ACADEMIC RESEARCH PAPER

On **How do pricing strategies, discounts, and promotions affect consumer purchasing behavior and brand loyalty?**

Research Paper by

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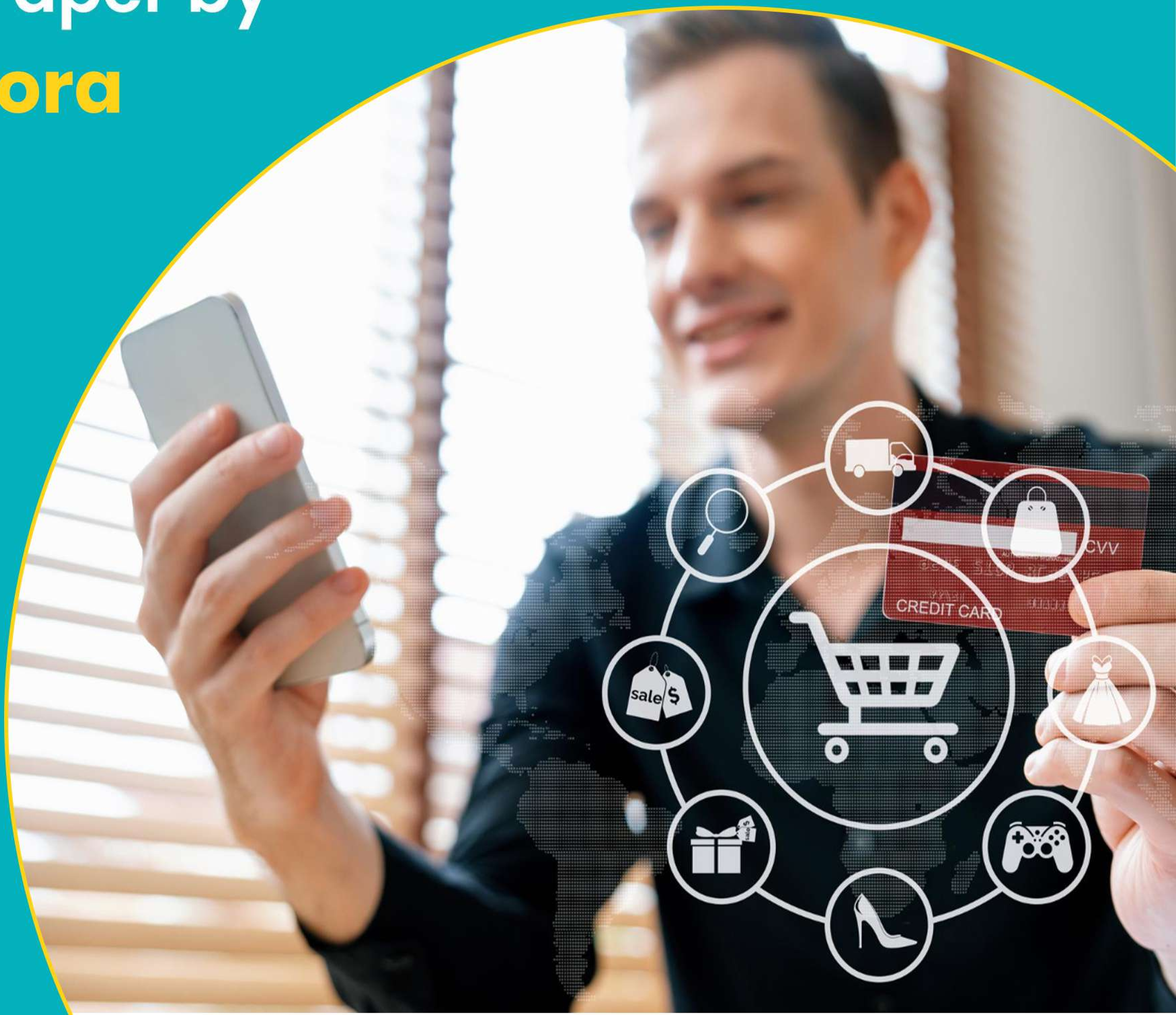


Consumer behavior represents a complex field, including various factors' involvement such as psychological, sociological, and economic influences shaping individual purchasing decisions. Grasping how pricing strategies influence consumer behavior while fostering brand loyalty is vital for businesses aspiring for market competitiveness. Pricing strategies are significant in signalling product quality, swaying consumer perceptions of value, and ultimately affecting their purchasing decisions.
Through strategic price setting, enterprises not solely allure customers but also have the potential to retain them over time by fostering trust and loyalty.
My research explores how diverse pricing strategies (e.g., discounting, premium pricing, psychological pricing) sway consumer behavior and nurture brand loyalty. By investigating how pricing tactics interact with consumer responses, businesses stand to acquire essential insights for leveraging pricing strategies effectively to boost customer relationships and drive enduring success

Businesses have powerful tools to influence consumer behaviour and foster brand loyalty, including pricing strategies, discounts, and promotions. These tactics can significantly impact consumers' perceptions of a brand and their likelihood of purchasing or becoming repeat customers. As Kotler and Armstrong (2021) note, "Price is the one element of the marketing mix that produces revenue; the other elements produce costs. Prices have a direct impact on a firm's bottom line. Price also communicates to the market the company's intended value positioning of its product or brand" (p. 301). By carefully crafting pricing strategies and implementing discounts and promotions, companies can attract customers, encourage purchases, and build solid and lasting relationships with their audience.

