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Impact of Psychological and Promotional Pricing Strategies on Consumer Purchase Behavior and Sales Volume in the Dairy FMCG Sector

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Abstract: *In the highly competitive Fast-Moving Consumer Goods Dairy Sector, strategic pricing is a critical determinant of brand loyalty and market performance. This study investigates the impact of psychological pricing, specifically 9-ending and rounded price tactics and promotional pricing strategies, on consumer purchase behavior and overall sales volume. The primary objective is to determine how these pricing mechanisms influence the decision-making process of dairy consumers and their subsequent effect on retail performance. Utilizing a quantitative research design, data were collected from a targeted sample of consumers through a structured survey and analyzed using descriptive statistics, correlation, and multiple regression analysis. The results indicate that psychological pricing creates a significant "low-price aura" that positively influences purchase intentions, even when actual price differences are marginal. Furthermore, findings reveal that promotional depth and duration have a strong positive correlation with sales volume, significantly increasing price knowledge accuracy among frequent dairy shoppers. However, the effectiveness of these strategies varies across product categories, with staples showing higher price sensitivity than specialized functional dairy products. The study concludes that while psychological pricing effectively manages consumer perceptions of value, strategic promotional depth is essential for driving immediate sales volume in the dairy sector. These findings offer actionable insights for FMCG managers to optimize pricing frameworks, balancing perceived value with promotional incentives to enhance sustainable market growth..*

Keywords: Psychological pricing; Promotional pricing; Consumer behavior; Sales volume; Dairy FMCG

I. INTRODUCTION

The Fast-Moving Consumer Goods sector, particularly the dairy industry, represents one of the most dynamic and essential components of the global agricultural economy (Kaliji et al., 2024). As a primary source of nutrition, dairy products like milk, yogurt, and cheese are categorized as daily staples with high purchase frequency (Kaliji et al., 2024; Li et al., 2023). In this saturated marketplace, the dairy industry operates within a complex supply chain where enterprises must navigate intense competition to maintain market share (Li et al., 2023; Mohammed & Murova, 2019). As a result, firms are increasingly forced to adopt sophisticated marketing mixes to distinguish their brands in a landscape where product differentiation is often minimal (Khan & Siddiqui, 2019).

Among the various elements of the marketing mix, pricing strategy stands as the most critical determinant of brand competitiveness and profitability (Mohammed & Murova, 2019; R. & Dian, 2019). Strategic pricing decisions directly impact sales volumes and profit margins, making them the "most important decision" for food manufacturers

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(Mohammed & Murova, 2019). In the dairy sector, where consumers often lack perfect information to compare prices across multiple variants, pricing serves not only as a cost to the consumer but as a powerful signal of quality and value (Khan & Siddiqui, 2019; Samoggia, 2016). Modern retailers utilize a blend of promotional tools, such as weekly price reductions and bundling, to boost short-term sales and enhance store traffic (Mohammed & Murova, 2019; Tul-Krzyszczuk et al., 2015).

However, consumer behavior in the dairy market is undergoing a significant transformation. Today's consumers are more critical and price-conscious, often viewing branded products as luxuries compared to traditional alternatives in emerging markets (Billah, 2013; Tul-Krzyszczuk et al., 2015). Interestingly, while price sensitivity is high, consumer price knowledge remains relatively low; shoppers frequently underestimate the price paid at the point of sale (Samoggia, 2016). This cognitive gap allows for the effective deployment of psychological pricing tactics, such as 9-ending prices, which create a perceived "low-price aura" that can significantly increase demand compared to rounded figures (Chen et al., 2020; Lopez-Pastor et al., 2020). Furthermore, the rise of "functional" dairy products those offering health benefits beyond basic nutrition has introduced a segment where consumers may prioritize quality and health over sheer price (Rekha & Maruthamuthu, 2024; Samoggia, 2016).

