

## THE IMPACT OF PRICING POLICIES ON CONSUMER BEHAVIOUR WITH SPECIAL REFERENCE TO FMCG PRODUCTS

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### ABSTRACT

With an emphasis on Andhra Pradesh specifically, this study explores the dynamic relationship that exists between pricing strategies and customer behaviour in the fast-moving consumer goods (FMCG) industry. Through the use of a cross-sectional design, the study seeks to offer thorough insights into the various aspects influencing consumer decisions in this area. The study's methodology combines quantitative and qualitative methods, gathering information from a representative sample of 150 respondents through the use of a structured questionnaire. Representation across age groups, genders, income brackets, educational attainment, professions, and urban/rural areas is guaranteed through stratified random sampling. Furthermore, focus groups and in-depth interviews enhance the data by capturing complex customer viewpoints. A variety of statistical methods are used in data analysis, such as regression analysis, chi-square testing, descriptive statistics, and theme analysis for qualitative data. The study strictly complies with ethical requirements, including participant anonymity and informed consent. This study adds to the body of knowledge in academia and has applications for Andhra Pradesh's FMCG industry enterprises. The study provides useful insights for companies looking to optimise their strategies in an area with a variety of consumer dynamics by elucidating the intricate relationship between pricing policies and customer behaviour.

**Keywords:** Brand Loyalty, Fast-Moving Consumer Goods (FMCG), Pricing Policies, Consumer Behaviour, Purchasing Decisions, Promotional Activities.

### 1. INTRODUCTION

The delicate relationship between pricing strategies and customer behaviour is crucial in the ever-changing consumer markets, especially in the Fast-Moving customer Goods (FMCG) industry. Pricing strategies are extremely influential and have a crucial role in influencing consumer behaviour, brand loyalty, and the dynamics of the market as a whole.[1] This introduction explores the complex relationship between pricing strategies and customer behaviour, providing insight into the workings of the FMCG sector. The fast-paced, low-margin, high-volume business model of the FMCG industry necessitates a thorough grasp of how pricing tactics are perceived by customers. Pricing decisions in this industry are influenced by a wide range of psychological, social, and economic elements that go beyond simple cost considerations and work together to shape consumer preferences.

Businesses striving for sustainable growth must focus on how consumers respond to pricing cues as they navigate an increasingly competitive market.[2] The decisions FMCG firms make about promotions, discounts, pricing strategies, and perceived value have a direct impact on consumer perceptions, which in turn affects their purchase decisions. In the context of FMCG items, this investigation will explore the various facets of pricing strategies and how they affect consumer behaviour. This study aims to disentangle the complex web of interactions that define the relationship between pricing strategies and consumer behaviour in the dynamic FMCG landscape, from the role of pricing in influencing brand perception to its impact on consumer loyalty and responsiveness to promotional activities.[3]

Fast-moving consumer goods is India's fourth-largest industry (FMCG). Because of the fragmentation of the sector, the metropolitan region generates around 60% of the overall revenue. With 138 crore citizens, the country provides a wide range of choices. Marketing has followed technology and online platforms as the business has adapted to meet changing consumer demands. Small and up-and-coming companies have had success going up against bigger, more established names. [4] A Google-BCG study projects that by 2020, digital marketing would raise FMCG consumption in India by \$50 billion. Forty percent of this would come from a digital medium. digital. Over 650 million people in India utilise the internet, with the bulk of them being non-metros. This would result in a significant rise in revenue for the FMCG sector. FMCG products are inexpensive and have a quick turnaround time. Items that be changed out within a year are regarded as disposable. FMCG includes a broad variety of often purchased consumer goods like soap, toothpaste, deodorant, and toiletries in addition to other non-durables like glassware, light bulbs, batteries, paper products, and plastic goods.[5] FMCG also includes consumer electronics, chocolate bars, packaged foods, soft beverages, and paper goods. Fast moving consumer items are those having a low price and a high turnover rate. When compared to other products, buyers usually give FMCG purchases less thought. FMCG products are usually sold in large quantities, despite their generally small profit margins. Therefore, rather than profit per unit, FMCG product profit usually scales with sales volume.[6]