In the realm of e-commerce, pricing strategies decide the outcome of the product. Crafting these strategies is quite delicate, for these pricing strategies are the heart of the marketing mix. These prices have a direct impact on the consumer since they are the identity of the product. If the prices are two, the product is premium and makes it more exclusive, and they shape the perspective of the brand's consumer. The consumer's first impression of the product is made by the price. Attracting consumers to the product is another crucial element: discounts and promotions are directly responsible for attracting a significant chunk of a brand's audience. The one-day sale or the illusive buy one get one free offer triggers the consumer to at least have a look being a victim of these strategies, they end up purchasing the product. So these promotions tend to have an impact on the consumers' buying decision; also, at times, the consumer is in fear of missing out on a one-day-only offer and ends up purchasing the goods not out of any use for it but just to not miss on something that may cost them more later on. When a customer enjoys the brand's service of the goods, they are said to be loyal to the brand, which means that irrespective of the difference in price of the brand good and a substitute of that good, they prefer the brand good. This can be achieved by the brand by providing memberships or making the consumer feel exclusive, and value-driven pricing strategies can reinforce brand trust and loyalty.
Price strategies, discounts, and promotions significantly impact consumer purchasing behavior and brand loyalty. Consumer behavior and brand loyalty indirectly influence the demand and supply of goods, affecting market trends. Pricing strategies, discounts, and promotions are crucial to the market and are required by people in markets with high competition.

I will begin with a theoretical analysis.

What is the meaning of Price?

Price is the amount we will give for a product or service. Price is the sum of all the values we give up to benefit from having or using a product. Price is one of the most important factors determining a firm's competitive advantage, market share, and profitability.

In the marketing mix (a combination of marketing tools marketers use to create marketing strategies), there are 4 Ps: Product, Price, Place, and Promotion. As Kotler and Armstrong (2021) note, "Price is the one element of the marketing mix that produces revenue; the other elements produce costs. Prices have a direct impact on a firm's bottom line. Price also communicates to the market the company's intended value positioning of its product or brand" (p. 301). The rest of the factors represent costs. Also, Diamantopoulos (1991) argued that price is the most volatile component in the marketing mix, and many companies do not handle pricing well.

According to a report by CB Insights (2021), 15% of startups fail due to poor pricing issues. Most managers view pricing as a big headache, preferring to focus on other marketing mix elements.

However, intelligent managers use pricing as a key strategy to gain a competitive advantage and capture market share.

The objective of the pricing decision is to determine an adequate price for any product or service. Ideally, it should cover manufacturing costs, marketing costs, and the company's desired profit.

By carefully crafting pricing strategies and implementing discounts and promotions, companies can successfully attract customers, encourage purchases, and build strong, lasting relationships with their customers.

Who is a consumer?

A consumer is the end user or the one who consumes the product, while a customer is involved in the purchase of the product; they may or may not consume the product.

Consumer behaviour studies how individuals (consumers) spend their available resources (time, effort, money) on consumption-related items. It also explores how individuals and groups select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants. Understanding consumer behaviour is crucial because it impacts a firm's success, helps examine the leading influencers, and better predicts how consumers will respond to different pricing strategies.

There are five different buying roles played when purchasing a product:
1. **Initiator:** The one who initiates the purchase process.
2. **Influencer:** Provides information and significantly influences the future of the purchase process.
3. **Decision Maker:** Decides to buy and what to buy; usually the person who pays for the product.
4. **Buyer:** Visits the shop and buys the product.
5. **User:** Uses the product.

There are two main approaches to the consumer behavior of demand. The first approach is the Marginal Utility or Cardinalist Approach. The second is the Ordinalist Approach.

Cardinal Utility Analysis: Human wants are unlimited and vary in intensity. The means at a person's disposal are not only scarce but have alternative uses. Due to resource scarcity, the consumer cannot satisfy all their wants. They have to choose which want to satisfy first and which to satisfy later if resources permit. The consumer is confronted with making a choice.

For example, a man is thirsty, so he goes to the market and satisfies his thirst by purchasing Coca-Cola instead of tea. The consumer buys the commodity because it gives him satisfaction. In technical terms, a consumer purchases a commodity because it has utility for him. Utility is the satisfaction derived by the consumer from consuming the goods.

Ordinal Utility/Indifference Curve Analysis: The indifference curve indicates the various combinations of two goods which yield equal satisfaction to the consumers. The indifference curve analysis approach was first developed by Slutsky, a Russian economist, in 1915. Later, it was developed by J.R. Hicks and R.G.D. Allen in 1928.