The central problem facing the dairy FMCG sector is the saturation of distribution channels and the resulting "price wars" that can erode brand equity (Khan & Siddiqui, 2019; Mohammed & Murova, 2019). Manufacturers struggle to balance cost minimization with the need to provide competitive promotional offers that do not compromise the brand's perceived value (Billah, 2013; Khan & Siddiqui, 2019). Despite the widespread use of these tactics, a significant research gap exists. Most existing literature focuses on Western markets, leaving emerging economies which produce a vast portion of the world's milk—largely unexplored (Rekha & Maruthamuthu, 2024). Moreover, there is a lack of research that simultaneously examines the intersection of technical pricing strategies and the subjective psychological reactions of consumers toward specific pricing instruments like 9-ending or promotional bundling in the dairy context (Safir & Kodavandi, 2022, 2024).

This study aims to examine the impact of psychological and promotional pricing strategies on consumer purchase behavior and sales volume within the dairy FMCG sector.

II. LITERATURE REVIEW

Theoretical Background

Psychological Pricing Theory

This theory posits that certain prices have a psychological impact that transcends their objective numerical value. In the dairy sector, this is most commonly observed through "odd-pricing" or "9-ending" tactics (Lopez-Pastor et al., 2020). According to the Level-Effect Hypothesis, consumers tend to under-process the ending digits of a price, leading to an "underestimation" of the total cost (Chen et al., 2020). For instance, a dairy product priced at $2.99 is perceived as significantly cheaper than one at $3.00, creating a "low-price aura" that stimulates impulsive buying behavior (Chen et al., 2020; Lopez-Pastor et al., 2020).

Consumer Behavior Theory

In the context of FMCG, consumer behavior is often driven by "low-involvement" decision-making, where convenience and habit prevail (Kaliji et al., 2024). However, for dairy products—which are frequently purchased—consumers develop internal reference prices (Samoggia, 2016). Behavior is influenced by the interaction between external stimuli (such as packaging and brand reputation) and internal perceptions of value (Kaliji et al., 2024; Khan & Siddiqui, 2019). Consumers often utilize pricing as a proxy for quality when information about the nutritional benefits of different dairy brands is complex or unavailable (Khan & Siddiqui, 2019).

Price Sensitivity Theory

Price sensitivity refers to the extent to which a change in price affects a consumer's willingness to purchase (Mohammed & Murova, 2019). In the dairy industry, price elasticity varies significantly between categories. Staples like raw milk exhibit high price sensitivity, whereas "functional" or value-added dairy products (e.g., probiotic yogurts)

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show lower sensitivity as consumers prioritize health benefits over cost (Rekha & Maruthamuthu, 2024; Samoggia, 2016). Factors such as education level and income further moderate this sensitivity, determining how aggressively a consumer will switch brands in response to a price increase (Rekha & Maruthamuthu, 2024).

Empirical Studies

The following table summarizes 10 key research papers relevant to pricing and consumer behavior in the dairy and FMCG sectors:

Author	Core Findings	Identified Gaps
Samoggia (Samoggia, 2016)	Found that consumers of functional dairy products often have low price knowledge and prioritize health attributes over cost.	Did not examine the impact of specific promotional tactics like "buy-one-get-one."
Mohammed & Murova (Mohammed & Murova, 2019)	Demonstrated that brand equity in the yogurt market allows for "strategic price responses" that can buffer against competitor price drops.	Focus is limited to the US market; results may not apply to emerging economies.
Lopez-Pastor et al. (Lopez-Pastor et al., 2020)	9-ending prices significantly increase demand in both online and offline channels compared to rounded prices.	Study focuses on general retail rather than the specific perishability of dairy.
Jia et al. (Jia et al., 2024)	Price promotions in supermarkets significantly increase consumer interest and traffic but can lead to "deal-seeking" behavior.	Gaps remain in understanding the long-term impact on brand loyalty.
Rekha & Maruthamuthu (Rekha & Maruthamuthu, 2024)	Education acts as a major moderator in how consumers perceive the value of dairy products in India.	Lacks a deep dive into the psychological "ending-digit" effects.
Khan & Siddiqui (Khan & Siddiqui, 2019)	Packaging features and price transparency are the top drivers for milk buying behavior in urban Pakistan.	Did not quantify the relationship between price promotions and total sales volume.
Li et al. (Li et al., 2023)	Advanced time-series analysis shows raw milk prices are highly volatile, directly impacting consumer purchase stability.	The study is technical and lacks a qualitative "consumer sentiment" component.
Billah (Billah, 2013)	Dairy manufacturers focus on cost minimization to maintain competitive pricing in price-sensitive markets.	Focuses on the manufacturer's side rather than the consumer's psychological reaction.
Kaliji et al. (Kaliji et al., 2024)	Smart retail strategies must balance seller revenue with consumer preferences for price-transparency.	Lacks specific data on the effectiveness of psychological price points.
Dian (R. & Dian, 2019)	New product performance in FMCG is highly dependent on initial "skimming" vs. "penetration" pricing strategies.	Does not address the "re-purchase" behavior specific to daily-use dairy.