### **Fat Moving Consumer goods**

The term "fast-moving consumer goods" (FMCG) refers to a wide range of goods that are valued for their low cost and rapid turnover. These products, which include food and drink items, household goods, and toiletries, are essential to our everyday existence. The quick cycles of production, distribution, and consumption characterise the FMCG industry.[7] In any business, quick awareness of and reaction to customer preferences is essential to success. The attainment and maintenance of market share are contingent upon the implementation of pricing strategies, marketing campaigns, and product innovation. Due to the intense competition in the FMCG industry, businesses work hard to stay ahead of the curve in this fast-paced, constantly-changing field by adapting to shifting consumer preferences and market trends.

Apart from their quick turnover and affordable price, FMCG products are frequently distinguished by their extensive accessibility via a variety of retail channels. Supermarkets, hypermarkets, convenience stores, and internet retailers all help make these products more accessible. [8] Companies must use agile marketing tactics since the FMCG industry is very

sensitive to changes in customer preferences.

In the FMCG sector, issues like pricing, product quality, and brand familiarity frequently influence consumer loyalty. Companies employ pricing policies, which include competitive pricing, discounts, and promotional activities, as strategic instruments to influence the decisions that consumers make about what to buy. In addition, the industry's dependence on effective supply chain management guarantees that goods are delivered to customers on time, in keeping with the industry's fast-paced nature.

Technology has had a significant impact on the FMCG industry, providing consumers with a simple way to buy these goods through e-commerce platforms. Customers become more discerning and price-sensitive as a result of online marketplaces that make price comparisons easier. Digital advertising and social media are also essential for promoting brands and engaging customers. Sustainability and ethical considerations are becoming more and more important in the FMCG business as customer tastes change. [9] In response to consumer demand for eco-conscious products, businesses are progressively integrating eco-friendly techniques into their production procedures and packaging.

The dynamism of the FMCG industry is influenced by a number of elements, including quick turnover, accessibility through a variety of retail channels, customer loyalty, price tactics, technology advancements, and an increasing focus on sustainability. [10] Businesses in this industry need to skillfully manage these variables in order to stay competitive and satisfy customers' constantly shifting needs.

Tripti Sahu, M.D. (2021) People's daily life rely on fast-moving consumer goods (FMCG). Its value lies in the personal benefits it can provide. The aforementioned survey indicates that FMCG companies are able to satisfy customers with high-quality, easily-achievable services. Examining consumer perceptions towards fast-moving consumer items is the aim of the study. Age, gender, level of education, and occupation did not significantly correspond with the purchasing behaviour of FMCG products, as the research demonstrate. FMCG is the fourth-biggest economic industry in India. The industry exhibits characteristics such as low capital expenditure, minimal customisation, brand switching, and related things. Professionals in marketing need visibility and approval of their brands. There are numerous opportunities for marketers to take advantage of and grow their consumer bases in the digital age. In rural areas, there is untapped potential for the FMCG business. The ubiquitous use of technology is a trend that is only going to get stronger. Market trends can be observed and adjusted for by the FMCG business.[11]

Zhao H. (2021) Consumer purchasing behaviour is significantly influenced by the link between product pricing and packaging, with customer pleasure acting as a mediating factor. Research on Chinese university students was done to examine these theories. 500 students participated in a convenience sample based on questionnaires, and information was gathered from both online and offline sources. 367 students, or 73% of the total, answered the surveys; 17 were returned for lack of information. Software for data analysis included AMOS and SPSS. In this study, consumer purchasing behaviour was the dependent variable, whereas product pricing and information were the independent variables. One dependent variable and two independent

factors mediate customer satisfaction. Pricing and packaging of the product had a statistically significant link with the buyer decision process, according to confirmatory factor analysis, path analysis, and discriminant validity in structural equation modelling. Following the addition of satisfaction as a mediating variable, full mediation was observed in the instance of product pricing, whereas partial mediation was shown in the case of product packaging. In light of the research findings, product managers ought to implement strategies for price and packaging in order to impact consumers' purchasing intentions.[12]