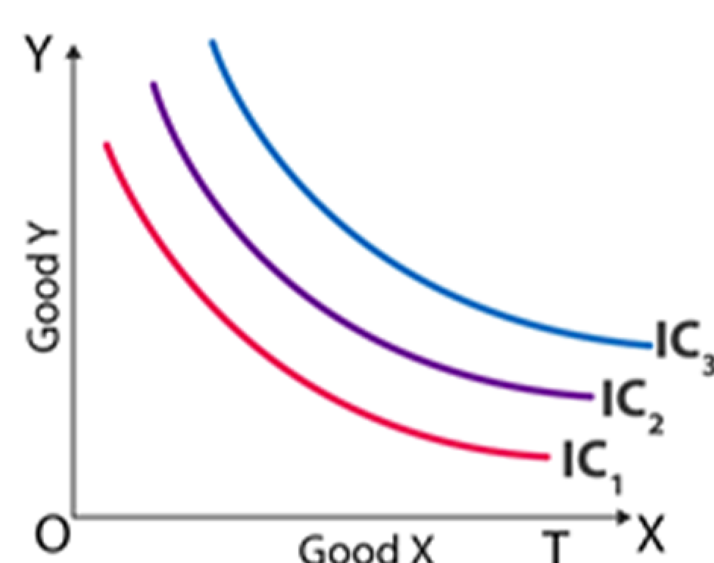


Figure 1: Indifference Map

Businesses have a range of powerful tools at their disposal to influence consumer behavior and foster brand loyalty, including pricing strategies, discounts, promotions, etc. These tactics can significantly impact consumers' perceptions of a brand and their likelihood of making purchases or becoming repeat customers. However, there is a complex relationship between price and consumer behavior.

My paper will examine various factors influencing consumer behavior and provide insights into how companies, sellers, or marketers can effectively leverage pricing strategies to drive sales and capture market share.

Factors Affecting Consumer Behavior and Pricing Decision

The factors are bifurcated into two parts: internal factors and external factors.

Internal Factors: These factors can be controlled by the company and affect consumer behavior regarding pricing. They include:

- Marketing strategy
- Objectives
- Marketing mix
- Other organizational considerations

External Factors: These are factors that cannot be controlled by the company. They include:

- Nature of the market
- Demand
- The Economy
- Other environmental factors

Marketing Strategy, Objectives, and Marketing Mix

Pricing is vital in achieving a company's objectives, including attracting new customers and profitably retaining existing ones. A company can set prices low to prevent competition from entering the market or to push existing competitors out. Prices can also be temporarily reduced to drive high sales, create excitement among customers, and help maintain customer loyalty.

For example, Amazon sells its Kindle Fire tablet at a meagre rate, approximately 40% less than Apple's iPads and Samsung's Galaxy tablets. It recently began targeting families with young kids ages 3 through 8, positioning the Kindle Fire as the "perfect family tablet." With models priced as low as $99 and bundled with Kindle FreeTime, an all-in-one subscription service starting at $2.99 per month that includes books, games, educational apps, movies, and TV shows for kids, Amazon earns most of its money through subscriptions rather than one-time purchases. Thus, its pricing strategy is determined mainly by decisions on market positioning.

To form a consistent and effective integrated marketing mix program, price decisions must be coordinated with product design, distribution, and promotion decisions.

Organizational Considerations

Specific individuals, such as managers, finance managers, and accountants, directly affect pricing in an organisation. Management must decide who within the organization should set the prices. In large companies, prices are set by divisional or product managers. In smaller companies, pricing is directly set by top management.

To better handle pricing, every company, whether small or large, should have a pricing department to set the best prices or assist others in setting them. These departments typically report to the marketing department or top management.

The Market and Demand

Before setting the price for products or services, the seller must understand the relationship between price and demand for the company's product.

Pricing in Different Types of Markets

In economics, there are four types of markets, each representing a different kind of pricing challenge:

I. **Pure Competition:** In this market, there are many sellers and buyers, and no single buyer or seller can affect the prices. In a purely competitive market, pricing plays little or no role. Thus, sellers and buyers in this market do not spend much time on pricing. Sellers sell at the price at which everyone is selling, while buyers buy without thinking much about the price differences.

II. **Monopolistic Competition:** "Monopolistic competition is a market situation in which there are many sellers of a particular product, but the product of each seller is in some way differentiated in the minds of consumers from the product of every other seller" (Leftwich). So, in this market, sellers, in addition to pricing, freely use branding, advertising, and personal selling to set their offers apart. Buyers use internal, external, active, and passive information searches to evaluate the alternatives present in the market.

III. **Oligopolistic Competition:** In this market, there are a few large sellers. For example, in India's telecom industry, there are two leading players: Reliance Jio and Bharti Airtel. Because there are few sellers, each seller is alert and responsive to competitors' pricing strategies and marketing moves. If one company reduces its prices, the other company has no option but to lower its prices as well. If they do not reduce their prices, the former company will capture the market share and force the latter company out of the industry. So, in this case, price becomes a very competitive tool.

