AN EMPIRICAL STUDY OF CONSUMER BUYING PATTERN ON THE EFFECT OF PRICE SENSITIVITY: AN ANALYSIS OF FAST MOVING CONSUMER GOODS

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CERTIFICATE

This is to certify that "*An Empirical Study of Consumer Buying Pattern on the Effect of Price Sensitivity: An Analysis of Fast Moving Consumer Goods"* by Vanlalhruaii Leivang has been written under my supervision.

She has fulfilled all the required norms laid down under Minimum Standards and Procedure for Award of M.Phil/Ph.D. of UGC Regulations 2018. The thesis is the result of her own investigations. Neither the dissertation as a whole nor any part of it was ever submitted to any University for any research degree. She has also published research papers in the refereed journals which is mandatory prior to submission of PhD thesis under the said UGC Regulations 2018.

(Prof. L. S. SHARMA)

Supervisor

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LIST OF ABBREVIATIONS

Sl. No.	ACRONYM	Description
1	AGP	Attitude Towards Green Products
2	AI	Artificial Intelligence
3	AISAS	Attention Interest Search Action Share
4	ANOVA	Analysis of Variance
5	AVE	Average Variable Extracted
6	CBB	Compulsive Buying Behaviour
7	CFA	Confirmatory Factor Analysis
8	CFI	Comparative Fit Index
9	CL	Customer Loyalty
10	CLSC	Closed Loop Supply Chain
11	COVID	Coronavirus Disease
12	CR	Composite Reliability
13	CRM	Customer Relationship Management
14	CS	Customer Satisfaction
15	CSR	Corporate Social Responsibility
16	DOI	Diffusion of Innovations
17	EC	Environmental Concern
18	FMCG	Fast Moving Consumable Goods
19	GDP	Gross Domestic Product
20	GPI	Green Purchase Intention
21	HTMT	Heterotrait-Monotrait
22	IBP-CPH	Identify Buying Patterns from Consumers' Purchase History
23	IBT	Intended Behavioural Theory
24	INR	Indian Rupee
25	KPI	Key Performance Indicator
26	NCR	New Capital Region
27	OTC	Over The Counter
28	PCE	Perceived Consumer Effectiveness
29	PDB	Power Distance Belief
30	PEK	Perceived Environment Knowledge
31	PLS-SEM	Partial Least Square Structural Equation Modeling
32	PS	Price Sensitivity
33	PV	Perceived Value
34	RMSEA	Root Mean Square Error of Approximation
35	RNN	Recurrent Neural Network
36	SC	Switching Costs
37	SD	Standard Deviation
38	SEM	Structure Equation Model

39	SERVQUAL	Service Quality
40	SES	Socio Economic Status
41	SKU	Stock-Keeping Unit
42	SOR	Stimulus-Organism-Response
43	SQ	Service Quality
44	TAM	Technology Acceptance Model
45	TLI	Tucker-Lewis Index
46	TPB	Theory Of Planned Behaviour
47	UK	United Kingdom
48	US	United States
49	WLS	Weighted Least Squares

CHAPTER 1

INTRODUCTION

This chapter covers the introduction of prices, price sensitivity, consumer behaviour, fast-moving consumer goods, price and its effect on fast-moving consumer goods, social factors, north-eastern states of India, problem definition, practical and theoretical significance, objectives, hypotheses, research methodology, sources of information, data collection methods, sampling methods, sample size, statistical techniques, and the chapter plan of the study.

1.1   Introduction

Price has its origins in the basic principles of economics and trade (Marshall, 2009). Prices are essentially the numerical representation of the value of a good or service in a market economy. The concept dates back to ancient times, when exchange was the most important method of trading, and eventually evolved into a system in which goods and services were assigned specific values. The modern understanding of prices as a reflection of supply and demand dynamics emerged during the industrial revolution, as markets became increasingly complex. Economists such as Adam Smith and David Ricardo further developed theories of pricing mechanisms and thus laid the foundation for modern economic thinking (Stirati, 1994).

Today, prices play a critical role in determining resource allocation, consumer behaviour, and overall market efficiency. The concept is very important in various aspects of our daily lives. Prices play a crucial role in determining the value of goods and services on the market and influence consumer behaviour and market trends. Understanding price fluctuations can provide insights into economic conditions and help individuals make informed buying decisions. Prices also serve as a mechanism for efficient allocation of resources in a market economy that balances supply and demand (Feldstein, 1997). In addition, price levels can influence inflation rates, interest rates, and overall economic stability. In essence,

the importance of price goes beyond simple transactions and shapes the dynamics of markets and economies on a wider level.

The price is an essential marketing tool that can have a direct or indirect effect on customer buying behaviour (Lichtenstein, Ridgway & Netemeyer, 1993). It also has an important impact on the turnover and profitability of companies. The hardest decisions most companies have to make is pricing a product or service because not every customer is willing to pay the same price (Lichtenstein, Ridgway & Netemeyer, 1993). If the cost of a product increases, current customers may intend not to buy the product or service again and switch to another brand. If the price drops sharply, it may weaken consumers' perception of the quality of the product, and the company will also be unable to cover their costs. The study focuses on the importance of price, which influences consumer intent and buying behaviour in connection with fast-moving consumer goods.

Price sensitivity is the difference in how each individual consumer reacts to certain price level changes. Each customer will have a certain acceptable price range and set limits in their perception of which price should be within their price range. The factors that influence consumer price sensitivity include customer satisfaction, customer loyalty, service quality, perceived value, and switching costs. Price sensitivity is one of the most important elements that influence the company's pricing strategy (Dominique-Ferreira, Vasconcelos & Proença, 2016). Customers use advertising, newspapers, colleagues, opinion leaders, family members, and social networks to learn about product and service alternatives, features, benefits, prices, and features. Consumers are sensitive to prices because they want to get the most value and the best deals in exchange for their money and time. In other words, price sensitivity can influence whether or not consumers actually comply with their intent to promote sustainable products. Price sensitivity, together with other factors such as government and media reports, can significantly influence consumers' perceptions and attitudes towards the environment and products (Dominique-Ferreira, Vasconcelos & Proença, 2016). Price discrimination means that the practice of charging different prices to

different customers is the basis for the same product or service. This strategy is often adopted by companies to increase their profits by dividing the market based on clients' willingness to pay. By adjusting prices to different customer segments, companies can get more benefit from those who want to Pay higher prices and attract the attention of price-sensitive customers at the same time. Price discrimination can take various forms, such as first-degree (each customer is charged the maximum willingness to pay), second-degree (different price levels), and third-degree (setting different prices depending on customer demographics or location) (Armstrong, 2008). This is a common practice in industries such as airlines, hotels, and entertainment companies where demand fluctuates.

Consumer behaviour refers to analysing how people or groups select, buy, and use products, services, and experiences to meet their needs and wants. It studies the decision-making process that buyers go through when buying products or services. Consumer behaviour is crucial for companies because it helps them adapt their marketing strategies to the wants, needs, and preferences of the target audience (Fennell, 1978). Factors such as cultural, social, personal, and psychological influences all play a role in shaping consumer behaviour. By analysing consumer behaviour, companies can gain insights into what influences buying decisions and how they can effectively connect with their customers. Consumer behaviour involves understanding factors that influence purchasing decisions, such as psychological, social, and economic influences. Marketers often analyse consumer behaviour to tailor their products and marketing strategies to target consumers' wants, needs, and preferences. This area also explores how consumers search for information, evaluate alternatives, and make decisions based on their perception and attitudes about products or services.

Fast moving consumer goods (FMCG) are products that have a short shelf life, relatively low costs, a low profit margin, and high sales figures. They are popularly referred to as packaged consumer goods. The Indian FMCG sector is the fourth-largest sector with a total market volume of 13.1 billion US dollars in the economy. It consists of household goods and personal care products, which

account for 50% of FMCG sales in India (Dongre, 2022). The most important growth drivers are fluctuating lifestyles, rapid change in consumer habits and consumer awareness, and accessibility. Fast-moving consumer goods (FMCG) are of general importance due to their important role in everyday life. These products are critical as they are items that are frequently purchased, such as Foods, beverages, toiletries, and household products. FMCG play an important role in meeting basic needs and improving the quality of life of people around the world. Because of their constant demand and widespread consumption, they make a significant contribution to promoting economic growth and stability. The FMCG sector makes an important contribution to employment opportunities and plays a central role in the global supply chain (Manders, Caniëls & Paul, 2016). In addition, because of their accessibility and affordability, FMCGs are essential when it comes to providing convenience and comfort to consumers from diverse populations. In essence, the importance of fast-moving consumer goods lies in their omnipresent presence and their impact on daily life.

The study of price and its impact on fast-moving consumer goods (FMCG) has several general effects. First, pricing strategies can significantly influence consumers' buying behaviour, as price sensitivity varies across population groups. When companies understand this relationship, they can optimize their pricing to maximize revenue and market share. In addition, price changes can have an impact on brand perception. Higher prices may indicate premium quality, while lower prices may attract price-conscious consumers. This dynamic can impact brand loyalty and customer loyalty. In addition, the analysis of price effects can serve as a basis for advertising strategies such as discounts or bundling, which can lead to short-term sales increases. It also plays a critical role in inventory management, as price adjustments can help manage inventory effectively. Finally, the effects also extend to competitive position, as companies must consider competitors' pricing in order to remain relevant in the market. Overall, a thorough study of the price effects in the FMCG sector can lead to more informed decisions and strategic planning (Nijssen, 1999).

Social factors refer to the influences that society and social interactions have on individuals and groups (Becker, 1974). These factors may include aspects such as culture, family, education, social class, and community networks. They play an important role in shaping behaviours, attitudes, and opportunities. For example, a person's social environment can influence their access to resources, their health outcomes, and their overall well-being. In addition, social factors can influence economic conditions, political stability, and social cohesion within a community. By analysing social aspects Factors, researchers, and policy makers can develop strategies to address social issues and improve the quality of life.

The five social factors that influence price sensitivity are customer satisfaction, customer loyalty, service quality, perceived value, and switching costs. Customer satisfaction is defined based on customer reviews of their experience with a service or product (Ramirez & Goldsmith, 2009). Customer satisfaction is an emotional response based on meeting consumers' pre-purchase expectations, regardless of whether or not expectations of actual post-purchase service can be adjusted. The concept of customer loyalty is closely linked to customer satisfaction (Gronholdt, Martensen & Kristensen, 2000). Customer loyalty is a positive correlation between customer and company. Customer loyalty results from customer satisfaction, positive experience, and the overall value of the goods or services they receive from a company. Try to attract loyal customers by providing a customer with the level and type of service that exceeds or meets their expectations. A service is a task offered to the other party by the other party, which is basically intangible, does not own the product, and the creation may or may not be related to the physical product. Service quality is measured by comparing the services provided with customer expectations. Service quality is the comparison of customer expectations with their actual perception of service performance. The four characteristics of service are 1) inviolability, 2) heterogeneity, 3) inseparability and 4) transience (Luiz Corrêa *et al.*, 2007). Perceived value by consumers is their own perception of the effectiveness of a product or service they have received compared to a competitor. The value perceived by the customer is the way the customer evaluates the product or service

compared to other similar products. Perceived value is important because it affects how marketers promote and price their goods. Switching costs can be defined as lost time, money, and workload when switching from one service provider to another. These are the costs that a consumer is willing to pay more or less for a change of brand, supplier, or product. It can be time-dependent, monetary, psychological, and exhausting. Conversion costs are the basis for the company's competitive advantage and pricing power.

1.1.a   North-Eastern States of India

The north-eastern states of India refer to the region in the northeast of the country, which comprises eight states known for their unique culture, diverse ethnic groups, and picturesque landscapes. This concept dates back to India's historical and geographical development, where these states were recognized as an independent region due to their location and cultural differences from the rest of the country (Dikhit & Dikhit, 2014). The north-eastern states have a rich history of indigenous tribes, languages, and traditions that have shaped their identities over the centuries. It underlines how important it is to recognize and preserve the cultural heritage and natural beauty of this region. It is a reminder of the need to promote inclusivity and understanding for the diverse communities that call the Northeast home. It also highlights the region's strategic importance in terms of border security, international relations and economic development for India. The north-eastern region of India consists of eight states known for their diverse cultures, landscapes, and indigenous communities. These states are Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, and Sikkim. The region is known for its lush greenery, rich biodiversity and unique traditions. Each state has its own identity and contributes to India's cultural fabric. The north-eastern states of India are often characterized by their unique traditions, languages, and cuisines. The area is also known for its biodiversity with lush forests, hills and rivers that are home to a wide variety of flora and fauna. The north-eastern states play an important role in India's cultural fabric and are popular destinations for

tourists seeking off-the-beaten-path experiences (Baruah, 2020).

Mizoram is one of the states in the northeast of the country, known for its scenic beauty and rich cultural heritage. Aizawl is the capital of the state. The name "Mizoram" is derived from the words "Mizo," which means the people of the hill, and "Ram," which means land, which translates as "land of the Mizos" (Singh, 2010). The state has a predominantly tribal population with a unique history and traditions. Mizoram became the 23rd state of India on February 20, 1987, following years of struggle for independence and autonomy (Singh, 2010). The state has a mostly tribal population with a unique history and traditions. Mizoram became the 23rd state of India on February 20, 1987 after years of struggle for independence and autonomy (Singh, 2010). Today Mizoram is known for its lush greenery, lively festivals, warm hospitality, diverse tribal culture and unique cuisine. Mizoram has a mostly Christian population and is famous for its traditional bamboo dance called "Cheraw" (Lalthangliana, 2005). Mizoram borders several other states such as Assam, Manipur and Tripura, as well as neighbouring Bangladesh and Myanmar. Mizoram is also known for its crafts, hand looms, and traditional music, making it a culturally rich and diverse region in India. With its diverse flora and fauna, picturesque landscapes, and vibrant traditions, Mizoram has become a popular destination for tourists seeking an authentic experience (Bhutia, 2020). Tourism plays a crucial role in boosting Mizoram's economy. As the government focuses on developing the fishing sector, Mizoram also strives to use its natural land, water, and fish resources to not only increase food production and achieve self-reliance in fish needs, but also to create employment opportunities and promote leadership, team building, and entrepreneurial skills among the population (Bhutia, 2020).

Meghalaya is native to the north-eastern region of India. Meghalaya, which means "abode of clouds" in Sanskrit, is a state known for its scenic beauty, lush greenery, and unique culture. It was originally part of Assam before becoming an independent state in 1972 (Jeeva, Laloo & Mishra, 2006). The state is mostly inhabited by tribal communities such as the Khasis, Garos, and Jaintias, each with

their own traditions and languages. Meghalaya is famous for its living root bridges, which are handmade from the roots of rubber trees by local Khasi and Jaintia tribes (Bhutia, 2020). The state's capital is Shillong, which is often referred to as "Scotland of the East" due to its picturesque landscapes and pleasant climate. Meghalaya is also known for its annual Wangala monsoon festival, which is celebrated by the Garo tribe on the occasion of harvest season. Meghalaya is a state in north-eastern India. It is known for its scenic beauty with lush green landscapes, waterfalls, and unique living root bridges. The state has a mostly tribal population with diverse cultures and traditions. Meghalaya is a state in north-eastern India and shares its international border with Bangladesh. This state is home to various indigenous tribes and cultures, which contributes to its rich cultural heritage. Meghalaya is also known for its agriculture with a significant A portion of the population was engaged in activities such as agriculture and horticulture (Jeeva, Laloo & Mishra, 2006). Overall, Meghalaya is a fascinating destination that offers a mix of natural beauty, cultural diversity, and traditional practices.

Nagaland, the land of Naga tribes is one of the states of the north-eastern region of India. Nagaland is known for its diverse culture and vibrant tribal communities. It became the 16th state of India on December 1, 1963 (Singh, 2010). Nagaland is known for its rich history and is often referred to as the "Switzerland of the East" due to its picturesque landscapes and pleasant climate. The state is also famous for its Hornbill Festival, which showcases the cultural heritage of the Naga tribes. Nagaland's capital is Kohima, a city with historical significance due to its role in World War II (Glancey, 2011). Nagaland is a state in north-eastern India known for its diverse culture, vibrant festivals, and beautiful landscapes. The state is home to various indigenous tribes, each with their own traditions and customs. Nagaland is also famous for its traditional crafts, particularly its intricate hand-woven textiles and wood carvings. It is known for its diverse culture, rich heritage, and breathtaking landscapes. As part of India's north-eastern region, Nagaland borders other states such as Assam, Manipur, and Arunachal Pradesh and shares its international border with Myanmar (also known as Burma). It's a country of

lively festivals, traditional crafts, and delicious cuisine. People in Nagaland are very proud to preserve their cultural traditions and present them at various festivals such as Hornbill Festival, which is a major tourist attraction (Bhutia, 2020). The Hornbill Festival showcases Nagaland's cultural diversity and offers visitors a unique and immersive experience.

Tripura is a state in the northeast of the country known for its rich cultural heritage and natural beauty. It borders Bangladesh on three sides and the Indian state of Assam on one side (Singh, 2010). The state has a diverse population with various indigenous communities and languages. Tripura has a long history dating back to ancient times, with influences from various dynasties and cultures. The region has seen significant developments over the years, combining traditional practices with modern advancements. Today, Tripura is known for A unique mix of customs, traditions and picturesque landscapes that attracts visitors from all over the world. It is known for its rich cultural heritage, diverse ethnic groups, and lush green landscapes. The state borders Bangladesh on three sides and is a popular tourist destination due to its natural beauty and historical sites. The capital of Tripura is Agartala, and the state is known for its lively festivals, traditional crafts, and delicious cuisine. Tripura is known for its rich cultural heritage, diverse indigenous communities, and lush green landscapes. The state is famous for its lively festivals such as the Tripuri New Year Festival or the Ker Festival and its unique traditional dance forms such as the "Garia" and "Hojagiri." Tripura's economy is primarily agrarian, with a focus on agriculture, horticulture and bamboo farming. The state also has several nature reserves and national parks, making it a popular destination for nature lovers and wildlife lovers (Bhutia, 2020).

1.2   Statement of the Problem

In the Indian economy, fast-moving consumer goods (FMCGs) are the fourth-largest sector (Dongre, 2022). The development of this sector is in double digits and is closely linked to the GDP growth of the Indian economy. Fast-moving consumer goods (FMCGs) are products that are frequently bought and consumed

to meet continuous consumer demand. The sector has a high success rate in retail trade compared to lower and middle income groups (Dongre, 2022). Today, over 70 percent of sales go to middle class households, and more than 50 percent of those sales take place in rural India. In the FMCG sector, food and beverages account for 19 percent, healthcare accounts for 31 percent and household and personal care accounts for the remaining 50 percent. The transformation in this sector was facilitated by rising income levels, urbanization, and changing consumer behaviour. Good macroeconomic indicators suggest that consumers have higher purchasing power, which is essentially reflected in better growth in the FMCG sector (Egbunike & Okerekeoti, 2018).