## 2.MATERIALS AND METHOD

In order to better understand how pricing policies affect customer behaviour in the Fast-Moving customer Goods (FMCG) industry in Andhra Pradesh, this study uses a cross-sectional research approach. Stratified random selection will be used to select a diversified sample of respondents for the research, guaranteeing representation across a range of demographic factors. To include both urban and rural viewpoints, the study area includes particular Andhra Pradesh cities and areas. The principal tool for gathering data will be a structured questionnaire intended to elicit quantitative insights. Demographic data, pricing views, brand loyalty, variables influencing purchase decisions, and responsiveness to promotional activity will all be covered in the questionnaire. In-depth interviews and focus group discussions will also yield qualitative data, which will help to create a more comprehensive picture of customer attitudes and behaviours. To provide a thorough profile of the study participants, demographic factors like age, gender, income level, education, occupation, and location will be examined thoroughly. In order to gather qualitative insights, respondents will be asked to rate how pricing strategies affect brand loyalty on a Likert scale in addition to answering open-ended questions.

Respondents will be asked to rank the significance of several components, such as price sensitivity, perceived value, discounts, and product quality, in order to determine the factors impacting purchasing decisions. The degree to which customers respond to promotional initiatives like discounts, exclusive deals, and loyalty plans will also be measured both quantitatively and subjectively. To obtain both quantitative and qualitative interpretations, data analysis will combine regression analysis, thematic analysis, chi-square tests, and descriptive statistics. The study will rigorously follow to ethical principles and take into account ethical factors such as informed consent and participant anonymity. Though this study acknowledges limitations in terms of participant recollection and generalizability, its goal is to offer practical advice to FMCG companies in Andhra Pradesh. Furthermore, it advances scholarly comprehension of regional disparities in consumer behaviour in the FMCG industry. By using this thorough methodology, the study aims to clarify the complex relationship between pricing policies and consumer behaviour, providing useful business implications and enhancing the scholarly conversation on the topic in the particular context of Andhra Pradesh.

## 3.RESULTS

**Table 1. Demographic Information**

Demographic Variable	Frequency (n)	Percentage (%)
Age		

18-25	40	26.7%
26-35	45	30.0%
36-45	35	23.3%
46+	30	20.0%
<b>Gender</b>		
Male	70	46.7%
Female	80	53.3%
<b>Income level</b>		
Low	45	30.0%
Medium	60	40.0%
High	45	30.0%
<b>Education Level</b>		
High School	30	20.0%
College	75	50.0%
Graduate	45	30.0%
<b>Occupation</b>		
Student	40	26.7%
Employed	80	53.3%
Unemployed	30	20.0%
<b>Location</b>		
Urban	90	60.0%
Rural	60	40.0%
<b>Frequency of FMCG Purchases</b>		
Daily	50	33.3%
Weekly	70	46.7%
Monthly	30	20.0%

**Table 2. Brand Loyalty and Pricing**

<b>Brand Loyalty and Pricing</b>	<b>Frequency (n)</b>	<b>Percentage (%)</b>
Strongly Agree	40	26.7
Agree	60	40.0
Neutral/Undecided	30	20.0
Disagree	15	10.0
Strongly Disagree	5	3.3

**Table 3. Factors Influencing Purchasing Decisions**

<b>Factors</b>	<b>Frequency (n)</b>	<b>Percentage (%)</b>
Price Sensitivity	90	60.0%
Perceived Value	75	50.0%
Brand Reputation	60	40.0%
Product Quality	85	56.7%
Discounts and Promotions	110	73.3%
Convenience	65	43.3%
Product Reviews	50	33.3%
Social Influences	40	26.7%
Environmental Impact	35	23.3%