IV. **Pure Monopoly:** In a pure monopoly, the market is dominated by a single seller who can affect the prices. The Indian Railway Catering and Tourism Corporation (IRCTC) monopolises railway ticket booking. Since the seller offers no competition in this case, it is free to set any price and achieve the highest profit. The buyers have no option but to buy the products or services at the price offered by the monopolist.

Analyzing the Price-Demand Relationship

The demand for a commodity is related to its price per unit of time. It is the experience of every consumer that when the price of commodities falls, they are tempted to purchase more, and when the price rises, the quantity demanded decreases. There is thus an inverse relationship between the price of the product and the quantity demanded. Economists have named this inverse relationship between demand and price the *law of demand.*

Figure 2: A Demand Curve

Professor Samuelson states, "The law of demand states that people will buy more at lower prices and buy less at higher prices, other things remaining the same."

Price Elasticity of Demand

The law of demand does not indicate how much the quantity demanded will fall with a rise in price or how responsive demand is to the increase in price. Economists measure the quantity demanded in response to a change in price using the concept of **elasticity of demand.**

Price elasticity of demand measures the degree of responsiveness of the quantity demanded of a good to a change in its price. It is also defined as: "The ratio of proportionate change in the quantity demanded caused by a given proportionate change in price."

Symbolically, price elasticity of demand is expressed as:

Ed=Percentage change in the quantity demanded/Percentage change in price

For example, if there is a 10% rise in the price of tea and it leads to a reduction in its demand by 20%, the price elasticity of demand will be:

$Ed = -20\% / 10\% = -2.0$

A decline of 1% in price leads to an 10% increase in the quantity demanded of a commodity. In such a case, the demand is said to be **elastic.** Sellers will try to lower the price to capture the market share and produce more revenue. On the other hand, there are products where the quantity demanded is relatively unresponsive to price changes. A decline of 10% in price gives rise to a 1% increase in the quantity demanded; demand here is said to be **inelastic.**

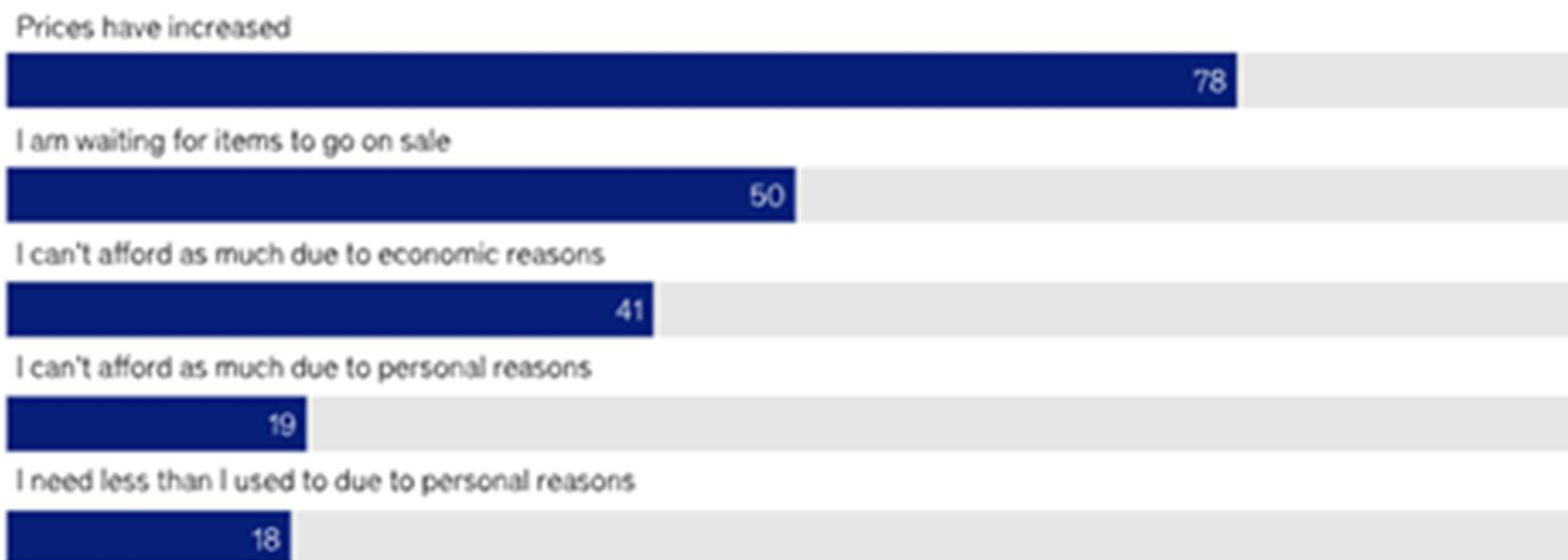
In 2019, Netflix increased the price of its subscription plans. Despite the increase, the company did not lose many subscribers, probably due to its loyal customer base and better services, and it continued attracting new subscribers. This suggests that the demand for Netflix's streaming service is inelastic, as subscribers are willing to pay higher prices for the content they value.