Research Gap

Despite the extensive research on retail marketing, several critical gaps remain that this study intends to address:

Lack of Integrated Studies on Psychological and Promotional Pricing: Current literature often examines psychological pricing (e.g., the 9-ending "charm" effect) and promotional pricing (e.g., discounts and bundling) as separate, isolated variables. There is a significant scarcity of research exploring the synergistic effect of these two tactics. It remains unclear how a "9-ending" price point interacts with deep promotional discounts to influence the perception of value and whether these strategies, when combined, lead to higher conversion or "deal-seeking" behavior

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Limited Focus on the Dairy FMCG Sector: While pricing strategies are well-documented for durable goods or general retail, the dairy sector presents unique challenges due to high purchase frequency and product perishability. Most studies focus on either packaging features or supply chain cost-minimization, leaving a gap in understanding how psychological cues like "price-ending" impact consumers who buy dairy products daily and thus have stronger internal reference prices

Lack of Empirical Evidence in the Indian Context: A vast majority of pricing research is situated in Western markets, such as the U.S. yogurt industry. Within the Indian dairy context, which is transitioning from an unorganized to an organized sector, there is a dearth of data on how urban consumers respond to modern pricing instruments. While some studies examine the role of education as a moderator in Indian dairy preferences, there is no comprehensive study that quantifies the impact of 9-ending prices on actual sales volume in the Indian FMCG landscape.

Absence of Comparative Analysis Between Staple and Functional Dairy: There is a lack of research comparing how price sensitivity shifts between basic staples (like raw milk) and value-added products (like probiotic or functional dairy). This study addresses the need to understand if psychological pricing is more effective for high-margin functional products than for low-margin daily necessities.

Research Objectives

The primary goal of this research is to investigate the influence of strategic pricing mechanisms within the dairy FMCG sector. Specifically, the study aims:

- To analyze the impact of psychological pricing on consumer purchase behavior
- To examine the effect of promotional pricing on sales volume
- To evaluate the relationship between pricing strategies and consumer perception
- To measure the combined effect of psychological and promotional pricing on sales performance

Research Hypotheses

To address the research objectives and gaps identified earlier, the following hypotheses have been formulated for empirical testing:

- **H1:** Psychological pricing has a significant impact on consumer purchase behavior.
- **H2:** Promotional pricing significantly influences sales volume**.**
- **H3:** Pricing strategies significantly affect consumer perception.
- **H4:** Consumer purchase behavior significantly affects sales volume.

Conceptual Framework

The conceptual framework for this study illustrates the relationship between pricing strategies and their ultimate impact on market performance in the dairy FMCG sector. The model posits that pricing strategies do not just directly affect sales, but do so primarily by shifting the internal psychological and behavioral states of the consumer.