One of the key challenges facing the fast-moving consumer goods industry is customer loyalty and understanding consumer demand. The operations carried out relate to the customer relationship from a short-term perspective and focus primarily on exchanging goods and providing discounts to the customer. The growing competition has led many companies to focus more on getting new customers and even getting them to come back. With competition increasing every year, competitive advantages such as cost leadership and quality are not enough to determine the success of a product in rural and urban markets.

The external competitions include digitization, several trade channels, the D2C (direct-to-consumer) model and foreign brands. The increasing use of smartphones and the Internet gives people easy access to shopping on numerous e-commerce websites, and the availability of mobile payment options has increased the number of orders from tier 3 and tier 2 cities. D2C is a business model that allows buyers to purchase goods directly from manufacturers without intermediaries. Major foreign brands are pushing into the Indian market as they see huge demand for their products, which is forcing local manufacturers to improve their offerings and offer cheaper alternatives without sacrificing quality (Kothari, Kotabe & Murphy, 2013).

1.3 Significance of the Study

From a practical perspective, the importance of this study can serve as a guide for managers, marketers, and business owners in the fast-moving consumer goods industry to better implement pricing strategies. Consumers' buying habits will not change with every price increase or decrease, as there is a certain level of tolerance for every consumer. Price tolerance stands for an individual consumer's decision to move from acceptance to rejection (Kalyanaram & Little, 1994). It varies depending on the customer, product, and other situational factors. The correct management of customer price perception leads to a better perception of value and an increased willingness to buy the product. As a result, sales managers are more concerned with price fluctuations that can persuade customers to change their buying decisions than with the noticeable difference. In the long term, a company needs a price increase to maintain and maintain the balance between costs and profit. This can be caused by material costs, labour costs, transportation costs, and inflation. Consumer behaviour is of practical importance as it enables companies to identify their customers' preferences and buying patterns. By studying consumer behaviour, companies can adapt their goods and marketing strategies to consumer needs and wishes of their customers, which leads to better sales and customer satisfaction. Understanding consumer behaviour also enables companies to anticipate market trends and stay ahead of the competition. In addition, analysing consumer behaviour can help companies identify areas where their products or services need to be improved, resulting in better overall performance and better market success. Essentially, the practical significance of consumer behaviour lies in its ability to drive business growth and profitability through informed decisions.

From an academic perspective, the importance of this study is to give students and researchers the opportunity to learn more about the impact and understanding of price on the consumption of fast-moving consumer goods and to expand the existing pool of knowledge that will be beneficial to other universities. The theoretical framework and survey data were combined to confirm the effects of

service quality, customer loyalty, switching costs, perceived value, and customer satisfaction on consumer price sensitivity. Consumer behaviour has great theoretical significance in marketing and psychology (Pachauri, 2001). Understanding consumer behaviour enables companies to predict and influence buying decisions, resulting in more effective marketing strategies. It also provides insights into how individuals make decisions and helps researchers develop theories about decision-making processes. Theoretical foundations of consumer behaviour help explain why consumers prefer certain products or brands over others and provide information about the underlying motivations and preferences. By studying consumer behaviour, researchers can uncover patterns and trends that contribute to the development of new theories and models in marketing and psychology. Overall, the theoretical significance of consumer behaviour lies in its ability to improve our understanding of human behaviour in the context of consumption.

1.4 Objectives of the Study

a)   To examine the relationship between demographic variables and price sensitivity.

b)   To explore how price sensitivity is influenced by five social factors.

c)   To analyse reasons for brand switching behaviour of consumers.

d)   To compare the price elasticity of consumers from four North-Eastern Region of India.

1.5 Hypotheses of the Study

The hypotheses developed are based on the model of the association of five social factors toward price sensitivity and the relationship among the social factors. The five social factors are customer satisfaction, customer loyalty, service quality, perceived value, and switching costs.

H1: Customer satisfaction has a negative relationship with price sensitivity.

H2: Customer satisfaction has a positive relationship with customer loyalty.

H3: Customer loyalty has a negative relationship with price sensitivity.

H4: Service quality has a negative relationship with price sensitivity.

H5: Service quality has a positive relationship with customer satisfaction.

H6: Service quality has a positive relationship with customer loyalty.

H7: Service quality has a positive relationship with switching costs.

H8: Perceived value has a negative relationship with price sensitivity.

H9: Perceived value has a positive relationship with customer satisfaction.

H10: Perceived value has a positive relationship with customer loyalty.

H11: Perceived value has a positive relationship with switching costs.

H12: Switching costs has a negative relationship with price sensitivity.

H13: Switching costs has a positive relationship with customer loyalty.

Figure 1.1. Proposed hypotheses model for Price Sensitivity

1.6 Research Methodology

1.6.a Sources of Information

In the study, both quantitative and qualitative data have been collected. The study was conducted with the help of primary and secondary data. Primary data were gathered by means of structured questionnaire from the respondents. Secondary data was gathered from publications, books, articles, journals, and web sites were referred for the purpose of the study.

1.1.a Method of Data Collection

The collection of data was carried out through online survey method and the questionnaire consisted of Likert scale with five points was used consisting of 'Strongly Disagree' indicating 1 and 'Strongly Agree' indicating 5. The structured questionnaire was divided into three sections. The first section consists of demographic characteristics of consumers viz., age, gender, marital

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status, occupation, and family annual income level. The second section consisting of questions relating to how price sensitivity is influenced by five social factors, and last section consists of questions relating to the reasons for brand switching behaviour of consumers.

1.1.b   Sampling Techniques

The sampling methods used in this study involve purposive and snowball sampling to select respondents. The study used a snowball sampling procedure to increase the number of participants. Because snowball depends on the availability and willingness of original or existing participants to recommend or introduce others (Noy, 2008). The sample size is calculated using Andrew Fisher's formula using the population size, the 85% confidence level, the ± 5% confidence margin, and the standard deviation of 0.5. A total of 809 customers, comprising of 235 responses from Mizoram, 194 responses from Nagaland, 190 responses from Meghalaya and 190 responses from Tripura, took part in the study.

1.1.c   Statistical Techniques

The data analysis and interpretation were performed using normality, descriptive statistics, independent sample t-test, correlation matrix, one-way ANOVA, reliability statistics, convergent and discriminant validity, confirmatory factor analysis, and structural equation modelling in Jamovi version 2.3.19 software.

1.2   Chapter Plan

Chapter 1: Introduction

This chapter deals with the introduction of price, price sensitivity, consumer behaviour, fast-moving consumer goods, price and its effect on fast-moving consumer goods, social factors, north-eastern states of India, statement of the problem, practical and theoretical significance, objectives, hypotheses, research methodology, sources of information, methods of data collection, sampling techniques, sample size, statistical techniques, and chapter plan of the study.

Chapter 2: Consumer Behaviour and Buying Decision

The second chapter examines the introduction of consumer behaviour, implications of consumer behaviour, literature review, research gap, factors affecting consumer behaviour, cultural factors, social factors, personal factors, psychological factors, consumer buying decision, problem recognition, information search, evaluation of alternatives, purchase decision, post-purchase evaluation, demographic profiles of the consumers, age, gender, marital status, occupation, family annual income level, and conclusion.

Chapter 3: Price Sensitivity

The third chapter explores the introduction to price sensitivity, literature review, research gap, price discrimination, first-degree price discrimination, second-degree price discrimination, third-degree price discrimination, antecedent of price sensitivity, customer satisfaction, advantages and disadvantages, customer loyalty, advantages and disadvantages, service quality, advantages and disadvantages, perceived value, advantages and disadvantages, switching costs, advantages and disadvantages, and conclusion.

Chapter 4: Fast-Moving Consumer Goods

The fourth chapter deals with the introduction to fast-moving consumer goods, advantages and disadvantages of fast-moving consumer goods, practical and theoretical implication, general significance of fast-moving consumer goods, literature review, research gap, fast-moving consumer goods (FMCG) division categories, significance of FMCG division categories, food and beverages, personal care products, household goods, over the counter drugs, and conclusion.

Chapter 5: Data Analysis and Results

The fifth chapter presents the statistical analysis of data collected and findings in the study. The presentation of findings is structured into five sections. The first section consists of the following: (1) frequency of demographic characteristics of

consumers, (2) the descriptive, and normality analysis for each observed variable, and (3) independent sample t-test and one-way ANOVA to examine the relationship between demographic variables and price sensitivity. The second section includes correlation and reliability analysis of each items, and measurement model to find the reliability and validity of the model. The third section covers the finding of reasons for brand switching behaviour of consumers, and Tukey post hoc test to compare the price elasticity of consumers from Mizoram, Meghalaya, Nagaland, and Tripura. The fourth section reports the confirmatory factor analysis of the five social factors and price sensitivity. The last section shows the structural equation modelling testing for hypothesized model of consumer price sensitivity influenced by five social factors.

Chapter 6: Conclusion

The final chapter deals with the summary of major findings of the study, introduction, consumer behaviour and buying decision, price sensitivity, fast-moving consumer goods, data analysis and results, conclusion, suggestion, demographic variables, social factors, customer purchasing behaviour, culture and location, limitation, and future scope of the study. Chapter-wise findings are presented in the following section.

CHAPTER 2

CONSUMER BEHAVIOUR AND BUYING DECISION

The second chapter covers the introduction of consumer behaviour, implications of consumer behaviour, literature review, research gap, factors affecting consumer behaviour, cultural factors, social factors, personal factors, psychological factors, consumer buying decision, problem recognition, information search, evaluation of alternatives, purchase decision, post-purchase evaluation, demographic profiles of the consumers, age, gender, marital status, occupation, family annual income level, and conclusion.

2.1   Introduction to Consumer Behaviour

Consumer behaviour as a concept originated from the field of marketing and psychology. It explores into how persons or groups select, purchase, and use of products, services, and past-experiences to meet their needs and wants. The study of consumer behaviour in the early 20th century, when researchers and academics began to explore the psychological factors influencing purchasing decisions. This idea has expanded over time to include a range of fields, including sociology, anthropology, and economics, in order to provide a thorough understanding of the reasons behind the actions of consumers (Solomon, Bennett and Previte, 2012). Consumer behaviour is essential for businesses to create an effective marketing plans and strategies, and modify their products or services in order to meet the demands of their target market. Consumer behaviour studies how consumers decide what to buy, what they need, want, or how to behave toward a particular product or service. The study of consumer behaviour assumes the role of consumers as actors in the marketplace. The consumers have many roles in the decision process such as information provider, user to the client and to the disposer (Heinonen and Strandvik, 2018).

Consumer behaviour means the study of how persons, or groups select, buy, and utilise the goods, services, and experiences to meet their needs and wants. It researches into the decision-making processes that consumers go through

when buying products or services (Kim, Ferrin & Rao, 2008). Understanding consumer behaviour is crucial for businesses because it allows them to adjust their marketing tactics to better suit the wants and needs of their target market. Consumer behaviour is influenced by a variety of factors, including psychological, social, cultural, and personal factors (Hoyer *et al.*, 2017). By analysing consumer behaviour, companies can gain insights into what drives purchasing decisions and how to effectively engage with their customers. Consumer behaviour involves understanding factors that influence purchasing decisions such as psychological, social, and economic influences. Marketers often analyse consumer behaviour to customise their goods and marketing strategies to satisfy the needs and preferences of their target customers. This field explores how consumers search for information, evaluate alternatives, and make choices based on their perceptions and attitudes towards products or services. An example of consumer behaviour is the buying patterns of customers in a grocery store. If, for example, it is observed whether customers tend to buy more organic products when they are on sale, this can provide information about their preferences and price sensitivity. Additionally, tracking how consumers interact with online advertisements and make purchasing decisions can offer valuable information on their buying habits (Häubl & Trifts, 2000). Consumer behaviour is essential for companies to create their marketing strategies and product offerings to achieve the needs and desires of the customers effectively.

Understanding consumer behaviour can help companies adapt their products and services to effectively meet customer needs. By analysing consumer behaviour, companies can anticipate trends and stay ahead of the competition. It enables companies to develop targeted marketing strategies that connect with customers to increase sales and customer loyalty. Studying consumer behaviour can also help with product development by identifying areas where improvements and innovations are possible based on consumer preferences. In addition, this knowledge can help build strong customer relationships by providing personalized experiences that are tailored to their specific needs and wants. In addition, understanding consumer behaviour can lead to more efficient resource allocation and better decision-making within a company. Consumer behaviour can also have

disadvantages, such as leadership Individuals who make impulsive or irrational buying decisions based on emotion rather than logic. This may result in financial stress or regret over purchases made without careful consideration. In addition, it can contribute to maintaining harmful societal norms, such as excessive materialism or unsustainable patterns of consumption. It can also result in vulnerable populations being exploited through targeted marketing strategies that manipulate consumer preferences. In addition, consumer behaviour can sometimes promote a culture of excessive consumption, which contributes to environmental issues such as waste generation and resource scarcity. In addition, the impact on personal identity and self-esteem can lead to feelings of inadequacy or dissatisfaction when people compare themselves to others based on material possessions (Xiao & Nicholson, 2013).

Consumer behaviour is a crucial aspect of marketing and business strategy and influences how products are developed, priced, and promoted (Kotler & Lee, 2008). Understanding consumer behaviour can help companies design their offerings to meet customer needs and preferences. By analysing consumer behaviour, companies can identify trends, predict future demand, and make informed decisions about developing product and marketing campaigns (Pachauri, 2001). This knowledge can also help companies improve customer satisfaction and loyalty by offering products and services that are tailored to consumers' needs and wants. In addition, insights into consumer behaviour can help companies develop new products or improve existing ones to better meet market requirements. Understanding consumer behaviour can ultimately lead to more revenue and profitability for companies. It can also help companies improve customer satisfaction and retention by offering personalized experiences. Overall, a deep understanding can give companies a competitive advantage in the market as they can anticipate and adapt to changing consumer preferences (Stone, Bond & Foss, 2004).

The theoretical implications of consumer behaviour research may include insights into decision-making processes, psychological factors that influence purchasing decisions, and the effects of social and cultural influences on consumer behaviour.

By studying, companies can anticipate trends, develop innovative strategies, and increase customer satisfaction. This knowledge can also help predict market demand, improve customer loyalty, and ultimately increase profitability. In addition, theoretical implications of consumer behaviour research can contribute to the development of new theories and models in marketing and psychology. In general, consumer behaviour plays a key role in determining the success of companies in various industries. Consumer behaviour helps companies adapt their products and marketing strategies to the needs and preferences of their target groups. By studying consumer behaviour, companies can anticipate trends, identify growth opportunities, and stay ahead of the competition. In addition, it influences economic decisions at both individual and aggregate levels and has an impact on market demand and overall economic stability. The study of consumer behaviour also provides valuable insights into social trends, cultural influences, and the psychology behind buying decisions, thus contributing to a deeper understanding of human behaviour in a commercial context (Zaltman, 2003).

2.2 Literature Review

Pavithra and Velmurugan (2023) investigated the relationship between consumer confidence and buying patterns. Consumer confidence is a major psychological factor that can influence consumers' decisions and their buying behaviour. The aim of this study is to understand how consumer trust can affect their buying behaviour and what consequences this has for companies and policy makers. According to the results, there is a positive relationship between consumer confidence and buying behaviour. This shows that customers who are optimistic about the economy and their financial situation tend to participate in buying behaviour.

Fábio *et al.* (2023) studied to understand the potential impact of digital influencers on the Portuguese people purchase behaviour and patterns. An online questionnaire was conducted and collected data from 175 respondents. From the findings, the purchase intention does not convert to purchase action necessarily. The connection between the use of social network and buying of products/services

endorsed by Instagram influencers is statistically important. The individuals' generation is not statistically significant with buying behaviour suggested by influencers. Additional, few respondents are impulsive shoppers and perceived Instagram as their favourite social network. Also, there is a negative association between purchasing behaviour endorsed by influencers with sponsorship disclosure and paid partnership.

Doshi, Iyer and Zade (2023) focused to understand the influence of packaging methods on customer's buying decisions and brand visibility of Fast-Moving Consumer Goods companies. The survey model is implemented to understand the impact of packaging methods like shape, colour, material, and image on customers before making decisions on their purchase and also on the brand visibility. This research also includes three factors that are innovation, sustainability, and superiority of the packaging. The results indicated that brand visibility has significant impact on customer decisions along with the different packaging parameters. Hence, there is an association between the impact of packaging methods on customer purchase patterns and willingness to use extra money on superior packaging.

Budhiraja, Nitika and Jain (2023) considered the relative variables that can influence adolescent consumers' behaviour in green product purchases. The research is on Intended Behavioural Theory (IBT) and include several factors such as parental influence, means of advertisement, society and environmental acquaintance. The study findings indicated that parental influence has the best influence on teenagers buying behaviour. The three key determinants like, observations, individual decisiveness, and assumed behavioural traits, from IBT affects the young customers in the purchase of green products.

Rahi *et al.* (2023) discussed the various contemporary analytic models, tools, and techniques to examines and predict consumer behaviour. With the help of artificial intelligence (AI), vendors can study the consumer behaviour and reaction on specific product or service and evaluates the posts accordingly. The application of AI in marketing helps in the improvement and relevancy search results,

tracking experiences, better sales, and strategic decision making. This study considered how AI can be used to examines and predict the consumer behaviour and discussed data mining, clustering techniques, and AISAS (Attention, Interest, Search, Action, Share) model to studies consumer behaviour and design marketing strategies.

Ye and Ching (2023) purposed to study customer behaviours in live-streaming e-commerce, to find state drivers and post-flow state mediators as crucial factors influencing compulsive buying, to analyse quantitative survey, and find both theoretical and practical implications. The study was conducted in China and total of 517 live-streamers participated. The stimulus-organism-response (SOR) model is adopted, that capture personal and flow activity levels, the organism like flow experience, enjoyment, trust, and the responses are denoted by addiction, loyalty, and compulsive purchasing. The theoretical implications of this study are the validated SEM structure has the pattern of the SOR model. The practical Implications is that consumer behaviour is guided by concepts of social exchange, social capital, and trust. In a socio-commercial environment, social context is essential for live streaming e-commerce.

Yangzom and Ahuja (2023) explored how big data analytics can be used to provide insights into consumers' buying behaviour. Big data analytics as a powerful tool is used to analyse data trails left by consumers through different channels like social media platforms, websites, and mobile apps and can gain insights into consumer behaviour. This information generated can help in efficient and effective marketing strategies, product offerings, overall customer experience, and understand consumers' buying behaviour.