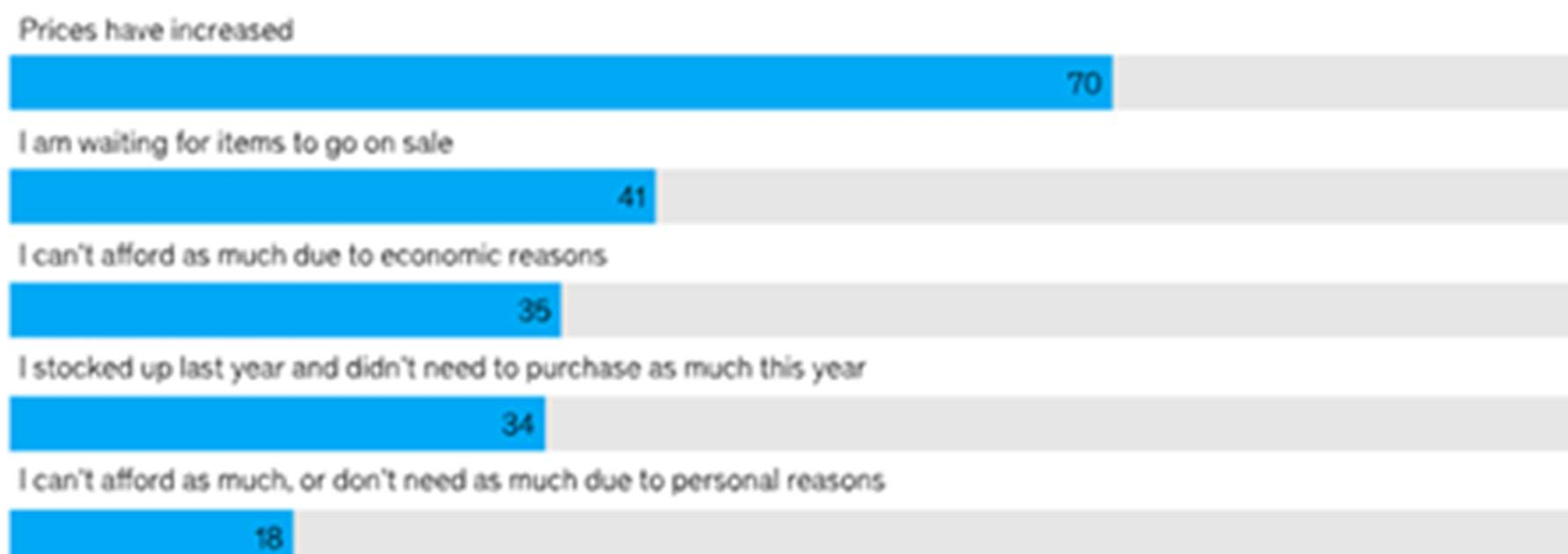
The Economy

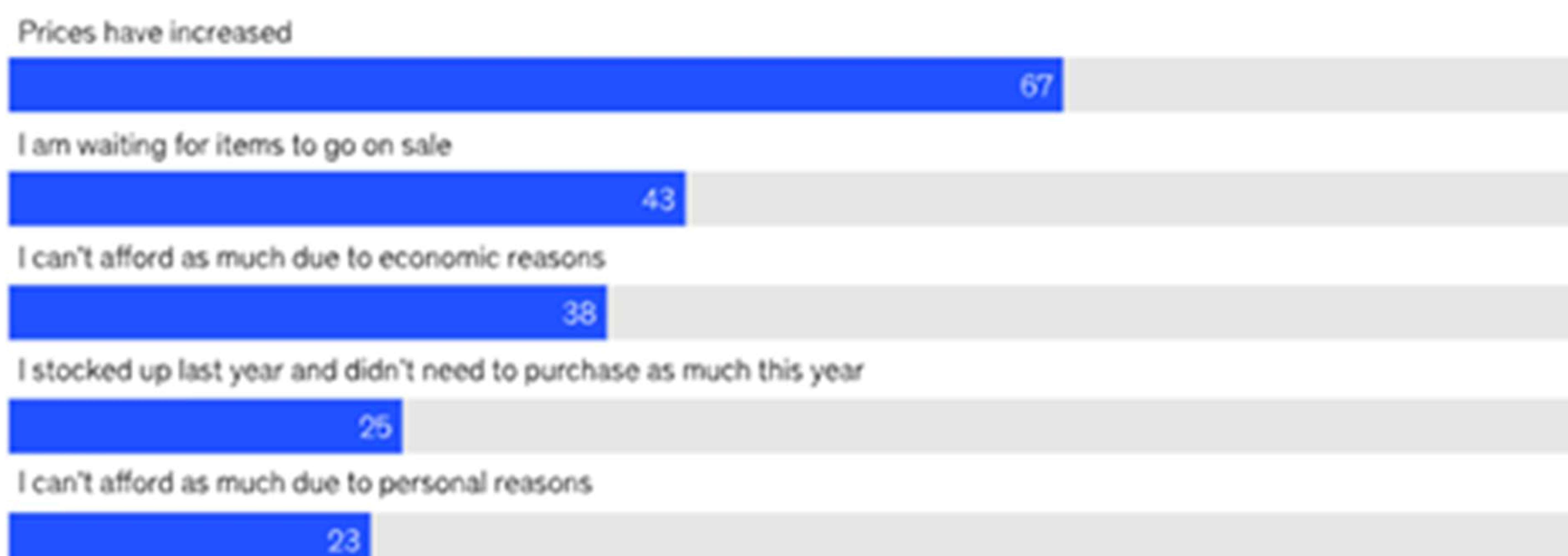
Economic conditions have a powerful impact on a firm's pricing strategy. Economic conditions such as boom or recession, inflation, and interest rates affect pricing decisions because they affect consumer spending, consumer perceptions of the product's price and value, and the company's production costs.