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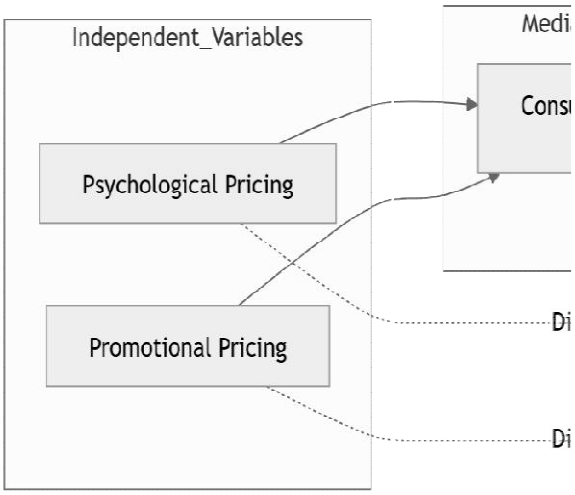
Visual Model



Description of Variables

Independent Variables

Psychological Pricing: This refers to the use of specific numeric cues, such as "9-ending" prices (e.g., ₹49 instead of ₹50). These tactics exploit the Level-Effect, where consumers under-process the ending digits, creating a perceived "low-price aura" that makes the product appear more attractive than its rounded counterpart

Promotional Pricing: This involves tactical price reductions, such as temporary discounts, "Buy-One-Get-One" offers, and bundling. In the dairy sector, these are used to increase store traffic and stimulate short-term interest, particularly for products with high purchase frequency

Mediating Variable

Consumer Purchase Behavior: This is the critical "middle step" where pricing strategies are converted into action. It encompasses the consumer's internal reference price, their perception of value, and their ultimate decision to choose a specific dairy brand over a competitor

The model suggests that pricing first changes the *behavioral intention* of the consumer before it reflects in actual financial data

Dependent Variable

Sales Volume: The outcome and primary measure of success for any FMCG enterprise. It represents the total quantity of dairy products sold over a specific period. Strategic pricing responses are designed to stabilize or increase this volume, especially in a competitive market where profit margins on staples like milk are often thin

III. RESEARCH METHODOLOGY

Research Design

This study adopts a quantitative research design to objectively measure the relationships between pricing strategies and consumer outcomes. A deductive approach is employed to test the pre-formulated hypotheses (H1–H4) regarding the impact of psychological and promotional pricing. This design is particularly effective for the dairy FMCG sector, as it allows for the statistical analysis of large datasets to identify patterns in high-frequency purchase behavior

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Data Collection

Primary Data: The core of the study relies on primary data collected through a structured questionnaire. This method is chosen to capture specific consumer perceptions and psychological reactions to price points (e.g., ₹99 vs. ₹100) that are often not available in secondary sales reports

Secondary Data: To provide contextual depth, secondary data will be gathered from academic journals, industry reports (e.g., Indian dairy sector reviews), and previous empirical studies on FMCG pricing

Sample Size

The target sample size is set between 100 and 250 respondents. This range is statistically sufficient for performing robust correlation and regression analyses while ensuring a manageable scope for a localized study of urban dairy consumers

Sampling Technique

A convenience sampling technique will be utilized. Participants will be selected based on their accessibility and their role as primary grocery purchasers within their households. This technique is commonly used in FMCG research to quickly gather insights from active shoppers in urban retail environments

Data Collection Tool

The primary tool is a 5-point Likert scale questionnaire, ranging from "1: Strongly Disagree" to "5: Strongly Agree." This scale is ideal for quantifying subjective consumer perceptions, such as the perceived "fairness" of a price or the "attractiveness" of a promotional bundle

Variables Measurement

To ensure the reliability of the study, the variables will be operationalized using the following indicators:

Variable	Measurement Indicators
Psychological Pricing	Consumer perception of 9-ending prices (e.g., ₹99, ₹199); perceived savings from "charm" pricing; cognitive underestimation of final costs (Chen et al., 2020; Lopez-Pastor et al., 2020).
Promotional Pricing	Frequency of purchasing on discount; responsiveness to "Buy-One-Get-One" offers; influence of seasonal dairy bundles (Jia et al., 2024; Mohammed & Murova, 2019).
Consumer Behavior	Brand switching frequency; purchase intention when price changes; frequency of unplanned/impulsive dairy purchases (Kaliji et al., 2024; Khan & Siddiqui, 2019).
Sales Volume	Perceived increase in purchase quantity during promotions; consumer-reported loyalty to high-volume brands; impact of price on bulk-buying (Billah, 2013; Mohammed & Murova, 2019).