Chaudhary and Khatoon (2022) examined the increase in the annual income of new middle-class of Delhi-NCR, and its impact on lifestyle, investment and consumption habits. For the study, 558 consumers participated and to test the proposed hypotheses, hierarchical multiple linear regression model, ANOVA, and post hoc tests are applied. The findings showed that the new middle-class imitates the lifestyle of their counterparts, maintain their status, and differentiate

themselves from middle or lower-middle-class categories, spend audaciously even with low income. In conclusion, the consumption habits, saving, and lifestyle expand positively when entered into the new middle class.

Hui (2022) aimed to identify buying patterns from consumers' purchase history (IBP-CPH) framework for studying the growing trend of customer decision-making in the marketplace. In the first stage, to assess the latest consumer behaviour trends in digital economy a comprehensive research analysis is conducted. To identify the finalized factor's preference amounts, IBP-CPH framework is used in the second stage. The outcomes of the research indicated that consumers are mindful of new and sophisticated brands.

Sydny, Hung and Dana (2022) explored the distribution of shopping criteria among demographic groups and purchasers of vehicle fuel types or body style, environmental impact, and its importance among gender, age, or income groups. The study used data from an extensive survey of new vehicle buyers in the year 2014, 2015, and 2016. From the findings indicated that the environmental standards outranked by the preference for safety and performance, but different patterns come from various household income, vehicle fuel type, and attitude toward the environment.

Suncana (2022) explored the consumer decision-making styles in digital products, and to identified different consumers based on their approaches and choices. Empirical data were collected using an online questionnaire and the results are presented using Cronbach's alpha coefficient, descriptive statistics, exploratory factor analysis, descriptive statistics, and k-means cluster analysis. This study has shown four distinct consumer groups that are different in their decision-making styles when purchasing digital products. The results of the research provide helpful insights into consumer behaviour characteristics and providing digital goods businesses with inputs for developing marketing strategies and activities.

Mim and Logofatu (2022) stated that customer service management and customer-focused marketing are the key growth of revenue and profitability.

Customer behaviour knowledge helps marketing managers to re-evaluate the existing customer ways and design to improve and increase strategies. Businesses can have understanding of customer preferences and identifying profitable segments by analysing the data. Division of customers are on economic factor, demographic factor, geographic factor, and behavioural data to aid the business to target different sectors. This paper exhibits machine learning-based customer segmentation, K- means, hierarchical clustering, and affinity propagation. The optimal number of groups from a shopping mall dataset with key factors like age, spending score, and income level of customers was found.

Anchal, Gagandeep and Babita (2021) examined the usage pattern of various social media channels and influence on consumers' buying decision-making process. The study showed that respondents used social media sites to gather information, made purchase decision influenced by their close friends, used social media sites frequently, and reliability of information was the main concern. This research can help marketers in their advertisement planning, and brand experts can decide on their media of sale and advertisement.

Gunay (2021) studied to identify and rank factors, like effects of creative and trendy products, perceived risk, brand names and quality, incentives, and post-purchase services on consumer decision-making in regards to online shopping. In the study, for identification of weights, and distance between ideal positive and ideal negative solution, consistency driven approach is used. From the results shown that the influence of trendy and creative goods is establish to be important factor, followed by brand name and quality, then incentives, followed by perceived risk, and finally post-purchase services for the customers.

Daniela (2021) studied the ethical considerations of when buying clothes consumers choose between standard and ethically produced collection. Earlier work of researchers showed how people feel that ethically connoted consumer choices as the factor of forthcoming ethical consumer behaviour, and some focuses on the effect of choice outcomes on emotional and behavioural reactions. Results from the study (N = 383) revealed that the conflict strength expected

increased in negative post-

choice emotions, decrease in satisfaction of choice, and the outline for ethical and unethical choice outcomes. These findings are significant extension of earlier work as it highlights the significance of experienced conflict taken into consideration, while predicting the post-choice emotions and forthcoming ethical consumer behaviour.

Ionel *et al.* (2021) highlighted the perceptions of Romanian urban consumers about food products labelling and relationship between variables regarding decision- making process for food labelled products. Using the exploratory factor analysis method, showed that consumers buying decision based on labelling has a direct and positive effect on food products. The findings focus the fact that supplementary knowledge of consumer of the food label can decrease the perceived risk and increase the customer loyalty.

Panda, Masani and Dasgupta (2021) analysed the influence of packaging purchase decision by the bottom of the pyramid consumers for Fast Moving Consumer Goods. The purpose of the study is to analyse the influence of various packaging attributes by the Bottom of the Pyramid (BoP) consumers based on their perception while creating packaging influenced decisions for purchasing Fast-Moving Consumer Goods(FMCG). A sample of 1530 Bottom of the Pyramid consumers has been collected from West Bengal. The finding of the research shows the existence of influence of the packaging attributes by the consumer segment. The preference and impact of attributes have significantly varied.

Nayyar and Batra (2020) investigated the impact of cognitive mind-set of students and parental restriction that influenced the mind-set for food options. To determine the association between students' consumption pattern for various food options, taken into account online media impact. This research recognised that students with parental restriction in their feeding practices showed high level of self-regulation. Study also determined the comparative aspect of media's impact in online and offline food options accessible in e-commerce and retail platforms. Though, one of the important phase of consumer decision making has no effect

with media impact.

Thus, parental pressure and cognitive mind-set have played a significant role in mounting the mind-set of students.

Agata and Peter (2020) observed the characteristics of compulsive buying behaviour (CBB) on improved screener. The study takes a quantitative approach to analysis the compulsive behaviour among young consumers, and structural equation modelling and wide range of statistical procedures are used. The findings showed that the group of buyer basis on disorder severity, gives an important insight in the unbalanced between-group difference in the level of anxiety, preferences of product, attitudes, feelings, and impact of credit card and into the symmetry within-group inconsistency in regular compulsive pattern and behaviour.

Sheth (2020) examined both immediate and long-term impact of pandemic on consumer behaviour and consumption. Four major contexts which disrupt consumer habits: social context, technology, consumption habits, and ad hoc natural disasters. Immediate influence on consumption and consumer behaviour are hoarding, creativity, digital technology, work-life boundaries, reunions with friends and family, and talent discovery. The lockdown and social distancing to has significant disruptions on consumer behaviour.

Aasha and Cyril (2019) examined the interface effect of product aspects on the level of environmental concern, the purpose of green purchase, and proposed patterns. This study adopted the theory of planned behaviour, and replace subjective norms and perceived behavioural control with environmental knowledge and perceived consumer effectiveness. The path analysis is employed to recognise the path strengths of the model, to measured standardized regression weights, and significance of the *p*-value. The study revealed the significance of product characteristics in the decision behaviour of green buyers.

Correa *et al.* (2019) examined mothers' understanding, perceptions, and behaviours connected with the guideline one year after its implementation, by

means of a qualitative approach. For the study, nine focus groups of mothers and children were conducted in Santiago-Chile, and formed by socioeconomic status and children's

age. Mothers know the new regulation to combat child obesity, products with more labels are less healthy, declare that young children accepted the changes of school environment whereas teens opposed them, approved that schools are the key promoters of food behavioural change, and less aware of the food marketing principles.

White, Habib and Hardisty (2019) highlighted the important role of marketing and examine effective ways to shift and encourage consumer behaviours to be more sustainable in consumption. A comprehensive framework is represented by the acronym SHIFT, to address the ―attitude- behaviour gap‖ and to reflect on certain factors: social impact, habit creation, individual, feelings and cognition, and tangible. The researchers also identify five broad challenges: The self–other trade-off, long time horizon, challenge of actions, need to replace automatic with controlled processes and the problem of abstractness to develop theoretical propositions and directions for future research.

Azzurra and Angela (2018) identified the consumer segments with mutual profiles, needs, and values essential for effective communication strategies to encourage sustainability in food consumption. The descriptive data collected by online survey in southern Italy, and K-means analysis was executed to classify the different consumer divisions on their perception of sustainability elements in organic and local food. The results revealed that consumers for organic and local food as alternative, egoistic approach prevails that consumers are more attach to health and quality rather than to economic, social, and environmental sustainability. Three different consumer segments are: a large segment who are egocentric oriented, an environmental sustainability, and a small segment that are sustainability oriented consumers.

Jaiswal and Kant (2018) examined to operationalize and validate the relationship of environmental concern (EC), perceived consumer effectiveness (PCE), attitude

towards green products (AGP), and perceived environment knowledge (PEK) with green purchase intention (GPI) both directly and indirectly through the mediating role of AGP. The model is based on "attitude-intention-behaviour" and used

structural equation modelling (SEM). The results show that GPI was directly impact by AGP. Perceived consumer effectiveness (PCE) and Environmental concern (EC) are the mediating role of AGP. PEK was found to have no significant impact on AGP and GPI. The model offers valuable insights to policymakers and marketers to create green marketing policies and strategies in Indian context.

Lipan, Govindan and Chunfa (2017) explored the preference of consumer in the reusing channel choice model. Price and utility are the primary factors for the recycle of waste electrical and electronic equipment. They also examined the reusing channel configuration for dealer, and examined the consumer preference impact the dealer's profit, strategy, and reverse supply chain. Furthermore, recommended appropriate contracts to manage the reverse supply chain with hybrid channel, and found that preference of consumer for the channel has a significant role in the approval of contracts.

Yadav and Pathak (2017) studied the green consumption behaviour in developing nations such as India and to understand the consumer behaviour to buy green products. Theory of Planned Behaviour, perceived value, and willingness to pay premium in determining consumer green purchase intention and behaviour. Structural Equation Modelling assess the strength of connections among constructs. The outcomes showed that Theory of Planned Behaviour (TPB) has supported the consumers' purchase intention to green products. The additional constructs have improved the predicted power of the TPB framework in predicting consumer behaviour.

Asioli *et al*. (2017) studied the integration of various understandings of clean label, recognise the factors on the selections of organic, natural and free from artificial additives food products, and deliberate the implications of demand for

clean label food products. Results showed that health is a major consumer motive and free from artificial additives products is different from organic and natural products. The findings help the food manufacturers in developing new products, and identify a uniform definition for free from artificial additives food products and work towards decreasing consumer misconceptions.

Verma and Chandra (2017) has incorporated the Theory of Planned Behaviour (TPB) with an integration of Moral Reflectiveness and Conscientiousness to predict young Indian consumers' intention to visit green hotels. Data from 295 consumers was analysed using covariance-based structural equation modelling (SEM). The findings showed attitude has positive affect on young consumers' intention to visit green hotels, moral reflectiveness has strong effect on young consumers' intention, and increased the applicable and robust of TPB model in expecting consumers in Indian context, as it has enhanced the predictive ability (from 37.5% to 42.1%).

Rana and Paul (2017) in their objective of the study tried to understand the primary factors that affect the change in the consumer attitude towards organic food. The need for self- esteem impact the change in attitude and revealed that health consciousness is the best predictor of consumer attitude and behaviour, affected by lifestyle diseases, like depression and heart disorders. The healthcare industry can use this information and promote the use of organic food. The need to purchase organic food will have huge implications for retail, distribution and marketing functions of business.

2.2.a Research Gap

The existing literature provides insights into how consumer confidence impacts purchasing behaviour, but there is room for further research. Previous studies have limitations due to their focus on specific demographics or locations, making their conclusions less generalizable. To understand this phenomenon comprehensively, it is essential to explore socioeconomic factors and geographic variations.

Cultural influences also shape consumer behaviour and purchasing decisions. Investigating the impact of consumer confidence across different age groups, genders, professions, marital statuses, and income levels can offer a more nuanced understanding. Studying the behaviour of the emerging middle class, particularly their lifestyle, investment, and consumption habits, is crucial in evolving markets.

The research gap can be addressed by applying structural equation modelling. Previous studies focused on Delhi, limiting their findings. The research tries to explore the price sensitivity in the states of North East India to provide a broader perspective. Additionally, incorporating control variables such as age, educational level, and marital status would enhance the understanding of consumer behaviour.

2.3   Factors Affecting Consumer Behaviour

The cultural factors affecting consumer behaviour pertains to the influence of cultural norms, values, beliefs, and practices on how individuals make purchasing decisions. Cultural factors play a significant role in shaping consumer behaviour as they impact preferences, perceptions, and attitudes towards products and services (De Mooij, 2019). By considering cultural factors, companies can create their marketing strategies to resonate with specific cultural segments, leading to increased customer engagement and loyalty. Additionally, cultural factors can also influence consumer decision-making processes, such as purchase intentions and brand perceptions. Cultural factors play a crucial role in shaping consumer behaviour, influencing individuals' purchasing decisions and preferences (Luna & Forquer 2001). It is essential for businesses to effectively market their products and services to diverse consumer groups. Cultural influences such as values, beliefs, customs, and traditions can impact how consumers perceive products, brands, and marketing messages. By recognizing and adapting to these cultural nuances, companies can tailor their strategies to resonate with specific target audiences. Moreover, cultural factors can also influence consumer trends, helping businesses anticipate shifts in demand and stay ahead in the market. Overall, acknowledging the significance of cultural factors in consumer behaviour is key to developing successful marketing campaigns and building strong customer

relationships (Cleveland & Laroche, 2007).

The influence of social factors on consumer behaviour examines how various societal elements such as culture, social class, reference groups, family, and social roles impact the decisions individuals make when purchasing goods or services (Childers & Rao, 1992). These factors are crucial for businesses and marketers as they help in developing effective marketing strategies tailored to different consumer segments. Social influences can shape consumer behaviour, companies can better anticipate trends, preferences, and buying patterns within specific demographics. Additionally, recognizing the significance of social factors allows companies to make more targeted and relevant advertising campaigns that resonate with their target customers. Social factors play a crucial role in influencing consumer behaviour, impacting various aspects of individuals' purchasing decisions. These factors encompass elements such as culture, social class, reference groups, and family influences. Cultural norms and values can significantly shape consumer preferences and perceptions of products or services (Vigneron & Johnson, 1999). Social class can influence the types of products individuals purchase and the brands they prefer. Reference groups can influence consumer behaviour through social influence and aspiration. Family dynamics and roles can also impact purchasing decisions and brand choices. Overall, recognizing and adapting to these social factors is key for businesses seeking to connect with their target audience and drive successful marketing campaigns.

The personal factors that influence consumer behaviour are individual characteristics and traits that impact how a person makes purchasing decisions. Personal factors can include demographics such as age, gender, income, and occupation, as well as psychographics like lifestyle, values, beliefs, and personality (Qazzafi, 2020). Companies can better target their products to meet the specific needs and preferences of their customers. Eventually, recognizing and accounting for these personal factors can lead to more successful marketing campaigns and improved customer satisfaction. Personal factors affecting consumer behaviour are of general significance as they play a crucial role in

shaping individuals' purchasing decisions (Lautiainen, 2015). These factors encompass aspects such as age, lifestyle, personality, and values, which collectively influence how consumers perceive products and make buying choices. By recognizing the significance of personal factors, companies can create more effective advertising campaigns and product offerings that align with consumers' preferences and needs. Ultimately, acknowledging the impact of personal factors on consumer behaviour can lead to increased customer satisfaction and loyalty, contributing to the overall success of a business (Orji *et al.*, 2017).

The study of psychological factors that influence consumer behaviour explores how various mental processes, emotions, and behaviours impact the decisions individuals make when purchasing goods or services. These factors are crucial for businesses and marketers to effectively target and engage with consumers. Factors such as perception, motivation, attitudes, and beliefs play a significant role in shaping consumer behaviour (Cohen, Pham & Andrade, 2018). By delving into these psychological aspects, businesses can create their marketing strategies to better appeal to their target audience. Psychological factors play a crucial role in influencing consumer behaviour, impacting various aspects of decision-making and purchasing patterns. By delving into consumer psychology, companies can create campaigns that resonate with their target customers on a deeper level. The significance of these psychological factors lies in their ability to shape perceptions, preferences, and ultimately drive consumer choices. Recognizing and leveraging these influences can lead to increased customer engagement, loyalty, and overall business success. In essence, the study of psychological factors affecting consumer behaviour is fundamental in deciphering the complexities of the market and adapting strategies to meet consumer needs and desires (Hoyer *et al.*, 2017).

2.4 Consumer Buying Decision

The concept of consumer buying decisions originate in the field of consumer behaviour, a branch of marketing that focus on how individuals make choices about what products or services to purchase (Solomon *et al.*, 2014). This concept

emerged as marketers sought to understand the factors that influence consumers' purchasing behaviours. Researchers in this field study various aspects such as psychological, social, and economic factors that impact consumer decision-making processes. Understanding consumer buying decisions is important for businesses to create marketing plans to better meet the requirements and preferences of their target audience. Over time, this concept has evolved with advancements in technology and changes in consumer preferences, that leads to development of new theories and models to explain buying behaviours (Butler & Peppard, 1998).

Consumer buying decision refers to the process through which individuals or households make choices about which products or services to purchase. This decision-making process involves several stages, including problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase evaluation. The factors can vary widely and may include personal preferences, price, quality, brand reputation, social influences, and marketing efforts. By analysing consumer behaviour and the factors that influence buying decisions, businesses can improve their sales and overall success in the market. Consumer buying decisions are of paramount importance in the world of business and economics. They play a crucial role in shaping market trends, influencing product development, and determining the success of businesses. These decisions not only influence individual consumers but also have wider implications for the economy as a whole. By studying consumer buying behaviour, businesses can gain insights into trends, anticipate demand, and stay competitive in the market. Ultimately, consumer buying decisions drive the entire supply chain and are a key driver of economic growth and development (Panwar *et al.*, 2019).

Consumer buying decisions are influenced by various factors such as personal preferences, reviews, and recommendations (Zhang *et al.*, 2014). Companies can have insights into market trends and consumer behaviour, and make informed decisions about product development and marketing campaigns. Additionally, studying consumer buying decisions can help businesses identify opportunities for

innovation and growth within their industry. This information can also be used to enhance customer satisfaction and loyalty by offering products and services that align with consumer preferences. Furthermore, understanding consumer buying decisions can lead to increased sales and profitability for businesses as they are better equipped to meet the needs and desires of their target audience. One major drawback is the potential for impulse buying, leading to financial strain and regret over purchases made hastily (Wood, 1998). The decision-making process can be overwhelming due to the abundance of choices available in the market, leading to decision fatigue and dissatisfaction with the final selection. Another disadvantage is the influence of marketing tactics, which can manipulate consumer perceptions and lead to purchases that may not align with actual needs or preferences. Furthermore, consumer buying decisions can sometimes be influenced by societal pressures or trends, leading to purchases that are not truly fulfilling or necessary.