In a situation of inflation, the price of the product rises, which, according to the law of demand, leads to a decrease in consumer demand and a decrease in the company's profitability. Conversely, in the case of expansionary fiscal policy by governments, such as a reduction in taxation, consumers' disposable income increases, allowing them to buy more products. Demand increases, and ultimately, the profitability of the company increases.

A survey conducted by McKinsey and Company (2023) found that increased prices were the number one reason consumers were buying fewer items in personal care, household products, and groceries. The same case has also been observed in subcategories such as dairy products, snacks, beverages, and fresh and prepared foods.







Source: Mckinsey ConsumerWise Community Survey, Dec 2023; n = 1,010; respondents aged 18-74; data not weighted to US population

In the case of grocery, 78% of the consumers who reduced their purchases said they did so because of increased prices. 50% of the consumers reduced the number of items because they were waiting for them to go on sale so they could buy them at a discount. 41% of the consumers did so due to economic reasons. 19% of the consumers said they couldn't afford to spend much due to personal reasons, while 18% said they needed less than they used to due to personal reasons. We can see the same trend in personal care as well as households. This explains how uncertainty over the future and the economy can decrease the number of purchases consumers are making. As the economy improves, consumers may again increase the number of purchases. But remember, even in tough economic conditions, consumers do not buy based solely on prices; they balance the price they pay against the value they receive in return.

For example, despite selling its shoes at lower prices, Nike commands the highest consumer loyalty of any brand in the footwear segment. Consumers perceive the value of Nike's products and the Nike ownership experience to be well worth the price. Thus, no matter what price they charge, low or high, companies need to offer great value for the money.

Other External Factors

Apart from the factors discussed above, there are other factors that companies must consider before making their pricing strategy. They must understand how their prices will impact other parties in the environment, whether positively or negatively. They need to anticipate how competitors will react to various price changes.

The government is another important factor that influences pricing decisions. In India, the Competition Commission of India (CCI) regulates the market and monitors companies to ensure they do not abuse their dominant power. Companies cannot sell products at very low prices to gain an unfair competitive advantage and push competitors out of the market. The CCI provides a level playing field for all companies.

Pricing Strategies and How They Influence Consumer Behavior

There are three major pricing strategies: customer value-based, cost-based, and competition-based.

Customer Value-Based Pricing In this method, sellers set prices based on buyers' perceptions of value rather than the manufacturing costs incurred by sellers. First, the company identifies customers' needs and value perceptions. It then sets its target price based on customer perceptions of value. After setting the price, the company decides what money can be spent on producing the product or offering the service. In this method, the target price drives the manufacturing cost, whereas generally, the cost drives the selling price.

This can be explained as follows: Suppose you are visiting a 5-star hotel. You can easily calculate the cost of ingredients in a dish, but calculating the value of other measures of satisfaction, such as taste, environment, relaxation, conversation, and status, is very hard. These values are subjective and vary between consumers and situations.

Luxury brands often leverage this strategy to position their products as premium. The best example of the successful implementation of customer value-based pricing is Apple. Apple is a prototypical premium pricer. Whether it is an iPhone, iPad, Mac laptop, or Apple Watch, customers pay more for an Apple product than for competing devices—a lot more. For Apple, success has never been about low prices. Instead, it has been about the Apple user experience. Apple creates life-feels-good experiences. Apple customers are willing to pay more because they believe the value they receive is well worth the higher price.

Luxury fashion brands like Louis Vuitton and Gucci are renowned for their high price tags, which contribute to their perceived prestige. These brands represent status and image of exclusivity, which make consumers willing to pay more. Similarly, luxury car manufacturers like Rolls Royce and Bentley employ pricing to position themselves as symbols of success and wealth. Their higher prices reflect the craftsmanship and quality of their vehicles and enhance the perception of exclusivity and social status associated with owning one.

Cost-Based Pricing This method is simple: set the price of the product or service based on the costs of producing, distributing, and selling the product plus a fair rate of return for the efforts, risks, and the value provided. Companies like Walmart or Spirit Airlines work to become low-cost producers in their industries. Reliance Jio, a telecom company, provides services at a very cheap rate, making competitors exit the market.