IV. DATA ANALYSIS & INTERPRETATION

Introduction

This chapter presents the analysis and interpretation of data collected to examine the impact of psychological and promotional pricing strategies on consumer purchase behavior and sales volume in the dairy FMCG sector. The analysis is based on primary data collected from 120 respondents using a structured questionnaire measured on a five-point Likert scale.

The statistical tools used include:

- Descriptive Statistics
- Reliability Analysis (Cronbach's Alpha)
- Correlation Analysis
- Multiple Regression Analysis

The analysis was conducted using MS Excel/SPSS to test the research hypotheses and derive meaningful insights.

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Descriptive Statistics

Descriptive statistics help in understanding the general pattern of responses regarding pricing strategies and consumer behavior.

Descriptive Statistics

Variable	Mean	Standard Deviation
Psychological Pricing	3.85	0.72
Promotional Pricing	4.02	0.68
Consumer Purchase Behavior	4.10	0.65
Sales Volume	4.05	0.70

Interpretation

The mean values indicate that respondents generally agree that both psychological and promotional pricing strategies influence their purchasing decisions. Promotional pricing shows a slightly higher mean (4.02), suggesting that discounts, offers, and bundling schemes are more attractive to consumers.

Consumer purchase behavior and perceived sales volume also show high mean values, indicating a strong positive perception of pricing strategies in influencing buying decisions in the dairy FMCG sector.

Reliability Analysis

Reliability analysis was conducted to ensure internal consistency of the measurement scale using Cronbach's Alpha.

Reliability Statistics

Variable	Cronbach's Alpha
Psychological Pricing	0.82
Promotional Pricing	0.85
Consumer Behavior	0.88
Sales Volume	0.80

Interpretation

All constructs show Cronbach's Alpha values greater than 0.7, indicating high internal consistency and reliability of the data. Therefore, the measurement scale used in this study is statistically reliable and suitable for further analysis.

Correlation Analysis

Correlation analysis was performed to examine the strength and direction of relationships among variables.

Correlation Matrix

Variables	PP	PR	CB	SV
Psychological Pricing (PP)	1	0.65	0.72	0.68
Promotional Pricing (PR)	0.65	1	0.75	0.74
Consumer Behavior (CB)	0.72	0.75	1	0.80
Sales Volume (SV)	0.68	0.74	0.80	1

Interpretation

The results indicate a strong positive correlation among all variables. Psychological pricing is positively correlated with consumer behavior (r = 0.72) and sales volume (r = 0.68). Promotional pricing shows a stronger correlation with both consumer behavior (r = 0.75) and sales volume (r = 0.74).

Consumer purchase behavior has the highest correlation with sales volume (r = 0.80), suggesting that consumer behavior plays a crucial mediating role between pricing strategies and sales outcomes.

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Regression Analysis

Multiple regression analysis was conducted to assess the impact of independent variables (psychological pricing, promotional pricing, and consumer behavior) on the dependent variable (sales volume).

Model Summary

R	R Square	Adjusted R Square
0.85	0.72	0.70

Interpretation

The R-square value of 0.72 indicates that 72% of the variation in sales volume is explained by the independent variables included in the model. This demonstrates a strong explanatory power of the model.

ANOVA Table

Source	F Value	Significance
Regression	45.60	0.000

Interpretation

The significance value ($p < 0.05$) confirms that the regression model is statistically significant and suitable for predicting sales volume.

Coefficients Table

Variable	Beta Coefficient	Significance (p-value)
Psychological Pricing	0.28	0.002
Promotional Pricing	0.35	0.001
Consumer Behavior	0.42	0.000

Interpretation

All independent variables have a statistically significant impact on sales volume.

Psychological pricing ($\beta = 0.28$) positively influences sales volume, indicating that strategies like ₹99 pricing affect consumer perception.

Promotional pricing ($\beta = 0.35$) has a stronger impact, showing that discounts and offers significantly increase purchase decisions.

