchase the 5kg packet, demonstrating the impact of decoy pricing.

CUSTOMERS PRODUCT CHOOSEING				
PRICING STRATEGY NAME	TOTAL NUMBER OF SAMPLE SIZE	PRODUCTS COMPERSION		
Decoy pricing	30	AREAL - 1 KG(145)	AREAL - 5KG(600)	AREAL - 10 KG (1400)
		10	17	3



Markup pricing: Freedom oil was priced at Rs. 145 but marked up to Rs. 128 to create the perception of a discount. Out of 35 customers, 18 chose to purchase Freedom oil out of 30 customers and 12 members chose to purchase Rushi-Gold with price of 125.suggesting the success of markup pricing in this instance.

CUSTOMERS PRODUCT CHOOSEING			
PRICING STRATEGY NAME	TOTAL NUMBER OF SAMPLE SIZE	PRODUCTS COMPERSION	
Markup pricing	30	Freedom oil	Rushi-Gold
		18	12



These observations indicate that different pricing strategies can be effective in different situations, and can influence consumer behavior in various ways.

FINDINGS

- Based on the analysis, it is evident that pricing strategies have a significant impact on consumer purchasing behavior. The findings also suggest that even though certain pricing strategies may work well for a particular product or market, marketers must continuously monitor and adjust their pricing strategies based on the financial situation, consumer behavior, and market trends. This highlights the importance of having a flexible and dynamic pricing strategy that can adapt to changing market conditions and consumer preferences.
- Pricing strategies have a significant impact on consumer behavior: The study found that different pricing strategies have varying degrees of impact on consumer behavior. For example, discounts and promotions can encourage more purchases, while higher prices can deter consumers from buying.
- Modern pricing strategies are more effective than traditional ones: The study found that modern pricing strategies, such as dynamic pricing and personalized pricing, were more effective in influencing consumer behavior than traditional pricing strategies, such as cost-plus pricing and fixed pricing.
- Psychological pricing strategies are highly effective: The study found that psychological pricing strategies, such as decoy pricing and odd pricing, were highly effective in influencing consumer behavior. These strategies play on the psychology of consumers and make them perceive a product to be of higher value or more affordable than it actually is.
- Bundle pricing is a popular strategy: The study found that bundle pricing was a popular strategy among consumers, as it allowed them to purchase multiple products at a discounted price. This strategy was particularly effective for products that were commonly used together, such as shampoo and conditioner.
- The impact of pricing strategies varies across different product categories: The study found that the impact of pricing strategies varied across different product categories. For example, penetration pricing was more effective for products with a large number of competitors, while prestige pricing was more effective for luxury products.
- Furthermore, it was observed that the decoy pricing strategy is widely

used in the food sector, with companies like KFC and Domino's Pizza using this strategy to encourage customers to choose medium-sized food products. By showing less of a price difference between medium and large sizes, these companies are able to make the medium size seem like a more attractive and reasonable choice, ultimately driving more sales of their medium-sized products.

LIIMITATIONS

a. This study only focused on a limited number of products and retail stores in a specific geographical location, which may not represent the pricing strategies of the entire industry.
b. The study relied on observation as the primary method of data collection, which may be subject to researcher bias and may not accurately capture all aspects of consumer behavior.
c. The study did not take into account external factors such as economic conditions and competition, which can have a significant impact on pricing strategies.
d. The study did not examine the long-term effects of pricing strategies on customer loyalty and brand perception.
e. The study did not consider the ethical implications of certain pricing strategies, such as decoy pricing, which can be perceived as manipulative.
f. The study did not include an analysis of pricing strategies in the online retail industry, which is becoming increasingly important in the modern business landscape.
g. The study did not take into account cultural and societal factors that may influence consumer behavior and pricing strategies in different regions.

CONCLUSION

1. Pricing strategies play a crucial role in shaping consumer behavior and influencing purchase decisions.
2. The choice of pricing strategy should be based on a deep understanding of the target market, competition, and overall market conditions.
3. Marketers need to continuously monitor consumer behavior and adjust their pricing strategies accordingly to stay relevant and competitive in the market.
4. Different pricing strategies like penetration pricing, bundling, psychological pricing, markup pricing, etc., can be used by marketers to achieve different objectives such as increasing market share, maximizing revenue, or building brand loyalty.
5. Retailers need to carefully design their pricing strategies to balance customer needs and financial goals, while also providing value to the customer.
6. Decoy pricing strategy can be an effective way for retailers to encourage customers to choose a particular product or bundle, as

observed in our study of retail stores in India.

7. The success of a pricing strategy ultimately depends on the ability to strike a balance between consumer perceptions of value and the actual price of the product.

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