Cost-based pricing is by far the most common pricing strategy because of its simple calculation and its foundation on the costs. However, there are some drawbacks to this method. The exclusive circumstances where this kind of pricing operates and profit maximization occur are described by average costs remaining fairly stable through time and at any point on the demand curve (e.g., Lilien and Kotler, 1983, pp. 809–858; Nagle and Holden, 1995). Unfortunately, these conditions rarely happen. Cost-plus pricing also ignores information about consumer behavior and the competitive environment, which turns out to be another weakness.

Competition-Based Pricing This method involves setting prices based on competitors' strategies, costs, prices, advertisements, and market offerings.

If consumers perceive that the company's product or service provides greater value relative to competing products, the company can charge higher prices. Conversely, if consumers perceive less value, the company must either charge a lower price or change customer perceptions to justify a higher price.

For example, in highly competitive industries like the airline sector, companies often set prices in response to the pricing strategies of their competitors. If one airline lowers its fares, others might follow suit to maintain their market share. Alternatively, a company might differentiate its services to justify a higher price, such as offering additional amenities or superior customer service.

Price Adjustment Strategies

From time to time, companies adjust their basic prices according to changes in consumer demand, needs, situations, and perceptions. Here, we will discuss five price adjustment strategies:

Discount and Promotional Pricing

Discounts mean reductions in the selling price of products or services. Most companies use this method to reward customers for certain behaviors, such as paying bills early, making volume purchases, buying in the off-season, or during special occasions like festivals to boost sales.

When a discount is given on certain goods or services, it is expected that consumer demand will increase, leading to higher sales and ultimately increased profitability for the company.

In promotional pricing, companies keep their prices below the list price and sometimes below the cost price for a short period, creating excitement and urgency among customers.

For example, TVs and other consumer electronics are promotionally priced in November and December to attract holiday shoppers into stores. Limited-time offers, such as online flash sales, can create buying urgency and make

buyers feel fortunate to have gotten in on the deal.

Discounts and promotions are directly responsible for attracting a significant portion of a brand's audience. The one-day sale or the elusive "buy one, get one free" offers trigger consumers to at least look at the product, and often, they end up purchasing it. These promotions tend to have a significant impact on consumers' purchasing decisions. Sometimes, consumers, fearing they might miss out on a one-day-only offer, purchase goods not out of immediate need but to avoid potential future costs.

When a customer enjoys the service or goods of a brand, they are more likely to remain loyal to that brand. This means that regardless of the price difference between the brand's product and a substitute, they prefer the brand's product. Brands can achieve this loyalty by providing memberships, making the consumer feel exclusive, and employing value-driven pricing strategies that reinforce brand trust and loyalty.

Segmented Pricing:

In segmented pricing, the company sells products or services at two or more prices, even though the price differences are not based on the differences in costs. For example, museums, movie theatres, and retail stores may charge lower prices for students or senior citizens. Microsoft also sells Microsoft 365 at three different prices. It charges different amounts depending on whether one purchases it for home, business, or enterprise use. They also give discounts to students. So, the differences in prices are based on the type of consumers.

Psychological Pricing:

In psychological pricing, a company uses the psychology of prices to influence consumer behavior. It involves leveraging consumers' cognitive biases and perceptual heuristics to influence their pricing decisions. For example, when we cannot judge the quality of a product or service due to a lack of information or skills, we generally perceive higher-priced products as having higher quality.

Another aspect of psychological pricing is reference pricing, which refers to the prices that customers carry in their minds and refer to when looking at a given product. The reference price is formed by noting the current prices, demand and supply, remembering past experiences, or assessing the buying situations. Sellers can influence consumer behavior by using reference prices.

Even slight differences in prices can signal product differences and influence consumer behavior. A 9 or 0.99 at the end of a price often signals a bargain. We can see such prices almost everywhere. For example, when we browse online sites such as Amazon, Flipkart, Myntra, etc., nearly every price ends in 9. In contrast, high-end retailers might favor prices ending in whole numbers like $6, $25, or $200. Others use 00-cent endings on regularly priced items and 99-cent on discount merchandise.

Although the actual price difference may be slight, the impact of such a price on consumer behaviour may be significant. Some psychologists even argue that each digit from 0 to 9 has symbolic and visual qualities that should be considered when pricing decisions. For example, 8 is round and even, creating a soothing effect, whereas 7 is angular and jarring.

Dynamic and Online Pricing

As the name suggests, dynamic pricing involves companies adjusting prices frequently to meet the characteristics and needs of individual customers and situations. Dynamic pricing offers many advantages to companies. For example, companies like Amazon, Flipkart, and Apple can mine their databases to gauge a specific shopper's desires, measure their means, check out competitors' prices, and instantaneously tailor offers to fit that shopper's situation and behavior, pricing products accordingly.

If dynamic pricing is done well, it can help sellers optimize sales and better serve customers. However, if done poorly, it can trigger margin-eroding price wars and damage customer relationships and trust.

Price Anchoring: Price anchoring is a technique that involves presenting a high-priced product alongside a lower-priced product to make the former appear expensive and the latter more attractive and reasonable. The presence of the higher-priced product serves as an anchor, making the lower-priced product seem like a better deal.