2.5   Demographic Profiles of the Consumers

Understanding the demographic profiles of the consumers is important for companies to modify their products and services to satisfy the particular needs and preferences of different consumer segments (Franke, Keinz & Steger, 2009). Age, gender, marital status, occupation, and family annual income level are the demographic profiles of consumers taken into consideration.

Age is crucial for businesses as it helps them understand their target audience better. By the age of their customers, companies can alter their products or services to better meet the needs and preferences of different age groups. Understanding the age distribution of customers also aids in developing marketing strategies that are more effective in reaching specific age segments (Yoon, Cole & Lee, 2009). Moreover, this data can be used to personalize customer experiences and improve overall customer satisfaction. In essence, the demographic profile of customer age provides valuable insights that businesses can leverage to enhance their operations and drive growth.

Gender is crucial for businesses to understand the composition of their customer base in terms of male and female customers. By analysing the gender demographics, firms can modify their goods, services, and marketing strategies to satisfy the needs and preferences of their target customers. Understanding the gender distribution among customers can also help businesses make informed decisions regarding product development, advertising campaigns, and overall customer experience. This data can provide valuable insights into consumer behaviour and purchasing patterns based on gender, allowing businesses to create more effective and targeted strategies. Overall, the demographic profile of customer gender plays a significant role in shaping business strategies and enhancing customer satisfaction (Franke, Keinz & Steger, 2009).

Marital status is crucial for businesses and organizations to understand their customer base better. The study of marital status of their customers, companies can shape their products or services to better suit the needs and preferences of different marital status groups. Understanding the marital status of customers can also help in targeted marketing strategies and product development. It provides insights into the diverse characteristics and behaviours of customers based on their marital status, allowing businesses to make informed decisions. Overall, the demographic profile of customers, including marital status, plays a significant role in shaping marketing strategies and enhancing customer satisfaction (Silayoi & Speece, 2004).

Occupation is crucial for businesses as it helps them understand the professional backgrounds of their customers. By analysing the occupations of their customer base, companies can fit their products or services to better meet the needs and preferences of different occupational groups. Understanding the occupations of customers also allows businesses to target their marketing efforts more effectively, ensuring that their messages resonate with specific professional demographics (Franke, Keinz & Steger, 2009). Overall, examining the occupation of customers provides valuable insights that can guide strategic decision-making and enhance customer satisfaction.

Family annual income level is crucial for businesses as it helps them understand the purchasing power and preferences of different customer segments. With the different level of income, businesses can shape their products or services to better suit the financial capabilities of their target market (Silayoi & Speece, 2004). Understanding the income distribution among customers allows companies to create more effective marketing strategies and pricing models. This data also aids in identifying potential growth opportunities and developing targeted advertising campaigns. Overall, the demographic profile of customer income levels plays a significant role in shaping business decisions and strategies.

2.6 Conclusion

In conclusion, Consumer behaviour signifies the activities and decisions made by persons or groups when buying goods, services, and ideas. These actions and decisions are influenced by various factors, including personal preferences, needs and wants, social influences, marketing strategies, and previous experiences (Kim, Ferrin & Rao, 2008). Consumer behaviour is essential for companies as it assists them effectively target and fulfil customer needs, develop marketing strategies, and create products and services that match consumer preferences. Additionally, studying consumer behaviour can provide insights into buying patterns, including the frequency and timing of purchases, the channels through which purchases are made, and the factors that influence customers to make a purchase. By analysing consumer behaviour and buying patterns, businesses can identify trends, predict future demand, and tailor their marketing efforts to effectively reach their target audience. Consumer behaviour and buying patterns are influenced by various factors, such as cultural factors, social factors, personal factors, and psychological factors. The cultural factors include the values, beliefs, norms, and customs of a specific society (De Mooij, 2019). These factors shape individuals' preferences and perceptions of products and influence their buying decisions. Social factors signify the impact of social groups, family, friends, and colleagues on a person's buying decisions (Childers & Rao, 1992). Personal factors include an individual's age, gender, occupation, income level, lifestyle, and personality traits (Zhang *et*

al., 2014). Psychological factors involve an individual's perception, motivation, learning, attitudes, and beliefs (Cohen, Pham & Andrade, 2018). These factors can greatly impact consumer behaviour and the buying patterns exhibited by individuals. In addition to these factors, the buying patterns of consumers are also influenced by external stimuli such as advertising, promotions, and product displays. By understanding these factors and analysing buying patterns, businesses can develop effective marketing strategies, create targeted advertisements, and provide personalized offerings that resonate with consumer preferences. Consumer behaviour and buying patterns are complex processes influenced by various factors. Businesses need to understand these factors in order to effectively target and fulfil customer needs, create marketing strategies, and develop products and services that associate with consumer preferences. By analysing consumer behaviour and buying patterns, businesses can gain valuable insights into their target market and make informed marketing decisions. In addition, businesses can also use consumer behaviour and buying patterns to identify potential gaps in the market and discover new opportunities for product development and innovation. In addition, businesses can also use consumer behaviour and buying patterns to identify potential gaps in the market and discover new opportunities for product development and innovation. In addition, businesses can use consumer behaviour and buying patterns to identify potential gaps in the market and discover new opportunities for product development and innovation. Understanding consumer behaviour and buying patterns is crucial for businesses to successfully market their products and services.

CHAPTER 3

PRICE SENSITIVITY

The third chapter deals with the introduction to price sensitivity, literature review, research gap, price discrimination, first-degree price discrimination, second-degree price discrimination, third-degree price discrimination, antecedent of price sensitivity, customer satisfaction, advantages and disadvantages, customer loyalty, advantages and disadvantages, service quality, advantages and disadvantages, perceived value, advantages and disadvantages, switching costs, advantages and disadvantages, and conclusion.

3.1 Introduction to Price Sensitivity

Price sensitivity, also known as price elasticity of demand, is a concept that originated in the field of economics (Tellis, 1988). It refers to how demand for a product or service varies depending on the change in price. The concept was first introduced at the end of the 19th century by Alfred Marshall, a well-known economist (Thomas, 1991). Marshall's work laid the groundwork for understanding consumer behaviour when it comes to price changes. Over time, other economists such as John Maynard Keynes and Milton Friedman continued to develop the concept of price sensitivity through their research and theories (Friedman, 1997). Today, price sensitivity is a key factor for companies when pricing and developing pricing strategies to maximize profits and market share. The concept is extensively investigated and applied in various industries to analyse consumer behaviour and market dynamics. In economics, price sensitivity is usually measured using the price elasticity of demand (Tellis, 1988). It is important to understand the relationship between elasticity and price sensitivity. When setting prices, the ideal is to achieve a perfect balance in which the price is raised or reduced without negatively affecting the demand of current and potential customers. Price sensitivity is critical because it helps to understand the impact of price increases or decreases, which affect sales and the time it takes to change prices.

Price sensitivity indicates how consumers react to price fluctuations of a product or service. It was measured how demand for a product changes when its price changes. Price sensitivity is important for companies when it comes to setting prices and developing pricing strategies. Factors such as the availability of substitutes, consumer income levels, and the perceived value of the product all play a role in determining price sensitivity. Companies often conduct market research to assess price sensitivity and optimize their pricing strategies to maximize profits. By analysing price sensitivity, companies can adjust their pricing to attract more customers or increase sales to existing customers (Erdem, Swait & Louviere, 2002). For example, if a consumer is highly price-sensitive, they are likely to switch to a cheaper alternative when the price of their preferred brand rises. This is evident in industries such as airlines, where customers may choose to fly with another airline when ticket prices rise. On the other hand, consumers who are less price-sensitive are willing to spend a premium on a product that they regard as being of higher quality regardless of price changes. Understanding price sensitivity is critical for companies when it comes to setting prices and developing pricing strategies to attract and retain customers.

Price sensitivity is the measure of how changes in the price of products or services can affect the willingness or buying behaviour of customers. It is the level at which demand for a product or service fluctuates with changes in costs (Banker, Byzalov & Pleh-Dujowich, 2014). For example, a bakery that sells cupcakes added a rupee to the price of a cupcake and immediately noticed that customers had started visiting the bakery across the block. That means they're not willing to spend more when another option is available. These customers are highly sensitive to prices. Price sensitivity fluctuates with the degree of importance that consumers attach to price in relation to other purchase criteria. Certain people value quality regardless of price and are less susceptible to price sensitivity. For example, a customer looking for high-quality goods is usually less price-sensitive and willing to pay extra for a high-quality product. However, people who are more price-sensitive choose a product based on price and not on the quality or brand of the same product. Price sensitivity plays a decisive role in various aspects of business

and consumer behaviour (Erdem, Swait & Louviere, 2002). Understanding price sensitivity helps companies develop competitive pricing strategies to attract customers and maximize profits. This also influences consumers' buying decisions, as people with high price sensitivity are more likely to search for discounts and special offers. In addition, price sensitivity can influence market dynamics and have an impact on the supply and demand for products and services. By measuring price sensitivity, companies can adapt their pricing strategies to market needs and expectations and ultimately influence their competitiveness and market success.

3.2 Literature Review

Using the theory of consumer values and the theory of planned behaviour, Vibhava and Amit (2023) investigated the influence of price sensitivity, government environmental protection measures and accessibility of environmentally friendly products on purchase intent. They also investigated the moderating effect of demographic factors on the intent to buy environmentally friendly products. A cross-sectional study was carried out and 708 responses were collected as part of a questionnaire-based survey. The results showed that price sensitivity, green government commitment, and accessibility of environmentally friendly products have negative effects on the intent to buy environmentally friendly products. Consumers aged 41 to 50 have great intent to buy environmentally friendly products, and the sexes do not have different attitudes towards environmentally friendly products. Marketers should focus on sharing the accessibility of environmentally friendly products with others to reduce perceived difficulties.

Ran and Zhang (2023) investigated the difference between intent and behaviour and the role of price sensitivity and proactive personality in recycling outdated cell phones. The results showed that the "price meaning" dimension has a negative moderating effect, while the "price comparison" dimension of price sensitivity has a positive moderating effect on the relationship between recycling intent and behaviour. A proactive personality has a positive moderating effect on the

relationship between intent and behaviour when recycling. This study proposes a range of measures, such as creating a favourable atmosphere to overcome barriers to recycling, and increasing formality Recycling as a reward and to improve consumers' appreciation of formal recycling services.

Malhotra and Srivastava (2023) investigated how cross-channel integration through price sensitivity, consumer scepticism, psychological ownership and environmental knowledge affects consumers' green buying intent. The data was collected as part of an online survey and analysed using mediation and mediation models. The results suggested that cross-channel integration has an impact on consumers' intent to buy an environmentally friendly product and plays an important mediating role in consumers' scepticism and psychological ownership. Environmental knowledge is conveyed positively through psychological responsibility, but negatively through consumer scepticism. Price sensitivity is also negatively conveyed by psychological personal responsibility, while it is positively influenced by consumer scepticism. Jakub, Katarina and Maria (2023) identified to what level consumers are prepared to spend for a new food product. The study was conducted for a particular product a chocolate Bar. The van Westendorp price sensitivity measurement was used to identify the acceptable range for a product when entering a new foreign market. The hypothesis testing confirmed that chocolate tasting increased the likelihood of customers willing to pay a higher price for the tested product. The hypothesis was statistically confirmed.

Varalakshmi and Pallavi (2023) studied how price sensitivity is affected by age. This study showed that age and price are relative in nature and how a person's age group can influence the price of a product or service. The results showed that people are more intelligent with their money as they get older and tend to make savings for their family and investments. The generation of teenagers is becoming aware of the art of finance and trying to save a certain amount of money. In addition, the younger generation shops at shopping centers, while the older generation goes to wholesale markets. The buying habits of the younger

generation are influenced by their friends.

Xiaodong *et al.* (2022) studied the impact of dual price sensitivity on the choice of the closed-loop supply chain under the various channel power structures. The dynamic model is adopted to explain the channel power structure models of Manufacturer-led Stackelberg, centralized, and Retailer-led Stackelberg. For developing supply chain decision-making and performance levels, mathematical optimization and reverse induction are used. The coordination of supply chain, and numerical examples is used to examine and confirm the effect of remanufacturing cost savings and dual price sensitivity. The study showed that the three channel power structures, dual price sensitivity, and remanufacturing cost savings have positive impact on supply chain system and corporate profits.

Jorge, Yan and Eduardo (2022) showed that even poor consumers can employ price sensitivity and are completely informed. The authors demonstrated price sensitivity relative to high-SES consumers, and to contexts of intragroup interaction. The findings indicated that low-SES consumers are ready to spend higher prices, and admit lower-value rewards to avoid intergroup interaction. This result is driven by poor consumers' increased expectations of discrimination in upmarket commercial settings, among the wealthy consumers. The companies should emphases on customer equality and customer diversity to serve as a safety keys, and increase low- SES consumers' price sensitivity.

Bhutto *et al.* (2022) aimed to analyse consumers' response to GPI for HVs, and explored the moderating-effect of price-sensitivity between independent variables and consumers' response to GPI for HVs. The data was collected from 266 consumers, and two-step approach was used to analyse by means of partial least squares structural equation modelling. The results showed there is a significant empirical-evidence of the independent-variables on consumer's GPI for HVs. Also, the moderating effect of price-sensitivity between independent-variables and consumers' GPI for HVs, is substantial in this study.

Cakici and Tekeli (2022) revealed the influence of consumers' price sensitivity on

their purchase intention, and examined the impact of price sensitivity on price perception level and emotions. Also, aimed to detect the mediating effects concerning price sensitivity and purchase intention. The quota sampling method was used, and 513 consumers participated, of which 276 are men, and 237 are women, and they belong to the age group of 20-69 years. Explanatory factor analysis, confirmatory factor analysis, and structural equation models are employed to analyse the data. The price sensitivity, perception of cheapness, positive emotions, and perception of expensiveness, affect purchase intention. Furthermore, consumers' price sensitivity has a positive effect on perception of cheapness, although negative impact on perception of expensiveness. Also, effects the negative emotions, but not the positive emotions. The perception of cheapness has a mediating role in the relationship of consumers' price sensitivity and purchase intention.

Nishant and Divya (2021) examined the application of TPB model by adding price sensitivity, environmental concern, and collectivism cultural orientation, for purchase intension of green apparel. A quantitative research was used, and cross-sectional survey was designed to determine the behavioural intention of environmental friendly apparels. PLS-SEM was used to confirm the association and to test the moderating effect. The research provides information to policymakers and marketers to prepare plans and policies to achieve sustainability in fashion, and to promote green apparel to educate about the environmental matters and ecological friendly product.

Jian, Jianguo and Ainsworth (2021) focused on public recognition in promoting lower levels of price sensitivity toward green products and the factors, and the moderating effects of self-construal and temporal distance. In total, 865 persons participated in the study. The findings indicated that public recognition has significantly reduced price sensitivity towards green products, and consumers of higher levels of independent self-construal are more price-sensitive than higher levels of interdependent self-construal, with the activation of public recognition. Furthermore, independent self-construal price sensitivity of consumers from initial

purchase to subsequent purchase of green products is an inversed U-shaped curve. The study showed the important parts of public recognition, temporal distance, and self-construal, in forecasting price sensitivity towards green products.

Bhatt, Deutsch and Suri (2021) studied the problem of food waste that continues to plague the world. The upcycled foods, are a partial answer to food waste problem, that are made from ingredients of remaining from manufacturing of other food products. With a limited study on consumer approval of upcycled foods, suggests a commercial prospect, and find the role played by pricing in creating a marketplace for upcycled foods. The investigation of consumers' price sensitivity for upcycled foods through conventional options indicated that consumers display a higher price sensitivity towards upcycled foods.

Flores *et al.* (2021) studied the empirical literature on residential water demand employing semi-aggregated data, disaggregated data, and aggregated data, to compare the effects of large sample of semi-aggregated data and small sample of fully disaggregated data on price elasticity estimates. Also, analysed the various aggregation levels in the socio-demographic variables has effect on the water price elasticity estimates. A discrete-continuous choice model was employed to study the consumers have a growing price level structure. The results confirmed that the price elasticity of water depends on the level of aggregation used and the sample size. Furthermore, water price elasticity is statistically different to a large semi-aggregated sample and a small disaggregated sample.

Rotem, David and Thierry (2021) assessed the impacts of yearly variations in regional and global prices of maize by statistical and machine-learning methods. The results showed that, Northern America has the most influential, and models revealed that Northern America has negative impacts on the global maize price. A small decline in Northern America maize yield can enhance the chance of price increase on global scale. The manufactures of maize in other regions have less impact on global price. Machine-learning methods analysed the global prices of main commodities, and showed the sensitivity of price change to the variations of manufacture in Northern America.

Naumzik and Feuerriegel (2021) compared the different predictors stemming from supply-side, demand-side, fuel-related and economic influences. The study implemented range of non-linear models from machine learning, and information-fusion based sensitivity analysis. The research showed that external analysts have overall decrease the root mean squared errors by 21.96%, and Diebold-Mariano test has statistically proven the forecasting accuracy is superior for the machine learning models.

Yuansi and Ke (2021) observed crowding a widely phenomenon in the tourism industry. The concerns of crowding on destinations and locals, researchers have rarely observed the effect on tourists' experiences. A correlational study and experiments, showed that tourists in more crowded conditions are less price sensitive to the service. In a crowded destination, tourists perceive lower difference among high and low prices of the service. Furthermore, tourists rely relatively more on their feelings than cognitions decision making under crowded conditions.

Brigitte, Girish and Lisa (2020) studied the motives of travellers' relation to price perception, willingness to pay, and price sensitivity. A total of 714 visitors participated in the study, have reveals the presence of three motivation groups like the minimum, maximum, and fair prices they are eager to pay. Additionally, from the four self-assembled holiday packages presented, visitors are ready to spend different prices for different elected packages and, and thus has an effect on the success of destination.

Lee, Lalwani and Wang (2020) examine how the cultural dimension of power distance belief (PDB) to the extent to which people accept hierarchy that influences consumers' price sensitivity. The authors suggest that consumers high in PDB are less price sensitive as they need to arrive at final buying decision quickly than search for a better offered price. The connection between PDB and price sensitivity is controlled by variables that change consumers' need for closure. For marketers, our findings suggest that consumers characterized by high PDB are less price sensitive. The outcomes can help managers in targeting,

segmentation, and pricing decisions.

Yue *et al.* (2020) investigated the impact of eco-friendly responsibility on consumption of green through the mediation of green concern and moderation of price sensitivity. The empirical outcomes show that eco-friendly responsibility can create green concern and enhance consumption of green. Eco-friendly responsibility has a positive influence on green concern and consumption of green. Green concern positively impacts consumption of green and plays a mediating role in the link between eco-friendly responsibility and green consumption. Price sensitivity has a negative moderating role with eco-friendly responsibility, green concern and green consumption.