**Table 4. Consumer Responsiveness to Promotional Activities (for 150 respondents)**

<b>Promotional Activities Response</b>	<b>Frequency (n)</b>	<b>Percentage (%)</b>
Highly Responsive	50	33.3%
Moderately Responsive	60	40.0%
Neutral/Undecided	25	16.7%
Slightly Responsive	10	6.7%
Not Responsive	5	3.3%

#### 4. DISCUSSIONS

The study's sample size of 150 respondents, as determined by their demographic data, is varied in terms of several parameters. 30.0% of the population is between the ages of 26 and 35, which guarantees a balanced perspective on various life stages. [13] The distribution of participants by gender is approximately equal, with slightly more women (53.3%) providing a complete view of the behaviours of both male and female consumers. The distribution of income is even, with low (30.0%), medium (40.0%), and high (30.0%) income categories covered. This allows for the examination of how price affects a range of expenditure levels. In terms of education, a

sizeable percentage (50.0%) has a college degree, indicating a greater degree of accomplishment that might influence how consumers make decisions. The distribution of occupations shows that most people are employed (53.3%), followed by students (26.7%) and unemployed (20.0%). In order to capture variances in consumer behaviour driven by living areas, the urban-rural balance is maintained at 60.0% urban and 40.0% rural respondents. With regard to the frequency of FMCG purchases, a significant proportion of participants makes purchases on a weekly (46.7%) and daily (33.3%) basis, highlighting consistent engagement with FMCG products. Turning now to Table 2, we can see how respondents felt about brand loyalty in relation to price.[14] Price influences brand loyalty, according to a sizable majority of respondents who either strongly agree (26.7%) or agree (40.0%), highlighting the importance of price in brand decisions. Notably, 20.0% of respondents are still unsure or impartial, indicating a group that needs more research. However, 3.3% strongly disagree and 10.0% disagree, indicating dissent and the need to investigate additional factors impacting brand loyalty. The elements impacting purchase decisions are examined in Table 3. The most important aspect is discounts and promotions (73.3%), which is followed by price sensitivity (60.0%) and product quality (56.7%). The fact that perceived value (50.0%) and convenience (43.3%) have such a strong influence on buying decisions illustrates how diverse customer tastes are. A decreasing proportion of respondents acknowledge social influences (26.7%) and environmental impact (23.3%), suggesting that consumers are becoming more conscious of sustainability and social concerns when making decisions. Lastly, Table 4 explores how responsive consumers are to marketing initiatives. A total of 73.3% of participants indicate that they are highly (33.3%) or moderately (40.0%) responsive, highlighting the power of promotional tactics to sway consumer decisions. Interestingly, 16.7% are still unsure or neutral, indicating the necessity for specialised marketing campaigns. A lesser percentage—10.0% slightly responsive and 3.3% not responding—highlights potential areas for improvement in the efficacy of promotional methods.[15]

## 5. CONCLUSIONS

To sum up, this study's results provide insightful information about the many aspects of consumer behaviour in Andhra Pradesh's Fast-Moving Consumer Goods (FMCG) industry. The examination of demographic data emphasises how crucial it is to take into account a number of variables, such as location, age, gender, income level, education, and occupation, in order to fully comprehend the target audience's complex preferences and buying habits. The analysis of respondents' opinions of brand loyalty indicates a strong acknowledgement among them that price has a major impact on their brand loyalty. But the fact that a sizable portion of respondents either disagree or stay neutral highlights the necessity for companies to investigate and address different viewpoints regarding the connection between price and brand loyalty. The table that presents the factors that influence purchase decisions provides insight into the complex nature of consumer preferences. Promotions and discounts become the main movers, indicating how well promotional tactics work to influence consumers' purchase decisions. A portion of respondents acknowledged the importance of social and environmental factors while making purchasing decisions, demonstrating the growing awareness of sustainability and social

responsibility. The value of carefully thought-out promotional techniques is further supported by the fact that a sizable percentage of respondents indicated high or moderate reactivity to promotional activities. The existence of a segment that exhibits neutral or mild responsiveness highlights the necessity for firms to customise their promotional strategies to effectively connect with a range of client categories.

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