Crafting these strategies is quite delicate since pricing strategies are at the heart of the marketing mix. These prices have a direct impact on the consumer as they are the identity of the product. If the prices are high, the product is premium, making it more exclusive and shaping the consumer's perception of the brand. The price is the consumer’s first impression of the product.

From the above discussion, consumer behavior is influenced by a multifaceted decision-making process, which includes stages such as problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase evaluation. In the post-purchase decision stage, consumers may be satisfied (when consumer expectation = product performance), dissatisfied (when consumer expectation > product performance), or delighted (when consumer expectation < product performance).

Each stage is affected by personal, social, cultural, psychological, and marketing factors, demonstrating the complexity of predicting and influencing consumer actions.

Personal factors, essentially demographics such as age, occupation, income, education, and lifestyle choices, strongly influence a consumer's buying behavior. These factors dictate how consumers perceive products and brands, affecting their purchasing choices. For example, environmentally conscious consumers are likelier to choose sustainable products, whereas those seeking luxury may opt for high-end brands.

Social factors consist of reference groups and family. Reference groups primarily comprise people with whom consumers interact regularly, and consumers look for approval from this group. The desire for social acceptance and conformity can lead individuals to mimic the purchasing behaviors of their social circles. This underscores the importance of leveraging social proof and influencer marketing to sway consumer choices effectively.

Cultural factors encompass the totality of values, beliefs, ethics, norms, and rituals that are prevalent in a specific group of people at any particular point in time. These factors influence how consumers perceive and interact with products and brands. Companies must consider cultural differences and localize their marketing strategies to resonate with diverse consumer bases, ensuring relevance and acceptance across different cultural contexts.

Psychological factors refer to the internal self of any consumer. These factors influence their behavioral patterns, including purchase decisions.

Marketing stimuli, including advertising, branding, pricing, and promotions, are critical in influencing consumer behavior. Marketers use these tools to create awareness, generate interest, and stimulate demand. Effective marketing campaigns are those that leverage deep consumer insights to craft targeted messages that resonate with the intended audience, thereby driving engagement and conversions.

Price is a crucial determinant of consumer behavior. It directly impacts consumers' perceptions of value and affordability. Various pricing strategies, such as customer value-based pricing, cost-based pricing, and competition-based pricing, influence consumers' willingness to pay and their purchasing decisions. Additionally, discounting, promotions, and psychological pricing tactics like pricing ending in .99 can significantly affect consumers' perceived value and urgency to purchase.

Research into consumer behavior indicates that strategies about pricing assume a crucial role in forming brand loyalty. As elucidated by, transformative branding facilitated through adaptive pricing mechanisms has the potential to contest entrenched social paradigms while also encouraging stakeholder co-created brand interpretations. When socio-environmental aspects are integrated into pricing strategies, companies are positioned to synchronize their brand values with those prevalent in society, hence driving changes within both market and social frameworks. Furthermore, (L. Ferrell, 2021) accentuates the relevance of macromarketing in gaining insight into the interaction between marketing and society, highlighting the extensive ramifications of

pricing strategies on societal welfare and ethical considerations. This accentuates the pivotal role of pricing not merely as a means of generating revenue but as a medium for cultivating enduring brand loyalty by connecting with consumers' evolving values and preferences. By judiciously employing pricing strategies that mirror consumer values and advocate for societal welfare, brands can forge deeper bonds with their intended audience and nurture sustained loyalty.

External factors such as economic conditions, market dynamics, and government regulations also influence consumer behavior. Economic factors like income levels, employment rates, inflation, and interest rates determine consumers' purchasing power and spending patterns. Market dynamics, including competition and technological advancements, shape consumer preferences and choices. Government regulations, such as consumer protection laws, ensure market fairness and influence consumer trust in products and brands.

Across this analysis concerning how pricing methodologies influence customer actions and brand allegiance, exploring promotional sales tactics, cited in (Giorgi Kazishvili, 2023), reveals the complex equilibrium between immediate sales uplifts and possible threats to brand perception. The scrutiny focuses on the shifting terrain of customer-centric sales activation practices employed by firms, highlighting the need to comprehend the pros and cons of such methods. Moreover, the probe into nostalgia advertising, as noted in (Boyi Chen, 2023), demonstrates the significant effect of eliciting consumer emotions through retro elements in modern branding strategies. By examining actual case examples such as the retro wave sparked by Stranger Things and KFC China's nostalgic initiative, this research accentuates the persistent allure of nostalgia in enhancing consumer involvement and brand loyalty. In conclusion, the amalgamation of these insights underscores the essential part pricing strategies play in moulding consumer behavior and encouraging brand loyalty in the current competitive market environment.

Hence, understanding consumer behavior involves recognizing the myriad factors influencing consumer decisions. Businesses that gain deep insights into these factors can craft targeted marketing strategies, optimize their product offerings, and build stronger customer relationships. Adapting to the evolving consumer landscape is crucial for maintaining competitiveness and achieving long-term success in the market.

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