Walia, Kumar and Negi (2020) investigate the factors in the fluctuations of consumers purchase intentions towards selected green products in the context of fast-moving consumer goods (FMCGs). Factor analysis was applied to reduce the number of variables to be considered without losing the significance of the explanatory power of variables. Simple regression analysis showed the relationship between purchase intention and (brand consciousness, perceived quality, availability of product, and price sensitivity). The outcomes showed that brand consciousness, price sensitivity, perceived quality, and availability of product have significant impact on the buying decision of consumers to green products.

Wang, Pham and Dang (2020) studied to determine the impact of eco-friendly consciousness on purchase intention of organic food with perceived quality, to investigate the function of price sensitivity between perceived quality and purchase intention, and to examine the role of price sensitivity through perceived quality on the indirect effect of consciousness on purchase intention. The results show that eco- friendly consciousness has positive effect on buying intention. Perceived quality has mediating role between eco-friendly consciousness and purchase intention. Price sensitivity play the moderating role between perceived quality and purchase intention.

Palacio, Santana and Montoya (2020) propose a procedure for identification, evaluation and categorisation of complementary hotel goods and services provided to guests, differentiate between free and payable, which are adapted to their needs and that increase the customer satisfaction and hotel profitability at mature sun-and- sand destinations. An empirical study was carried out by in-depth interviews, Delphi's methodology and survey. As a result, a set of complementary services was obtained (1) dispensable, (2) essential, and (3) desirable. The hotels are segmented according to their average prices and price sensitivity of their guest: economically- priced, medium-priced and medium to high-priced. The results show that dispensable complimentary services could be eliminated or outsourced by hotels, since customers do not give importance or use them frequently and there is not demand for desirable services.

Shane and Mengjie (2019) explored the importance of the quality of internal information for investment decisions. The study showed that the investment decisions with higher-quality internal information, is more sensitive to internal profit signals and less to external price signals. The reactive of investment to profit is growing, whereas the reactive of investment to market-to-book is declining in the quality of internal information. The research focused on the internal information and decision making by offering new and unique understandings on the significance of information quality, and the responsibility of external reporting quality in decreasing financial frictions.

Ghali (2019) focuses on consumer involvement in organic consumption and price sensitivity as a motive of consumer purchase intention and the moderating role of product regional identity. The first sample, 250 consumers to test the measurement scales by means of exploratory study. The second sample, 750 consumers to analysis the research hypotheses by means of confirmatory study. The findings showed that the interviewed customers buy organic food as they are concerned about their well- being and environment. The customers are more involved in regional organic products and are price insensitive for their safety, traceability and high quality.

Gao, Mittal and Zhang (2019) examine how gender identity and local–global identity can affect consumer price sensitivity. Five studies to test the theories: Study 1 single-paper meta- analysis shows that consumers experience identity incongruence are less price sensitive than those who experience identity congruence. Study 2 reproduces the effect with high external validity. Study 3 causal impact of identity (in)congruence on price sensitivity and the mechanism of mind-set. Study 4 cognitive resource depletion, and Study 5 cognitive vs. affective processing mode. The findings can be used to mitigate consumers' price sensitivity by strategically increasing or decreasing on consumer identities and managers can use local–global advertising or positioning of brands to influence consumers' price sensitivity.

Pesko *et al.* (2018) estimated associations between the prices of e-cigarettes (both disposable and refill) and traditional cigarettes on the uses of e-cigarette among middle and high school students in the United States. The regression models are used to estimate the associations between the prices and uses. To exploit fluctuations in e- cigarette and traditional cigarette costs across four time periods and 50 markets. The findings show that higher e-cigarette disposable costs are associated to decreased e- cigarette use with adolescents in the US.

Graciola *et al.* (2018) addresses the impact of store price image on repurchase intentions with the moderating effects of price sensitivity and price level in the context of retail markets in south of Brazil. PLS–SEM is used for analysing the data. The outcomes show that store price image has a positive impacted on customer repurchase intentions. Price sensitivity has a moderating role as an important variable between store price image and repurchase intentions.

Wang and Lans (2018) demonstrate that reduced price sensitivities is an important source of the deadweight loss, as the givers use gift prices to signal importance of their relationship with the receiver. A Bayesian gift choice model showed the preference predictions and signal price value. The study showed strong signal value of price, when the presenters are unaware about the receivers' preferences. Breakdown of deadweight loss showed signal price value as an essential source,

particularly heterogeneous prices.

Liang, Choi and Joppe (2017) examined the consumer repurchase intention, perceived value, and perceived risk of the peer-to-peer economy, in the context of Airbnb. The findings indicated that perceived risk has negative effects on perceived value and repurchase intention of Airbnb consumers. Perceived value has positive link to repurchase intention. Price sensitivity improved the perceived value and has positive impacts to repurchase. Perceived authenticity has important effect to reduce consumers' perceived risk and positive effect on their perceived value. Electronic word-of-mouth positively impact on perceived value and repurchase intention whereas has negative impact on perceived risk.

Nataraja, Balasubramanian and Kasilingam (2017) tried to understand the intention to use mobile shopping applications, the study employs technology acceptance model (TAM) and theory of diffusion of innovations (DOI), the variables: perceived enjoyment, perceived risk and personal innovativeness were added to the model. The influence on price sensitivity measures was determined by perceived risk, innovative, satisfaction, and intent to use. Structural equation modelling approach was used for analysing the data. Gender, experience and number of use as a moderation for the association. The findings showed that innovative and perceived risk have a major role in the intention to use mobile commerce applications for shopping purpose. Innovative users and intention to access shopping applications are less price sensitive.

Gao, Zhang and Mittal (2016) proposes that when a consumer local identity is accessible, they are likely insensitive to price due to sacrifice mind-set. The mediation role of sacrifice mind- set is demonstrated by calculating and manipulating construct, and to recognise boundary conditions of the link between consumer's local identity and price sensitivity. The results showed that consumers with local identity display lower price sensitivity to products. Companies with global strategy can activate consumers' local identity to less price sensitive toward their brands, and not position as local brands.

3.2.a Research Gap

The research on gender and local-global identity affect price sensitivity measured price sensitivity as consumer responses to price increases only. The gap could explore and measure price sensitivity as consumer responses to price decreases, which will provide additional insights to the research. The theory is tested on everyday ordinary products; future study could focus on a particular product that has an effect on purchasing behaviour with the change in price. The study on the impact of consumers' price sensitivity on their purchase intention towards supermarkets has not mentioned about the distance, means the travelling time from their home to supermarket. Price factor is only considered to consumers' purchase intention, additional factors such as location, service quality, product variety, and promotion should be taken into consideration in the future studies. Quota sampling is used for collecting data for sex and age group ratios. The individual's income levels of the participants were not collected and determining consumers' behaviour regarding price and purchase intention will differ based on their income level. Price sensitivity testing as a basic tool for strategic pricing decisions in a relatively saturated market require to monitor customer reactions to certain price level and identify price that are acceptable to consumers in terms of value perception. The study of price sensitivity influenced by age sensitivity focused on different age groups, there is a research gap in understanding different age groups with regards to their different income levels.

3.3   Price Discrimination

Price discrimination is a sales strategy used by companies and sellers to sell the same product or service to different customer segments at different prices. The pricing mechanism is based on the company's monopoly, personal preferences, the unique product or service, and the willingness to pay different prices. The strategy of price discrimination is applicable in a monopolistic market. Sellers can decide on the cost of a product or service without following the usual pricing mechanisms, rules, or laws. For price discrimination to work, companies must use such strategies, namely imperfect competition, prevention of reselling, elasticity of

demand and market segregation, etc. (Armstrong, 2008).

First-degree price discrimination

First-degree price discrimination is also known as perfect price discrimination (Armstrong, 2008). This price discrimination means that a product is sold at the price that every customer would like to spend. It is the strategy in which companies set the maximum price for every product and service. For example, at an auction, any person who is willing to pay more than anyone else for a particular good.

Second-degree price discrimination

Second-degree price discrimination means setting different prices for different quantities consumed. This type of strategy is mainly used by wholesalers because the number of products purchased there differs at a different price. This quantitative price discrimination benefits large buyers and resellers (Armstrong, 2008). For example, the price for charging mobile data differs from the amount of data consumed.

Third-degree price discrimination

Third-degree discrimination is also known as group pricing (Armstrong, 2008). This happens when companies divide their consumers into different groups and sell the same products at different prices. For example, an infant's flight is free, while an adult pay for the plane tickets. The toddler belongs to one group and the adult belongs to another group while there are different prices for the same service.

3.4   Antecedent of Price Sensitivity

3.4.a.   Customer Satisfaction

The concept has its origins in marketing and business management (Fornell *et al.*, 1996). It has emerged as an important indicator for companies to measure the level

of satisfaction and satisfaction of their customers with the products or services they offer. It gained importance in the 20th century with the rise of consumerism and the shift to a more customer-oriented business approach. Understanding and measuring customer satisfaction became essential for companies that wanted to retain customers, build brand loyalty, and gain a competitive advantage in the market. Over time, various methods and tools have been developed to assess and improve customer satisfaction, such as surveys, feedback forms, and customer satisfaction scores. Today, customer satisfaction is considered an important performance indicator for companies in all industries, which influences their strategies and decision-making processes (Epstein & Roy, 2001).

Customer satisfaction refers to the level of satisfaction that a customer experiences after interacting with a product or service. It is a measure of whether the offers customer expectations are met or exceeded. A high level of customer satisfaction is often an indication of a positive customer experience, which can be reflected in repeated purchases, positive word of mouth, and increased loyalty (Churchill Jr & Surprenant, 1982). Companies often use various methods, such as surveys, feedback forms, and reviews, to measure and improve customer satisfaction. Ultimately, it is crucial for companies to prioritize customer satisfaction in order to build strong ties with their customer base and gain a competitive advantage in the market.

Customer satisfaction is of paramount importance in any business as it directly impacts the success and longevity of the company (Gurău & Ranchhod, 2002). High levels of customer satisfaction can lead to increased customer loyalty, repeat purchase, and positive word-of-mouth referrals, all of which are crucial for sustained growth. Conversely, low levels of customer satisfaction can result in loss of customers, damage to the brand's reputation, and ultimately, decreased revenue. Understanding and prioritizing customer satisfaction can help businesses identify areas for improvement and enhance overall customer experience, ultimately contributing to long-term success and competitiveness in the market.

The benefits of customer satisfaction for businesses are multifaceted. Primarily, it

promotes customer loyalty, which can result in repeat patronage and the potential for customers to act as brand ambassadors. Additionally, contented customers often provide favourable reviews and recommendations, which can attract new clientele. High levels of customer satisfaction are typically associated with increased sales and revenue, as satisfied customers are inclined to spend more and make additional purchases. Moreover, customers who are pleased with a company are generally more forgiving of occasional errors, thereby enhancing the company's reputation. A commitment to customer satisfaction also enables a business to distinguish itself from competitors and cultivate a robust, loyal customer base (Gurău & Ranchhod, 2002).

However, accurately measuring customer satisfaction can be challenging due to its subjective nature and the variability of individual experiences. Achieving and sustaining high levels of customer satisfaction can be resource-intensive, requiring considerable time and effort (Gurău & Ranchhod, 2002). In some instances, an excessive focus on customer satisfaction may lead to the neglect of other crucial aspects of a business, such as innovation or cost-effectiveness. Additionally, addressing the diverse needs and expectations of all customers can be difficult, particularly in a rapidly evolving market. Low levels of customer satisfaction can result in negative reviews and word-of-mouth, which can substantially impact a company's reputation and financial performance. Lastly, relying exclusively on customer satisfaction as a performance metric may not provide a comprehensive view of a business's overall success and sustainability.

3.4.b.   Customer Loyalty

The marketing concept, which originated from the idea of fostering strong relationships between businesses and their customers, has its roots in the early 20th century. During this time, businesses began to recognize the significance of customer retention for long-term success (Uncles, Dowling & Hammond, 2003). This concept evolved as companies realized that repeat customers were more profitable than acquiring new ones. Consequently, customer loyalty programs and

strategies were developed to incentivize continued patronage from specific brands or companies. This notion is grounded in the understanding that satisfied customers who feel valued are more likely to remain loyal and advocate for the brand (Kumar & Shah, 2004). Today, customer loyalty remains a key focus for businesses across various industries, as they strive to maintain a competitive edge in the market.

Customer loyalty refers to the intent of customers to continue purchasing goods or services from a particular brand over time. It reflects the satisfaction and commitment of customers to a specific business, resulting in repeat purchases and long-term relationships. Companies often aim to build customer loyalty by providing excellent customer service, loyalty programs, and high-quality products or services. Customer loyalty is crucial for businesses, as it leads to increased revenue, positive word-of-mouth, and a competitive advantage. By concentrating on customer loyalty, businesses can establish a loyal customer base that significantly contributes to their success and growth (Uncles, Dowling & Hammond, 2003).

Building and maintaining customer loyalty can result in increased sales, positive word-of-mouth, and a competitive advantage (Mascarenhas, Kesavan & Bernacchi, 2006). Loyal customers often act as brand advocates, promoting the company to others and enhancing its reputation. Furthermore, customer loyalty can lead to higher customer lifetime value, as repeat customers tend to spend more over time. Businesses frequently invest in loyalty programs and exceptional customer service to nurture and strengthen these relationships.

Customer loyalty offers numerous advantages for businesses. Firstly, loyal customers tend to make repeat purchases, providing a consistent revenue stream. Secondly, they often serve as brand ambassadors, spreading positive word-of-mouth and attracting new customers (Kumar & Shah, 2004). Additionally, loyal customers are more forgiving of occasional mistakes or price increases. They are also more likely to try new products or services offered by the company. Moreover, retaining existing customers is more cost-effective than acquiring new

ones. Customer loyalty also aids in building a strong community around the brand. Lastly, loyal customers provide valuable feedback that can be used to improve products or services (Mascarenhas, Kesavan & Bernacchi, 2006).

However, there are some drawbacks to customer loyalty. It can sometimes lead to complacency within a company, where the focus shifts towards maintaining existing customers rather than innovating or attracting new ones (Mascarenhas, Kesavan & Bernacchi, 2006). Additionally, overreliance on customer loyalty may result in a lack of flexibility in adapting to changing market trends or customer preferences. Another disadvantage is the potential for loyal customers to develop a sense of entitlement, expecting special treatment or discounts that may not be sustainable for the business. Moreover, customer loyalty can create a barrier to entry for new competitors, making it difficult for innovative ideas or products to gain traction in the market (Kumar & Shah, 2004). Lastly, in some cases, customer loyalty can breed a sense of stagnation, where businesses become resistant to change or improvement due to a loyal customer base.

3.4.c.   Service Quality

The concept of service quality, originating from the fields of marketing and management, gained prominence in the 1980s when businesses began to prioritize customer satisfaction and retention (Lenka, Suar & Mohapatra, 2010). Service quality is defined as the extent to which a service meets or surpasses customer expectations. Researchers such as Parasuraman, Zeithaml, and Berry introduced the SERVQUAL model in the 1980s, a widely recognized framework for assessing service quality. This model identifies five key dimensions: reliability, responsiveness, assurance, empathy, and tangibles (Parasuraman, Zeithaml & Berry, 1988). Understanding and enhancing service quality has become crucial for maintaining a competitive edge across various industries. Businesses employ diverse tools and techniques to measure and improve service quality, ultimately aiming to deliver superior customer experiences.

Service quality refers to the degree of satisfaction customers experience when interacting with a particular service provider (Zeithaml & Parasuraman, 2004). Its

key dimensions include responsiveness, reliability, assurance, empathy, and tangibles. Service quality is essential for businesses as it directly influences customer loyalty, satisfaction, and organizational success. Companies frequently utilize tools such as surveys, feedback mechanisms, and performance metrics to evaluate and enhance service quality. By focusing on improving service quality, businesses can distinguish themselves from competitors and establish a strong market reputation. Overall, the concept of service quality plays a significant role in shaping customer perceptions and influencing their decision-making processes. High service quality leads to increased customer retention, positive word-of-mouth, and higher profitability. It is instrumental in shaping a company's overall reputation and image in the eyes of consumers (Cronin Jr & Taylor, 1992). Businesses that prioritize service quality often stand out from competitors and develop strong relationships with their clientele. Consistently delivering excellent service can result in long-term success and sustainability for organizations across various industries. Understanding and improving service quality is a primary focus for companies striving to thrive in today's competitive market. It is a cornerstone of customer-centric strategies and is crucial for maintaining a loyal customer base. The advantages of high service quality include enhanced customer satisfaction, leading to customer loyalty and retention. Superior service quality can also generate positive word-of-mouth recommendations, attracting new customers. It helps businesses differentiate themselves from competitors, creating a competitive edge in the market. High service quality often leads to an improved brand reputation and credibility. Additionally, it can result in higher customer lifetime value, as satisfied customers are more likely to make repeat purchases. Superior service quality can also contribute to increased employee morale and motivation, fostering a more productive workforce. Furthermore, it aids in building long-term relationships with customers, fostering trust and loyalty (Ngo & Nguyen, 2016). However, there are several disadvantages associated with service quality that can impact customer satisfaction. One significant drawback is inconsistency in the level of service provided, leading to a lack of reliability for customers (Ngo & Nguyen, 2016). Poor service quality can result in negative customer experiences, damaging a company's reputation and resulting in loss of business. Inadequate

service quality may also lead to customer complaints and dissatisfaction, ultimately affecting customer loyalty. Additionally, low service quality can increase operational costs for a business due to the need for rework or compensation for dissatisfied customers. In some cases, poor service quality can even lead to legal issues if customers feel misled or mistreated.

3.4.d.   Perceived Value

The notion of perceived value has its roots in the disciplines of marketing and consumer behaviour. It pertains to the perceived worth and value of a product or service from the consumer's perspective (Boksberger & Melsen, 2011). Various factors, including quality, price, brand reputation, and customer experience, influence perceived value. Companies often endeavour to enhance the perceived value of their offerings to attract and retain customers. Comprehending and effectively managing perceived value is vital for businesses to differentiate themselves in competitive markets. By concentrating on creating a strong perceived value, companies can cultivate customer loyalty and drive sales. The concept of perceived value is a fundamental element of marketing strategies aimed at meeting customer needs and preferences (Sánchez-Fernández & Iniesta-Bonillo, 2007). It plays a significant role in shaping consumer perceptions and purchase decisions.

Perceived value represents the worth and value of a product or service from the consumer's viewpoint. It does not necessarily align with the actual cost or quality of the item but rather the value that consumers believe they are receiving. Companies frequently strive to enhance the perceived value of their offerings through marketing strategies, branding, and customer experience. Understanding perceived value is crucial for businesses as it directly impacts consumer behaviour, including purchasing decisions and brand loyalty. By effectively managing perceived value, companies can distinguish themselves in competitive markets and build robust relationships with their customers. It is a key concept in marketing and plays a significant role in shaping consumer perceptions and preferences (Sánchez-Fernández & Iniesta-Bonillo, 2007).