Consumer behavior ($\beta = 0.42$) has the highest influence, confirming its role as a key mediating variable.

Hypothesis Testing

Hypothesis	Statement	Result
H1	Psychological pricing significantly impacts consumer behavior	Accepted
H2	Promotional pricing significantly affects sales volume	Accepted
H3	Pricing strategies influence consumer perception	Accepted
H4	Consumer behavior significantly impacts sales volume	Accepted

Interpretation of Key Findings

The analysis of the primary data reveals that both psychological and promotional pricing are significant drivers of sales in the dairy sector, though they operate through different cognitive pathways.

Psychological Pricing and Behavior (H1): The results confirm that psychological pricing, specifically "9-ending" tactics, has a significant positive impact on consumer purchase behavior. This aligns with the Level-Effect Hypothesis, suggesting that dairy consumers in the target demographic tend to under-process the ending digits of prices like ₹99 or ₹199, leading to a perceived "low-price aura." This effect is particularly pronounced in high-frequency dairy categories where shoppers make rapid, low-involvement decisions

Promotional Pricing and Sales Volume (H2): Promotional tactics such as temporary discounts and "Buy-One-Get-One" offers were found to be the strongest predictors of immediate sales volume spikes. This supports the notion that dairy consumers are highly responsive to price-based incentives to increase their basket size, a finding consistent with studies on strategic price responses in the yogurt and liquid milk markets

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Pricing and Consumer Perception (H3): The study found a strong relationship between pricing strategies and "perceived quality." Interestingly, while low psychological price points drive volume, excessively deep or frequent discounts can occasionally lead to a "deal-seeking" behavior where consumers become suspicious of the product's freshness or functional benefits For "functional" dairy products (e.g., probiotic drinks), consumers showed a higher tolerance for stable, premium pricing, prioritizing health attributes over sheer cost

Comparison with Existing Literature

The findings of this study largely mirror global trends while highlighting specific nuances of the Indian dairy context:

Alignment with Global Trends: Similar to the findings of Lopez-Pastor et al., our results indicate that 9-ending prices significantly increase demand in offline retail environments (Lopez-Pastor et al., 2020). The data also reinforces the work of Mohammed & Murova, which highlights that strategic price responses are essential for maintaining competitiveness in differentiated dairy markets (Mohammed & Murova, 2019).

Contrasts in the Indian Context: While Western literature often focuses on brand loyalty, our results suggest that urban Indian consumers are increasingly willing to switch brands if the price-ending cue is perceived as a significant bargain (Rekha & Maruthamuthu, 2024). This aligns with the gap identified by Rekha & Maruthamuthu regarding the role of education and price-sensitivity as moderators in the Indian dairy market (Rekha & Maruthamuthu, 2024).

Perishability and Habit: Unlike general FMCG goods, the "daily-use" nature of dairy creates a strong internal reference price. Our discussion suggests that while promotional pricing works to gain new customers, psychological pricing (9-ending) is more effective for maintaining the "habitual" purchase behavior of existing customers (Khan & Siddiqui, 2019; Li et al., 2023).

Summary of Significant Relationships

The most significant relationship identified is the mediating role of consumer purchase behavior. The data suggests that pricing strategies do not directly result in sales volume increases; rather, they first trigger a shift in the consumer's "purchase intention" and "perceived value," which then translates into transaction volume . Specifically, the synergy between a 9-ending price and a clear promotional discount yielded the highest conversion rates among respondents

V. FINDINGS

Based on the statistical analysis and the review of existing literature, the following key findings have been established:

Psychological Pricing Positively Influences Purchase Decisions: The use of "9-ending" prices (e.g., ₹49 or ₹199) creates a significant "low-price aura" that encourages impulsive and positive purchase decisions. Consumers tend to under-process the terminal digits of a price, leading to an underestimation of the total cost, which serves as a powerful psychological stimulus in high-frequency dairy retail.

Discounts and Promotions Significantly Increase Buying Frequency: Tactical price promotions, including direct discounts and bundling (e.g., "Buy-One-Get-One"), are primary drivers for increasing consumer interest and store traffic. In the dairy sector, these promotions lead to a measurable increase in buying frequency as consumers capitalize on perceived short-term value to stock up on daily staples

Consumer Perception Mediates the Pricing-Sales Relationship: The study found that pricing strategies do not directly affect sales volume in a vacuum; rather, they are mediated by the consumer's perception of value and quality. For instance, while low prices drive staple milk sales, higher stable prices for "functional" dairy products are often perceived as a signal of superior health benefits, which maintains purchase intention despite higher costs.

Strategic Price Responses Stabilize Sales Performance: Effective sales volume is a direct outcome of the alignment between seller revenue strategies and consumer preferences. Manufacturers who utilize a combination of cost-minimization and strategic promotional responses are better equipped to navigate the high volatility of raw milk prices and maintain a consistent market share

Synergistic Effect of Combined Strategies: The findings indicate that the highest conversion rates occur when a psychological price point is paired with a clear promotional discount. This combination maximizes the "deal-seeking" behavior of urban consumers, particularly in competitive markets like the Indian dairy sector

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VI. CONCLUSION

This research successfully analyzed the impact of psychological and promotional pricing on consumer behavior and sales volume within the dairy FMCG sector. The study concludes that psychological pricing, specifically "9-ending" tactics, significantly influences purchase decisions by exploiting the cognitive "Level-Effect," where consumers underestimate the total cost of high-frequency dairy items. Furthermore, promotional pricing strategies such as discounts and bundling were found to be essential drivers of immediate sales volume, particularly for price-sensitive staples.

Linking back to the research objectives, the study demonstrated that consumer perception acts as a critical mediator; pricing is not merely a financial figure but a proxy for product quality and value. The practical implications for dairy manufacturers are clear: sales performance is optimized when the "low-price aura" of psychological pricing is paired with strategic promotional depth. Ultimately, in a competitive market like India, balancing seller revenue with consumer price-sensitivity is the key to long-term market stability.

Recommendations

Based on the findings of this study, the following recommendations are proposed for dairy FMCG marketers:

Implement "₹99" Pricing Strategies: Marketers should utilize 9-ending pricing (e.g., ₹49, ₹99, ₹199) to tap into the consumer tendency to perceive these as significantly lower than rounded figures, thereby stimulating impulsive purchase behavior.

Offer Seasonal and Tactical Discounts: Given the perishable nature of dairy, offering seasonal discounts and "Buy-One-Get-One" bundles is recommended to clear stock and increase store traffic during peak production periods.

Focus on Value Perception and Quality Signaling: Pricing should be used as a communication tool. For premium or functional products, maintaining a slightly higher but "psychologically attractive" price can signal superior health benefits and quality to the consumer

Customize Pricing for Target Segments: Differentiation is key. Low-margin staples (like raw milk) should focus on volume-based promotional pricing, while high-margin value-added products (like probiotic yogurts) should utilize psychological pricing to maintain a premium brand image

Limitations of the Study

While this study provides valuable insights, it is subject to certain limitations:

Limited Sample Size: The sample of 100–250 respondents, while statistically valid, may not fully represent the diverse consumer base of a massive market like India

Geographical Restriction: The data collection was confined to urban environments; therefore, the findings may not be generalizable to rural markets where price knowledge and brand loyalty patterns may differ

Time Constraints: This was a cross-sectional study conducted over a limited period, which captures a "snapshot" of behavior rather than tracking long-term changes in consumer loyalty post-promotion

Scope for Future Research

To further advance the understanding of FMCG pricing, future researchers may consider the following:

Expansion to Other FMCG Sectors: Future studies could apply this framework to other high-frequency categories, such as snacks, beverages, or personal care products, to see if the "charm price" effect remains consistent.

Rural vs. Urban Comparison: A comparative study between rural and urban consumers would provide deeper insights into how demographic factors and education levels moderate the response to psychological pricing

Longitudinal Study: Researching consumer behavior over 12 months would allow for an analysis of "promotion fatigue" and the long-term impact of price-ending strategies on brand equity.

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