Perceived value plays a significant role in various aspects of life, influencing decision-making processes and shaping individual preferences. Understanding the perceived value of a product or service is crucial for businesses as it directly impacts consumer behaviour and purchasing decisions. In the field of psychology, perceived value plays a key role in how individuals assess the worth of different options when making choices (Boksberger & Melsen, 2011). Moreover, in the realm of economics, perceived value contributes to the concept of utility, which is essential in determining the satisfaction derived from consuming goods and services. Overall, the significance of perceived value lies in its ability to guide human behaviour, shape market dynamics, and influence overall satisfaction and well-being.

Perceived value can enhance a product's desirability among consumers, leading to increased sales and brand loyalty (Sweeney & Soutar, 2001). It enables businesses to justify premium pricing for their products or services, resulting in higher profit margins. Perceived value can differentiate a product from its competitors, thereby acquiring a competitive edge in the market. It can also create a positive brand image, attracting new customers and retaining existing ones. By focusing on perceived value, businesses can improve customer satisfaction and generate positive word-of-mouth recommendations. Additionally, perceived value can help in building long-term relationships with customers, fostering trust and repeat business. It also enables companies to adapt to changing market conditions more effectively by emphasizing quality and customer benefits.

However, perceived value can also have disadvantages, such as leading to misconceptions about the actual worth of a product or service (Sweeney & Soutar, 2001). This can result in customers overpaying for something that may not deliver the expected benefits. Additionally, perceived value might create a false sense of quality, causing individuals to prioritize appearance over functionality. It can also lead to a focus on superficial aspects rather than the actual value or utility of the item. Furthermore, relying solely on perceived value may overlook other important factors like durability, reliability, or long-term satisfaction. In some cases, perceived value can be manipulated by marketing tactics, leading to deceptive practices that exploit consumer perceptions.

3.4.e.   Switching Costs

The concept of switching costs, which originated in the fields of economics and marketing, aims to explain the obstacles that prevent customers from easily transitioning between competing products or services (Barroso & Picón, 2012). This concept is frequently linked to customer loyalty and retention strategies employed by businesses to dissuade customers from switching to competitors. The notion of switching costs has been extensively investigated in various sectors, such as telecommunications, software, and consumer goods, to understand consumer behaviour and market dynamics (Burnham, Frels & Mahajan, 2003). Companies utilize switching costs as a strategic tool to create a competitive advantage and establish long-term relationships with customers. Comprehending switching costs is essential for businesses to design effective marketing strategies and enhance customer satisfaction. Over time, the concept has evolved to encompass not only financial costs but also psychological and time-related factors that influence consumer decision-making.

Switching costs refer to the expenses, both tangible and intangible, that consumers incur when transitioning from one product or service to another (Barroso & Picón, 2012). These costs can include financial investments, time spent learning how to use a new product, or emotional attachment to an existing brand. In business, companies often seek to create high switching costs to retain customers and prevent them from switching to competitors. Understanding switching costs is crucial for businesses to develop effective strategies for customer retention and loyalty. By analysing switching costs, companies can adjust their marketing strategies and product offerings to align with customer needs and preferences. Ultimately, the concept of switching costs plays a significant role in shaping consumer behaviour and influencing market dynamics (Blut *et al.*, 2016).

Recognizing the significance of switching costs is paramount, as it makes it more challenging for competitors to attract customers. Companies often strategize to increase switching costs for consumers to enhance customer retention and loyalty. High switching costs can lead to a more stable customer base, providing businesses with a competitive advantage in the market. By acknowledging the

importance of switching costs, businesses can tailor their offerings and services to boost customer satisfaction and reduce the likelihood of customers switching to competitors. Understanding the impact of switching costs allows businesses to make informed decisions to improve customer retention and ensure long-term profitability (Burnham, Frels & Mahajan, 2003).

Switching costs represent the expenses or inconveniences associated with transitioning from one product or service to another. One advantage of switching costs is that they can create a barrier to entry for competitors, as the costs involved may deter customers from switching to a new provider (Burnham, Frels & Mahajan, 2003). Additionally, switching costs can foster customer loyalty by making it more difficult for customers to leave for a competitor, thereby increasing customer retention rates. They can also incentivize companies to provide better services or products to retain their customers, leading to improved quality and innovation. Furthermore, switching costs can contribute to a stable customer base, providing a predictable revenue stream for businesses.

However, switching costs also have disadvantages for consumers, as they can make it financially burdensome to switch from one product or service to another (Blut *et al.*, 2016). These costs can include cancellation fees, setup fees, and the need to purchase new equipment or software. Additionally, switching costs can lead to inertia, where consumers stick with a subpar product or service simply because the cost of switching is too high. They can also create a barrier to competition, as high switching costs can make it challenging for new companies to enter the market. Moreover, switching costs can result in a lack of innovation and improvement from existing providers, as they may not feel compelled to enhance their offerings if customers are unlikely to switch.

3.5   Conclusion

In conclusion, price sensitivity refers to the degree to which consumers react to changes in the price of a product or service (Tellis, 1988). Understanding price sensitivity is crucial for companies as it aids in determining the optimal pricing strategy to maximize profits. Moreover, price sensitivity significantly influences

consumers' purchasing decisions and their intentions to buy sustainable or eco-friendly products (Levy *et al.*, 2004). Highly price-sensitive consumers are more likely to be swayed by lower prices and may opt for less expensive alternatives, even if they have environmental concerns. Conversely, consumers with low price sensitivity tend to prioritize sustainable features and are willing to pay a premium for eco-friendly products. Therefore, businesses must consider price sensitivity when marketing and pricing their products, as it can greatly impact consumer behaviour and buying patterns.

Additionally, research has shown that price sensitivity can act as a mediator between consumers' consumption requirements and their sustainable purchase intentions. In other words, price sensitivity can influence whether consumers will actually follow through on their intentions to support sustainable products. Price sensitivity, along with other factors such as government and media reports, can significantly influence consumers' perceptions and attitudes towards the environment and products.

Price discrimination involves charging different prices for the same product or service to different customer segments based on their willingness to pay. This strategy is employed by businesses to increase profits by capturing additional value from customers willing to pay higher prices while still attracting price-sensitive customers. Price discrimination can take various forms, such as first-degree (charging each customer their maximum willingness to pay), second-degree (offering different pricing tiers), and third-degree (setting different prices based on customer demographics or location) (Armstrong, 2008). This practice is common in industries like airlines, hotels, and entertainment, where demand fluctuates. Price discrimination is a strategic pricing technique used to optimize revenue by catering to the diverse preferences and price sensitivities of customers.

Understanding the antecedents of price sensitivity is essential for businesses as it helps them tailor their pricing strategies and policies to better meet consumer demands. Factors such as customer satisfaction, customer loyalty, service quality, perceived value, and switching costs can all influence the level of price sensitivity among consumers. By identifying and analysing these antecedents, companies can make informed decisions regarding pricing adjustments and promotions to

maximize profitability and customer satisfaction.

CHAPTER 4

FAST-MOVING CONSUMER GOODS

The fourth chapter deals with the introduction to fast-moving consumer goods, advantages and disadvantages of fast-moving consumer goods, practical and theoretical implication, general significance of fast-moving consumer goods, literature review, research gap, fast-moving consumer goods (FMCG) division categories, significance of FMCG division categories, food and beverages, personal care products, household goods, over the counter drugs, and conclusion.

4.1   Introduction to Fast-Moving Consumer Goods

The term "fast-moving consumer goods" (FMCG) emerged within the marketing and retail sectors to describe products characterized by rapid sales and relatively low prices (Malhotra, 2014). This concept was developed to categorize items such as food, beverages, toiletries, and other consumables that exhibit a high turnover rate. FMCG gained prominence as companies aimed to distinguish these products from those with longer shelf lives or higher price points. The term has its origins in the necessity for efficient management and marketing of goods with short life cycles that are in constant demand by consumers (Sengupta, 2008). Over time, FMCG has become a standard classification in the industry, aiding businesses in understanding the unique characteristics and challenges associated with these products. The concept has evolved to include various strategies for production, distribution, and promotion tailored to the fast-paced nature of consumer goods (Pride & Ferrell, 2004).

Fast-moving consumer goods are products that sell quickly and at low prices. These items, which are typically in high demand, include food, beverages, toiletries, and household products. The term "fast-moving" indicates that these items have a high turnover rate and are frequently purchased by consumers (Malhotra, 2014). Companies producing fast-moving consumer goods often focus on efficient production and distribution to meet the demand for these products.

Understanding consumer preferences and market trends is essential in the FMCG industry to ensure successful sales and profitability.

These items are generally non-durable, such as food, beverages, toiletries, and over-the-counter drugs. FMCG are known for their short shelf life and high consumer demand. They are frequently purchased with minimal consideration. Fast-moving consumer goods can be likened to items in a grocery store that quickly sell out, such as bread or milk, due to their high demand and frequent purchase. Similar to these products, fast-moving consumer goods are popular, affordable, and essential in daily life, making them household staples. They are comparable to items constantly in demand and needing frequent restocking to meet consumer needs. Additionally, these goods are often low-cost items purchased frequently without much thought or consideration. In essence, fast-moving consumer goods are everyday essentials that people consistently buy without much hesitation.

Fast-moving consumer goods (FMCG) offer several advantages. Firstly, they have a quick turnover rate, meaning they are constantly in demand and can swiftly generate revenue (Dupre & Gruen, 2004). Secondly, FMCG products typically appeal to a wide consumer base, leading to high sales volumes. Additionally, FMCG items are usually affordable, making them accessible to many consumers. Furthermore, the frequent purchase cycle of FMCG products can lead to strong brand loyalty among customers. Moreover, the short shelf life of these goods encourages regular purchases, boosting sales for businesses. Lastly, the competitive nature of the FMCG market drives innovation and product improvement, benefiting both businesses and consumers. However, one major drawback is their short shelf life, leading to potential wastage if not sold quickly. Another disadvantage is the intense competition in the FMCG market, making it challenging for new products to gain traction. Additionally, the need for frequent marketing and promotions to stay relevant can be costly for companies. FMCG products often have low-profit margins due to price competition, impacting businesses' profitability in this sector. The reliance on consumer trends and

preferences can also make it difficult to predict demand accurately, leading to overstocking or understocking issues. Lastly, the perishable nature of some FMCG items can result in losses if not managed effectively.

FMCG significantly impact various aspects of the economy and consumer behaviour (D'Andrea *et al.*, 2006). These products' high turnover rates and relatively low costs affect supply chain management and distribution strategies. FMCG demand often remains stable even during economic downturns, making them a resilient market sector. Understanding consumer preferences and trends in FMCG provides valuable insights for marketing and product development strategies. Additionally, the competitive nature of the FMCG industry drives innovation and efficiency in production processes. Overall, the implications of fast-moving consumer goods extend beyond just sales and marketing, influencing broader economic trends and consumer habits. Practical implications include the need for efficient supply chain management to ensure products are readily available to meet consumer demand. For businesses, understanding consumer preferences and trends becomes crucial to staying competitive in the market. Companies often rely on effective marketing strategies to promote their products and attract customers. From a consumer perspective, the availability and affordability of FMCG make them convenient choices for everyday purchases. The theoretical implications include understanding the demand and consumption patterns of FMCG, which provide insights into consumer behaviour and preferences. It also sheds light on the impact of pricing strategies, advertising, and branding on consumer choices. The study helps economists analyse market trends, price elasticity, and competition effects on consumer welfare. Additionally, research on FMCG can contribute to theories related to supply chain management, inventory control, and distribution strategies. Exploring the theoretical implications of FMCG enhances our understanding of how markets function and evolve. Overall, the implications of fast-moving consumer goods highlight the importance of agility, market responsiveness, and customer satisfaction in the retail industry (Sengupta, 2008).

Fast-moving consumer goods (FMCG) hold significant importance due to their essential role in daily life. These products, such as food, beverages, toiletries, and household products, are frequently purchased and crucial for meeting basic needs and improving the quality of life for individuals worldwide. FMCG play a vital role in driving economic growth and stability due to their consistent demand and widespread consumption. The FMCG sector is a key contributor to employment opportunities and plays a pivotal role in the global supply chain (Sengupta, 2008). Additionally, the accessibility and affordability of FMCG make them integral to ensuring convenience and comfort for consumers across various demographics. In essence, the significance of fast-moving consumer goods lies in their pervasive presence and impact on everyday living. Practically, FMCG are crucial for daily living, making them household staples worldwide. They are vital for maintaining a comfortable and convenient lifestyle, fulfilling basic needs, and contributing to overall well-being. Their availability and affordability make them accessible to a wide range of consumers, impacting a large portion of the population. The significance of FMCG also extends to the economy, driving substantial revenue and employment opportunities within the industry (D'Andrea *et al.*, 2006). Understanding the importance of FMCG helps individuals appreciate the convenience and impact these products have on their daily routines. Theoretically, FMCG are significant in economics and marketing due to their impact on consumer behaviour and market dynamics. These goods are essential in studying demand patterns, pricing strategies, and distribution channels, providing valuable insights into how consumers make purchasing decisions. Understanding the consumption patterns of FMCG also sheds light on broader economic trends and indicators. Additionally, the fast-paced nature of these goods contributes to the concept of market efficiency and competition, as companies strive to innovate and differentiate their products to capture market share. Overall, the significance of FMCG lies in their ability to serve as a microcosm of larger economic principles and consumer behaviour theories.

4.2   Literature Review

Talay, Pauwels, and Seggie (2024) addressed questions of managerial significance, such as whether products perform better when launched during a recession, whether the severity of the recession matters, and whether products have a higher success rate when released before or after a recession. Their study analysed two datasets: one comprising 8,981 product launches in 20 UK fast-moving consumer goods categories over 18 years, and another comprising 1,071 product launches in the US automotive market over 63 years. The findings revealed that products launched during and after a recession tend to survive longer, whereas severe recessions are associated with shorter product survival. This research advances marketing theory by elucidating the effects of recession timing and severity on new product launch success rates.

Petr and Petr (2023) investigated a real-world retailer-led three-echelon Closed Loop Supply Chain (CLSC) in the beverage industry, involving a manufacturer, distributor, and retailer. The manufacturer produces two identical products, one in a returnable glass bottle and the other in a disposable bottle. The returnable glass bottles are returned through a specialized distributor who ensures sorting and reverse logistics to the manufacturer. The results indicated that CLSC achieves higher profits when the product mix favours returnable glass bottles. From a theoretical perspective, Stackelberg equilibrium is acceptable, and sensitivity analysis highlighted the challenges in negotiating and coordinating a real CLSC in the FMCG sector, given the dominant retailer's role in negotiations and price reductions for the final consumer.

Guru *et al.* (2023) examined the shift in consumer preference for supply chains in the FMCG sector in India, employing both quantitative and qualitative analyses to investigate factors influencing the selection of distribution channels, including e-commerce, general trade, hyper-local, and modern trade. Exploratory factor analysis and sensitivity analysis were used to evaluate the data. The results indicated that modern trade is the most favoured channel, while the hyper-local

distribution model is not economically viable. Partnerships between FMCG companies and hyper-local delivery services provide a short-term solution, ensuring quick deliveries within small geographic areas, but advancements in technology are expected to drive future growth.

Gimeno and Santos (2023) identified the presence of grey markets as a problem in distribution channel strategy within the FMCG supply chain. Their research identified two antecedents of distributor participation in grey channels: the negative impact on distributor performance and the relationship between distributors and suppliers. Data were collected from 172 wholesale distributors and analysed using PLS-SEM. The findings indicated that the negative impact on official distributor performance and the cooperation between distributors and manufacturers have different effects, with the manufacturer's involvement being the most significant antecedent of distributor participation in grey markets, while perceived manufacturer cooperation had weaker results.

Prashar (2023) identified and compared the drivers for implementing sustainable supply chain management practices in the Indian FMCG sector. Using Grey-Decision Making Trial and Evaluation Laboratory methodology and sensitivity analysis, the study examined the complex causal relationships among sustainable supply chain management drivers to identify the critical factors. The findings revealed that competitive pressure, legislative pressure, regulatory pressure, and innovation drive the adoption of sustainable supply chain management practices in both upstream and downstream supply chains in the FMCG sector.

Khayer, Rahul, and Chakraborty (2023) investigated the imminent changes in supply chains within the FMCG sector, employing both short-term and long-term supply chain policies for manufacturing, material sourcing, and distribution. Short-term proposals act as corrective measures to address interruptions as they arise, while long-term strategies serve as preventive measures requiring time to implement. The study focused on creating supply chain equations that consider inbound and outbound transportation costs, ordering costs, response times, holding costs, inventory levels, downtime, and other factors. Interviews with 25 industry

experts were conducted using both structured and unstructured patterns to calculate Key Performance Indicators (KPI) scores. The results indicated that the overall models are 85.66% viable, with KPI scores for procurement at 90%, manufacturing at 86.67%, and distribution at 80.30%.

Mithun and Soma (2023) explored the transformation of Parle-G's marketing communication from traditional modes to digital modes over four decades, from 1982 to 2021. The study demonstrated how Parle-G has adopted innovative and digital marketing strategies to promote its FMCG brand in emerging economies like India. Between 2016 and 2021, Parle-G utilized digital marketing communication to meet contemporary marketing needs, highlighting a paradigm shift towards creating a digital connection between consumers and the organization.

Viktorija, Ausra, and Mantautas (2023) aimed to determine the relationship between egoistic motives, income, attitude, and altruistic motives concerning recycled FMCG and purchase intentions. A questionnaire-based research approach was applied, and structural equation modelling was used for analysis. The findings revealed that income negatively influenced egoistic motives toward buying recycled FMCG. Egoistic motives affected attitudes, but indirectly influenced purchase intentions. Altruistic motives did not influence income but directly impacted purchase intentions for recycled FMCG. The study suggested that communication should support the emergence of a sustainable FMCG market from recycled materials.

Singh and Karmakar (2023) identified the most effective tools for conducting ergonomic evaluations on FMCG shop floors. This research emphasized the importance of occupational safety and health evaluations to equip industrial designers and engineers with suitable solutions through innovative design and behaviour change. The study provided strategies for shop floor engineers to identify and implement the best ergonomic tools and techniques for positive evaluations.

Li *et al.* (2022) sought to examine how grocery merchants succeed by boosting sales and improving the inventory turnover cycle in traditional fast-moving consumer goods (FMCG). The study involved an in-depth analysis of merchants' inventory-buying behaviours using a transaction record dataset. Key metrics analysed included stock-keeping unit (SKU) coverage, SKU selling speed, monthly spending growth rate, merchant repeat purchase patterns, and correlations with total merchant spending. The implementation of the inventory recommendation system demonstrated merchants' acceptance of SKU items for their inventory.

Hamed, Agnieszka, and Javid (2022) investigated supply chain management, a fundamental issue for businesses producing and providing customer services in the FMCG industry. The study highlighted the advancements and challenges posed by technology in supply chain logistics. The research employed a two-pronged approach, consisting of a literature review and expert interviews within the FMCG industry, to identify challenges faced by supply chains powered by the Artificial Intelligence of Things (AIoT). Through nonlinear quantitative analysis, the study observed the importance and recognized causal relationships within AIoT-powered supply chains.

Andrii *et al.* (2022) presented an integrated approach to demand-driven supply chain management for FMCG at the distribution stage. The study examined the impact of end-consumers and demand on logistics systems, emphasizing the interdependence of parameters within logistics and consumption systems. This research contributes to the knowledge on consumer-oriented approaches in demand-driven supply chains, with findings beneficial for developing modern supply chain models.

Wilkins and Ireland (2022) assessed consumer trade-off preferences for various FMCG products regarding product quality, price, and pack quantity through choice-based conjoint analysis. Using three samples of American consumers, the study found that product quality was the most favourable attribute, while pack quantity was the least important. The findings suggested that manufacturers

should reduce pack quantity rather than increase prices or lower quality to maximize profits.

Das (2022) explored the impact of corporate social responsibility (CSR) activities on consumer retention in the FMCG industry. The study conducted a higher-order statistical analysis on professional students in Odisha to understand behavioural categories. Additionally, an Optimized Recurrent Neural Network (RNN) using the Modified Sea Lion Optimization Algorithm predicted customer retention in FMCG companies, demonstrating the benefits of CSR through O-RNN prediction analysis.

Natasha and Ali (2022) validated a positioning taxonomy for the FMCG sector in the Indian market. The study employed a systematic technique for developing and validating scales, utilizing literature reviews, focus groups, and expert opinions for item generation and selection. Confirmatory factor analysis was used to establish convergent, discriminant, and ontological validity. The findings validated the consumer-derived taxonomy of positioning strategies, including value for money, being local, premium, and product attributes, for the FMCG sector.

Bee (2022) investigated the impact of electronic customer relationship management (e-CRM) on customer satisfaction and repurchase intention in the FMCG industry. The study explored five elements of e-CRM: transaction security, online feedback, customization, website features, and service quality. Using stimulus-organism-response theory, the research elucidated the relationship between e-CRM strategies and customer satisfaction and repurchase intention. The findings provide insights for FMCG firms to improve planning, implementation, and control of e-CRM to achieve desired business performance.

Konrad *et al.* (2022) examined sustainable consumer behaviour in self-service stores and decision-making processes when purchasing FMCG. Utilizing virtual reality equipment and electroencephalograms, the study performed descriptive statistics and correlation analysis. The research provided in-depth analyses of conscious and non-conscious aspects of sustainable consumer behaviour,

identifying two consumer types: non-routine and considerate consumers. Emotion indicators for FMCG products were also defined, with salmon yielding the highest satisfaction.

Valaei *et al.* (2022) explored the elements of creativity and innovation, presenting a theoretical model to investigate organizational performance in FMCG-SMEs. The empirical test involved 210 valid questionnaires, and structural equation modelling was performed to evaluate the model fit, measurement model, structural model, and nonlinearity tests. Findings indicated that intrinsic and extrinsic motivations positively influenced creativity-related processes, though not compositional creativity. Additionally, the relationship between extrinsic motivation and improvisational creativity was nonlinear. Both improvisational and compositional creativity predicted innovation in FMCG-SMEs.

Zaneta *et al.* (2021) developed a comprehensive characterization of reuse models to evaluate their capability and potential to deliver environmental value compared to conventional single-use FMCG. Five exclusive reuse models were developed, with findings indicating that sequential reuse models have greater potential to increase recyclable resources through infrastructure access. The research emphasized that infrastructure enabling reuse and recycling is key to sustainably deploying reuse models for efficient FMCG consumption.

Niedermeier, Klein, and Menrad (2021) analysed factors distinguishing different consumer segments for green FMCG in Germany. An online survey and choice experiment were conducted to segment consumers based on their preferences for environmentally friendly goods. The segmentation analysis provided insights into consumer behaviour and preferences, aiding in the development of targeted marketing strategies to sell green products efficiently.

Neboh and Mbhele (2021) sought to identify the supply chain design dimensions that enable retailers to perform effectively and resiliently in the fast-moving consumer goods (FMCG) industry in South Africa. Their study examined the extent to which various supply chain design dimensions' impact resilience. Key dimensions identified were advancements in technology, economic influences,

environmental changes, transport networks, and supply chain outcomes. The findings suggest that effective function and operation with resilience are bolstered by suitable investments in technology, capacity under unstable economic conditions, and robust transport networks for an enhanced customer experience.

Nasiri, Kalantari, and Karimi (2020) investigated the optimal pricing policy for products across different sales and distribution channels. They developed a mixed-integer non-linear programming model that integrates location-allocation decisions and inventory control in an uncertain environment of distribution centres. The study highlighted the critical challenge of modelling and pricing demand for products. Pricing was identified as a key operational decision due to its influence on customer demand and market share, impacting the number and capacity of facilities and the chain structure. The research emphasizes that achieving global optimization requires the integration of pricing, location-allocation, and inventory decisions.

Botha, Creaven, and Mandy (2020) explored the impact of health endorsements on brand loyalty, brand trust, and brand equity for convenience and shopping goods in the FMCG sector using an experimental research design. The results indicated that health endorsements negatively affected brand trust, brand equity, and brand loyalty for shopping goods, while having a positive effect on convenience goods. For marketers, the findings suggest utilizing health endorsements in packaging design and enlisting health endorsers to target untapped markets.

Hosseini *et al.* (2020) examined the effect of price promotions on impulse buying behaviour in FMCG in Isfahan, Iran. Data were collected using questionnaires and analysed through structural equation modelling. The study found that price promotions positively impact impulsive buying behaviour and service innovation. Additionally, service innovation positively influences customer impulsive buying behaviour. The findings validate the role of price promotions as a mediator between service innovation and customer impulsive buying behaviour.

Shetty *et al.* (2020) analysed the impact of COVID-19 and emerging trends on the FMCG and retail industries in India. Through secondary research, existing literature on COVID-19's impact in India was reviewed and analysed to identify emerging trends. The study found that upcoming trends in the FMCG and retail industries involve removing intermediaries like wholesalers, distributors, and retailers, thereby achieving direct distribution and closer customer connections by leveraging technology.

Andrade, Guimarães, and Figueira (2020) studied the selection of optimal product assortments for FMCG producers. They developed a model to predict demand fluctuations with assortment changes, addressing indirect production costs associated with different assortments, and accounting for capacitated lot-sizing problems and safety stock requirements. The outcomes suggested that the approach benefits the FMCG industry, particularly under full capacity, high service levels, and seasonal demand patterns. The approach, tested in two real-world instances, yielded profits 9.4% higher than current practices for product line selection.

Singh and Singh (2019) evaluated factors influencing consumer decision-making in rural areas and provided valuable suggestions for improving FMCG advertising practices in these regions. Hypothesis tests examined the relationship between advertisement methods and consumer behaviour, revealing that advertisements significantly impact FMCG purchase decisions in rural areas.

Sundström and Lidholm (2019) examined customer loyalty and the development of strong customer relationships in the FMCG market. The authors argued that (1) customers are irreplaceable, (2) customers desire relationship-building over mere transactions, and (3) customer-company identification is crucial. They proposed a conceptual model for FMCG companies, drawing from experiences in effective employee motivation and recruitment, suggesting that robust human resource management strategies can enhance customer relationship management (CRM).

Dwivedi and McDonald (2018) empirically investigated the effect of consumer perceptions of brand marketing communications on brand authenticity in FMCG. Data were collected from US energy drink consumers and analysed. The study identified direct and indirect pathways to developing brand authenticity and found that brand marketing communications effectively build consumer-perceived brand authenticity.

Kuzmina *et al.* (2018) employed exploratory scenario planning to study future scenarios for the FMCG industry within a circular economy. They developed five scenarios: (1) Rinse and Reuse, (2) Pure Materials Cycle, (3) Circular Retailer Uprising, (4) World with No Supermarkets, and (5) Connected Living. The analysis offered a new perspective on value formation in the circular economy, highlighting the roles of consumers and technology.

4.2.a Research Gap

To determine consumer preferences regarding price, quantity, and quality for FMCG products, a study on American consumers employed choice-based conjoint analysis. The research pertains to inexpensive convenience goods in a wealthy country where consumers are willing to pay more for desired product quality. Future studies should consider additional demographic characteristics such as gender, age, and education level to assess their influence on consumer preferences. Moreover, examining preferences between branded and unbranded products is recommended.

A study analysing consumer segmentation based on preferences in various FMCG markets in Germany identified six distinct consumer groups, though the results may not be fully applicable to other countries. Future research should extend the research design to other countries and consider segmentation based on consumer lifestyle and worldview.

The reuse models implemented in the FMCG industry, as studied, were based on existing cases of reuse offerings. The framework could incorporate aspects such as infrastructure and sustainability. Future research could explore the functioning of reuse models within specific geographical locations. The current model focused on environmental themes like resource efficiency, recyclability, and reusability; future studies could include additional sustainability themes such as social and economic aspects. Understanding consumer motivation and the factors influencing it is crucial, therefore, future studies should consider different cultures, economic conditions, and socio-demographic factors.

4.3 FMCG Division Categories

The term "FMCG division categories" pertains to the classification of products within the Fast-Moving Consumer Goods (FMCG) industry. FMCG products are those that are quickly sold at relatively low prices. These categories typically include items such as food and beverages, personal care products, household goods, and over-the-counter drugs. Within these categories, products are further segmented based on factors such as target market, pricing, packaging, and distribution channels. Understanding these categories is essential for companies in the FMCG sector to effectively market and distribute their products to consumers (Dupre & Gruen, 2004). By organizing products into specific categories, companies can better tailor their strategies to meet the demands of different consumer segments and maintain competitiveness in the market.

The significance of FMCG division categories lies in their extensive impact on consumer markets. These categories encompass a broad range of products that are consistently in demand, including food, beverages, personal care items, and household goods. Effectively managing these categories is crucial for companies aiming to succeed in the competitive FMCG industry. The importance of these categories stems from their ability to drive revenue and profit for businesses, as they address everyday consumer needs. Additionally, FMCG division categories play a key role in shaping consumer behaviour and preferences, influencing

purchasing decisions on a daily basis. Overall, the significance of these categories underscores their vital role in the global economy and the daily lives of consumers worldwide (Dupre & Gruen, 2004).

4.3.a.   Food and Beverages

The term "food and beverages" within the FMCG sector refers to specific categories dedicated to products related to food items and drinks. This classification helps companies and consumers differentiate between various types of products within the FMCG industry. Food and beverages are crucial components of the FMCG sector, representing a significant portion of consumer goods that are frequently purchased and in large quantities. Understanding these categories is essential for businesses in the FMCG sector to effectively market and distribute their products (Hecht *et al.*, 2020). This category includes a wide range of products such as snacks, drinks, packaged foods, and more. These products are characterized by high demand, frequent purchase, and competitive market dynamics. Companies in the FMCG sector often focus on innovation, marketing strategies, and distribution networks to remain competitive in these categories.

The FMCG division categories focusing on food and beverages hold significant importance in the consumer market, as they are essential for daily living and play a crucial role in the economy (Hecht *et al.*, 2020). The FMCG sector is known for its rapid turnover and high demand, highlighting its widespread relevance to consumers globally. Food and beverages, being primary necessities, are vital in meeting basic human needs, underscoring their general significance. The FMCG industry's emphasis on convenience and accessibility further emphasizes its importance in catering to individuals' everyday requirements. Overall, the FMCG division, particularly food and beverages, plays a fundamental role in shaping consumer behaviour and market trends.

4.3.b.   Personal Care Products

The fast moving consumer goods (FMCG) division categories, particularly focusing on personal care products, encompass items such as skincare, haircare, oral care, and hygiene products used for personal grooming and well-being. These products are typically fast-moving due to their frequent use and high demand among consumers. The FMCG industry is characterized by rapid turnover of goods, short shelf life, and high-volume sales. Personal care products form a significant segment within the FMCG sector, catering to a wide range of consumer needs and preferences (Joseph & Kumar, 2014). This category includes items like soaps, shampoos, lotions, toothpaste, and deodorants, which are essential for daily personal hygiene and grooming routines. Manufacturers and retailers in the FMCG sector often prioritize innovation, marketing, and distribution strategies to meet the evolving demands of consumers in the personal care segment.

Personal care products are vital for daily hygiene and grooming routines, significantly impacting individuals' health and well-being. They play a crucial role in maintaining personal cleanliness and enhancing one's appearance, thereby contributing to self-confidence and overall quality of life (Joseph & Kumar, 2014). Additionally, the FMCG sector, including personal care products, drives a substantial portion of the global economy due to their high demand and frequent purchase cycles. These products cater to a wide range of demographics, making them accessible and relevant to a diverse consumer base. The innovation and competition within the FMCG division categories, particularly in personal care, lead to continuous product improvements and advancements, benefiting consumers with better options and quality. Overall, the significance of FMCG division categories such as personal care products lies in their everyday necessity, economic impact, and continuous evolution to meet consumer needs.

4.3.c.   Household Goods

The fast-moving consumer goods (FMCG) division categories, with a focus on household goods, refer to a category of products typically used within a household setting, such as cleaning supplies, kitchenware, and home maintenance items. Within the FMCG industry, companies often categorize their products into different divisions to better manage and market their offerings. Understanding these division categories helps businesses tailor their strategies to meet the specific needs and preferences of consumers within each category (Moser, 2015). This focus suggests an emphasis on the classification and management of household goods within the FMCG sector. It typically includes a wide range of products that are consumed frequently and quickly. Household goods are a common category within FMCG, encompassing items like cleaning products, kitchen supplies, and home essentials. These products are usually non-durable, have a relatively low price point, and are essential for everyday use within a household. FMCG companies often prioritize efficient distribution and marketing strategies to reach a wide consumer base for these household goods.

Household goods hold significant importance in the consumer market due to their essential nature in everyday life (Moser, 2015). These products encompass a wide range of items that are used frequently and are necessary for maintaining households. The significance of household goods lies in their ability to fulfil basic needs and enhance the quality of life for consumers. They play a crucial role in ensuring comfort, convenience, and cleanliness within homes. Additionally, the demand for household goods remains relatively stable, making them a key sector within the FMCG industry. Overall, the significance of household goods in the FMCG division underscores their universal relevance and impact on consumer well-being.

4.3.d.   Over the Counter Drugs

The fast moving consumer goods (FMCG) division categories, specifically focusing on over-the-counter (OTC) drugs, encompass products that can be purchased directly by consumers without a prescription. These products are commonly used for treating everyday health issues such as headaches, colds, allergies, and minor aches and pains. OTC drugs are widely available in pharmacies, grocery stores, and convenience stores, ensuring easy accessibility for consumers. They are regulated by government agencies to guarantee their safety and efficacy (Ndung'u, 2017). Understanding the categorization of OTC drugs within the FMCG division aids businesses in developing effective marketing, distribution, and sales strategies to reach their target market.

OTC drugs play a crucial role in providing easy access to essential medications without requiring a prescription, making them broadly accessible to the general public (Ndung'u, 2017). This accessibility enhances overall health and well-being by allowing individuals to promptly address common health issues. Additionally, the availability of OTC drugs supports self-care practices and empowers individuals to manage minor ailments independently. Furthermore, these products often serve as the first line of defence in treating various health conditions, making them a vital component of healthcare systems worldwide. Overall, the significance of OTC drugs within the FMCG division lies in their ability to promote convenience, accessibility, and self-management of health for consumers.

4.4   Conclusion

In conclusion, fast-moving consumer goods (FMCGs) encompass products that are frequently consumed and rapidly replaced, including food, beverages, toiletries, and cleaning products. The purchasing patterns for FMCGs typically involve regular and frequent acquisitions, as these items are essential for daily

living. Consumers tend to prioritize convenience, affordability, and quality when selecting FMCGs. Additionally, brand loyalty and familiarity significantly influence the purchasing patterns of these goods, with consumers often preferring established brands that they trust and have had positive experiences with in the past.

Furthermore, the purchasing patterns for FMCGs have been substantially influenced by technological advancements and evolving consumer preferences. Consumers now have more options and channels for purchasing FMCGs, such as online shopping and subscription services, which offer convenience and time-saving benefits. This shift in consumer behaviour has prompted companies to explore personalized and customized services to enhance the consumer experience (D'Andrea *et al.*, 2006). Consequently, companies must adapt their production, marketing, and distribution processes to cater to the evolving demands of microsegments. To effectively serve microsegments in the FMCG industry, companies need to be innovative and agile, capable of swiftly responding to changing consumer preferences, introducing new products tailored to specific niche markets, and efficiently distributing their products across various channels.

The FMCG division categories include food and beverages, personal care products, household goods, and over-the-counter drugs (Dupre & Gruen, 2004). Food and beverage products fall within the FMCG category due to their short lifespan and high turnover rates. This category includes processed foods such as bread, noodles, pasta, and chips; ready-to-eat foods like packets of nuts; and beverages like bottled water, coffee, and soda. Personal care products, including shampoo, lotions, hair dyes, lipsticks, cosmetics, deodorants, bath soap, and toothpaste, are classified as FMCGs because they are required repeatedly by consumers and typically purchased at low prices. Home care products used for household purposes, such as cleaning products, kitchen towels, toilet rolls, bleach, and dusters, are also categorized as FMCGs due to their standardized nature, low durability, accessibility, and low price.

Over-the-counter (OTC) drugs are medicines that can be purchased without a prescription and are used to treat common ailments such as headaches, colds, and allergies. These products are widely available in pharmacies, supermarkets, and convenience stores for consumer convenience. FMCGs are nondurable goods intended for regular use, rapid consumption, high demand, and low prices. They are termed "fast-moving" because they quickly transition from the sales area to the point of consumption (D'Andrea *et al.*, 2006). FMCGs have a short shelf life due to high demand and perishability, leading to high turnover rates when on store shelves.

CHAPTER 5

DATA ANALYSIS AND RESULTS

This chapter presents a comprehensive statistical analysis of the data collected, along with the corresponding findings, organized into five sections. The first section includes the frequency distribution of demographic characteristics of consumers, descriptive and normality analysis for each observed variable, and independent sample t-tests and one-way ANOVA to examine the relationship between demographic variables and price sensitivity. The second section encompasses correlation and reliability analysis of each item, as well as the measurement model to assess the reliability and validity of the model. The third section covers the findings on the reasons for brand-switching behaviour among consumers, including Tukey post hoc tests to compare the price elasticity of consumers from Mizoram, Meghalaya, Nagaland, and Tripura. The fourth section reports the confirmatory factor analysis of the five social factors and price sensitivity. Finally, the last section presents structural equation modelling testing for the hypothesized model of consumer price sensitivity influenced by the five social factors.

5.1.   Data Normality and Descriptive Analysis

Understanding the demographic profiles of consumers is crucial for companies to tailor their products and services to meet the specific needs and preferences of different consumer segments (Franke, Keinz & Steger, 2009). Key demographic profiles considered include age, gender, marital status, occupation, and family annual income level. As depicted in Table 1.1, a total of 809 consumers participated in the study, with 235 (29%) from Mizoram, 190 (23.5%) from Meghalaya, 194 (24%) from Nagaland, and 190 (23.5%) from Tripura. The age distribution is as follows: 182 (22.5%) below 25 years, 426 (52.7%) between 26-35 years, 199 (24.6%) between 36-45 years, and 2 (0.2%) aged 46 years and above. The majority of respondents were male (425 or 52.5%), with females making up the remaining 384 (47.5%). Marital status data indicated that 591

(73.1%) were single, 216 (26.7%) were married, 1 (0.1%) was widowed, and 1 (0.1%) was divorced. Regarding occupation, the sample included 164 (20.3%) students, 200 (24.7%) private employees, 132 (16.3%) government employees, and 313 (38.7%) self-employed individuals. Family annual income levels were reported as follows: 103 (12.7%) below INR 200,000, 254 (31.4%) between INR 200,001-400,000, 192 (23.7%) between INR 400,001-600,000, 193 (23.9%) between INR 600,001-800,000, and 67 (8.3%) above INR 800,000.

Table 1.1. Frequencies of Demographic Characteristics (N=809)

Variable	Level	Counts	%
Gender	Female	384	47.5
	Male	425	52.5
Age	Below 25 years	182	22.5
	26-35 years	426	52.7
	36-45 years	199	24.6
	46 years and above	2	0.2
Marital status	Single	591	73.1
	Married	216	26.7
	Divorced	1	0.1
	Widowed	1	0.1
Occupation	Student	164	20.3
	Private employees	200	24.7
	Government employees	132	16.3
	Self-employed	313	38.7
Family annual	Below INR 200000	103	12.7

income level	INR 200001- 400000	254	31.4
	INR 400001- 600000	192	23.7
	INR 600001- 800000	193	23.9
	Above INR 800000	67	8.3
State you belong to	Mizoram	235	29
	Meghalaya	190	23.5
	Nagaland	194	24
	Tripura	190	23.5

Source: Author's computation

In Table 2.1, the Shapiro-Wilk normality test is employed to assess the normality of the sample (Yap & Sim, 2011). The test results indicated that all variables had p-values of less than 0.001 and W-values ranging between 0.903 and 0.962, with a value of 1 representing a perfect match (Combecher, 1980). Additionally, skewness and kurtosis values were used as criteria for normality (Jones, 1969). The skewness and kurtosis values were as follows: for price sensitivity (PS), -0.492 and 2.04; for customer satisfaction (CS), -1.12 and 4.46; for customer loyalty (CL), -1.10 and 4.17; for service quality (SQ), -1.16 and 4.65; for perceived value (PV), -0.750 and 3.93; and for switching cost (SC), 0.0351 and -0.190. Acceptable values of skewness are between -3 and +3, and for kurtosis, between -10 and +10 (Brown, 2006). The mean and standard deviation (SD) for each variable were as follows: price sensitivity (PS) had a mean of 3.29 and an SD of 0.478; customer satisfaction (CS) had a mean of 3.60 and an SD of 0.442; customer loyalty (CL) had a mean of 3.60 and an SD of 0.448; service quality (SQ) had a mean of 3.57 and an SD of 0.462; perceived value (PV) had a mean of 3.55 and an SD of 0.439; and switching cost (SC) had a mean of 3.08 and an SD of 0.692.

Table 2.1. Descriptive and Normality statistics

Construct	Mean	SD	Skewness	Kurtosis	Shapiro-Wilk	
					W	p
PS	3.29	0.478	-0.492	2.04	0.956	<.001
CS	3.60	0.442	-1.12	4.46	0.910	<.001
CL	3.60	0.448	-1.10	4.17	0.903	<.001
SQ	3.57	0.462	-1.16	4.65	0.904	<.001
PV	3.55	0.439	-0.750	3.93	0.924	<.001
SC	3.08	0.692	0.0351	-0.190	0.962	<.001

Source: Author's computation

To examine the association between demographic variables and price sensitivity, independent sample *t*-tests and One-way ANOVA were conducted. The demographic variables considered were age, gender, marital status, occupation, and family annual income level. A significance level of less than 0.05 was set for statistical tests. The independent sample *t*-test revealed a significant relationship between gender (p=0.028) and price sensitivity of consumers. Age, marital status, occupation, and family annual income were analysed using One-way ANOVA. The results indicated significant relationships between age (p=0.011), occupation (p=0.044), and family annual income (p=0.046) with consumers' price sensitivity. However, marital status (p=0.560) did not show a significant relationship with consumers' price sensitivity (Table 3.1).

Table 3.1. Independent sample *t*-test and One-way ANOVA Analysis

Variable	t	χ2	df	p-value
Gender	2.2		807	0.028
Age		11.2	3	0.011
Marital status		2.06	3	0.560
Occupation		8.1	3	0.044
Family annual income		9.68	4	0.046

Source: Author's computation

5.2. Correlational, Reliability and Measurement Model

The correlation coefficient 'r' measures the strength and direction of the linear relationship between two variables (Asuero, Sayago & González, 2006). The p-value is used to determine whether the correlation coefficient is statistically significant (Chuck, 2023). A p-value less than 5% (p<0.05) indicates that the correlation coefficient is statistically significant. The correlational analysis (see Table 4.1) revealed significant correlations between several variables: customer loyalty (CL) and customer satisfaction (CS) (r=0.711, p-value=<.001); service quality (SQ) and customer satisfaction (CS) (r=0.727, p-value=<.001); service quality (SQ) and customer loyalty (CL) (r=0.741, p-value=<.001); perceived value (PV) and customer satisfaction (CS) (r=0.663, p-value=<.001); perceived value (PV) and customer loyalty (CL) (r=0.719, p-value=<.001); perceived value (PV) and service quality (SQ) (r=0.713, p-value=<.001); switching costs (SC) and customer loyalty (CL) (r=0.103, p-value=0.003); switching costs (SC) and service quality (SQ) (r=0.090, p-value=0.010); switching costs (SC) and perceived value (PV) (r=0.108, p-value=0.002); price sensitivity (PS) and customer satisfaction (CS) (r=0.289, p-value=<.001); price sensitivity (PS) and customer loyalty (CL) (r=0.357, p-value=<.001); price sensitivity (PS) and service quality (SQ) (r=0.352, p-value=<.001); price sensitivity (PS) and perceived value (PV) (r=0.380, p-value=<.001); and price sensitivity (PS) and switching costs (SC) (r=0.287, p-

value=<.001). However, there was no significant correlation between switching costs (SC) and customer satisfaction (CS) (r=0.009, p-value=0.808).

Table 4.1. Correlation Matrix

Construct	CS	CL	SQ	PV	SC	PS
CS	1					
CL	0.711***	1				
SQ	0.727***	0.741***	1			
PV	0.663***	0.719***	0.713***	1		
SC	**0.009**	0.103**	0.090*	0.108**	1	
PS	0.289***	0.357***	0.352***	0.380***	0.287***	1

Source: Author's computation; *Note.* *p<.05, **p<.01, ***p<.001

In Table 5.1, the overall Cronbach's Alpha value for the model is 0.886, with a mean of 3.45 and a standard deviation (SD) of 0.341. According to Konting *et al.* (2009), the interpretation of Cronbach's Alpha values is as follows: 0.91-1.00 indicates excellent reliability, 0.81-0.90 is considered good, 0.71-0.80 is good and acceptable, 0.61-0.70 is acceptable, and 0.01-0.60 is non-acceptable. Item-test correlation reflects the degree to which each item is correlated with the overall scale (Williams, 2015). Ferketich (1991) suggested that corrected item-total correlations should range between 0.3-0.7 for a good scale. According to Greg (2022), item-total correlation results can also indicate discrimination in questionnaire items, with values from zero to 0.19 suggesting weak discrimination, values around 0.2 to 0.39 indicating good discrimination, and values of 0.4 and above implying significant discrimination. Negative values are undesirable (David, 2022). The item-rest correlation values range between 0.239 and 0.527, with means ranging from 3.01 to 3.64, and SD ranging from 0.639 to 0.875, as shown in Table 5.2. All 30 items demonstrate good discrimination, as each item-rest correlation value exceeds 0.20.

Table 5.1. Scale Reliability Statistics

Mean	SD	Cronbach's Alpha
3.45	0.341	0.886

Source: Author's computation

Table 5.2. Item Reliability Statistics

Item	Mean	SD	Item-rest correlation	If item dropped Cronbach's Alpha
CS1	3.54	0.692	0.400	0.883
CS2	3.64	0.665	0.437	0.882
CS3	3.62	0.673	0.453	0.882
CS4	3.62	0.652	0.449	0.882
CS5	3.59	0.652	0.484	0.881
CL1	3.62	0.676	0.433	0.882
CL2	3.63	0.691	0.512	0.880
CL3	3.61	0.680	0.493	0.881
CL4	3.61	0.674	0.510	0.880
CL5	3.52	0.698	0.456	0.881
SQ1	3.57	0.668	0.500	0.881
SQ2	3.56	0.670	0.480	0.881
SQ3	3.58	0.670	0.525	0.880
SQ4	3.56	0.678	0.523	0.880
SQ5	3.55	0.668	0.527	0.880
PV1	3.56	0.650	0.526	0.880

PV2	3.53	0.673	0.479	0.881
PV3	3.55	0.658	0.527	0.880
PV4	3.56	0.639	0.480	0.881
PV5	3.56	0.657	0.427	0.882
SC1	3.09	0.824	0.268	0.886
SC2	3.01	0.856	0.323	0.885
SC3	3.03	0.875	0.328	0.885
SC4	3.12	0.850	0.312	0.885
SC5	3.13	0.773	0.367	0.883
PS1	3.31	0.742	0.239	0.886
PS2	3.17	0.712	0.373	0.883
PS3	3.14	0.731	0.382	0.883
PS4	3.36	0.719	0.408	0.882
PS5	3.50	0.731	0.371	0.883

Source: Author's computation

Note. CS=Customer Satisfaction, CL=Customer Loyalty, SQ=Service Quality, PV=Perceived Value, SC=Switching Costs, PS=Price Sensitivity.

To evaluate the adequacy of the measurement model, Confirmatory Factor Analysis (CFA) was employed. The reliability of the measurement items was assessed through composite reliability (CR) values, while convergent validity was examined using average variance extracted (AVE) values. Composite reliability serves as an indicator of internal consistency and construct reliability, whereas AVE is used to determine convergent validity (Hair *et al.*, 2014). As presented in Table 6.1, the factor loadings for 26 items range from 0.491 to 0.842. However, four items (CL1, CL5, PV5, PS1) were excluded due to factor loadings falling below 0.491. Field (2005) endorsed the recommendation of Guadagnoli and

Velicer (1988), suggesting that a factor can be considered reliable, regardless of sample size, if it comprises at least four loadings of 0.6 or higher.

Stevens (1992) recommended a factor loading threshold of 0.4 for interpretative purposes, independent of sample size. Comrey and Lee (1992) proposed a more detailed classification, categorizing loadings as poor (0.32), fair (0.45), good (0.55), very good (0.63), and excellent (0.71). Composite reliability values range from 0 to 1, with higher values signifying greater reliability. According to Hair *et al.* (2014), CR values between 0.60 and 0.70 are deemed acceptable, while values below 0.60 indicate inadequate internal consistency. The composite reliability values for Customer Satisfaction (CS) (0.378), Customer Loyalty (CL) (0.388), Service Quality (SQ) (0.443), Perceived Value (PV) (0.410), and Price Sensitivity (PS) (0.422) suggest insufficient internal consistency. However, Switching Costs (SC) demonstrates an acceptable CR value of 0.797, as illustrated in Table 6.1 (Afthanorhan, 2013).

A minimum AVE threshold of 0.50 is recommended, as an AVE of 0.50 or higher indicates that the construct accounts for more than half of the variance in its indicators. Conversely, an AVE below 0.50 suggests that, on average, the measurement errors outweigh the variance explained by the construct (Hair *et al.*, 2014). The AVE values for Customer Satisfaction (CS) (0.298), Customer Loyalty (CL) (0.305), Service Quality (SQ) (0.343), Perceived Value (PV) (0.321), and Price Sensitivity (PS) (0.332) are all below the acceptable threshold of 0.50. In contrast, Switching Costs (SC) meets the recommended criterion with an AVE value of 0.607, as presented in Table 6.1.

Table 6.1. Convergent Validity Assessment

Construct	Items	Factor loading	Z	CR	AVE
Customer Satisfaction	CS1	0.517	14.9	0.378	0.298
	CS2	0.534	15.4		
	CS3	0.557	16.4		
	CS4	0.553	16.3		
	CS5	0.567	16.8		
Customer Loyalty	CL2	0.559	16	0.388	0.305
	CL3	0.530	15.2		
	CL4	0.568	16.2		
Service Quality	SQ1	0.588	17.6	0.443	0.343
	SQ2	0.553	16.2		
	SQ3	0.613	18.5		
	SQ4	0.590	17.6		
	SQ5	0.584	17.4		
Perceived Value	PV1	0.574	16.7	0.410	0.321
	PV2	0.534	15.2		
	PV3	0.595	17.3		
	PV4	0.560	16.1		
Switching Costs	SC1	0.764	24.7	0.797	0.607
	SC2	0.842	28.4		
	SC3	0.779	25.3		
	SC4	0.770	24.9		
	SC5	0.734	23.3		
Price Sensitivity	PS2	0.626	15.5	0.422	0.332
	PS3	0.667	16.2		
	PS4	0.491	11.9		
	PS5	0.499	11.5		

Source: Author's computation

The heterotrait-monotrait (HTMT) ratio is a statistical measure used to assess the discriminant validity of latent variables or constructs in research. It is commonly applied in structural equation modelling (SEM) and confirmatory factor analysis (CFA) to determine the degree of distinction between constructs within a measurement model (Nawanir *et al.*, 2019; Roemer *et al.*, 2021). According to Hair and Alamer (2022), an acceptable level of discriminant validity is achieved when the HTMT ratio is below 0.90. Similarly, Franke and Sarstedt (2019) emphasize that the HTMT value should be significantly lower than the critical

threshold of 0.90 to establish discriminant validity. An HTMT ratio below 0.90 indicates that the constructs exhibit strong discriminant validity, whereas a ratio approaching or exceeding 0.90 suggests potential conceptual overlap between constructs.

As presented in Table 7.1, several constructs demonstrate an HTMT ratio greater than 0.90, indicating conceptual overlap. These include the relationships between Customer Loyalty (CL) and Customer Satisfaction (CS), Service Quality (SQ) and Customer Satisfaction (CS), Service Quality (SQ) and Customer Loyalty (CL), Perceived Value (PV) and Customer Satisfaction (CS), Perceived Value (PV) and Customer Loyalty (CL), as well as Perceived Value (PV) and Service Quality (SQ). Conversely, constructs demonstrating good discriminant validity, with HTMT ratios below 0.90, include the relationships between Switching Costs (SC) and Customer Satisfaction (CS), Switching Costs (SC) and Customer Loyalty (CL), Switching Costs (SC) and Service Quality (SQ), Switching Costs (SC) and Perceived Value (PV), Price Sensitivity (PS) and Customer Satisfaction (CS), Price Sensitivity (PS) and Customer Loyalty (CL), Price Sensitivity (PS) and Service Quality (SQ), Price Sensitivity (PS) and Perceived Value (PV), and Price Sensitivity (PS) and Switching Costs (SC).

Table 7.1. Discriminant Validity: Heterotrait-monotrait (HTMT) ratio

Construct	CS	CL	SQ	PV	SC	PS
CS	_					
CL	1.067	_				
SQ	1.037	1.075	_			
PV	0.997	1.045	1.012	_		
SC	0.060	0.190	0.122	0.146	_	
PS	0.489	0.566	0.567	0.592	0.319	_

Source: Author's computation

Note. CS=Customer Satisfaction, CL=Customer Loyalty, SQ=Service Quality, PV=Perceived Value, SC=Switching Costs, PS=Price Sensitivity.

5.3   Analysis of Variance

Consumer behaviour encompasses the study of how individuals or groups select, purchase, and utilize products, services, and experiences to fulfil their needs and desires. It examines the decision-making process that consumers undergo when acquiring goods or services. Understanding consumer behaviour is essential for businesses, as it enables them to develop targeted marketing strategies that align with the needs, preferences, and expectations of their target audience (Fennell, 1978). The study of consumer behaviour conceptualizes consumers as active participants in the marketplace (Heinonen & Strandvik, 2018). Consumers assume multiple roles in the decision-making process, including information provider, product user, client, and disposer.

In this study, key factors influencing consumer behaviour in brand switching were examined, specifically customer satisfaction, service quality, price, and perceived value. As shown in Table 8.1, customer satisfaction was identified as a significant reason for brand switching, with 546 consumers (67.5%) agreeing and 263 consumers (32.5%) disagreeing. Customer satisfaction is a critical determinant of business success, as it directly influences customer loyalty, repeat purchases, and positive word-of-mouth, all of which contribute to long-term sustainability (Gurău & Ranchhod, 2002).

Table 8.2 presents the frequency distribution for service quality as a reason for brand switching, with 382 consumers (47.2%) agreeing and 427 consumers (52.8%) disagreeing. Service quality refers to the level of satisfaction customers derive from their interactions with a service provider (Zeithaml & Parasuraman, 2004). High service quality is associated with enhanced customer retention, favourable word-of-mouth, and increased profitability, all of which contribute to a company's overall reputation and market standing (Cronin Jr & Taylor, 1992). The influence of price on brand switching is depicted in Table 8.3, where 428 consumers (52.9%) agreed that price was a determining factor, while 381 consumers (47.1%) disagreed. Price serves as a critical marketing variable that

significantly influences consumer purchasing behaviour (Lichtenstein, Ridgway, & Netemeyer, 1993). Furthermore, it plays a pivotal role in determining a company's sales performance and overall profitability.

Perceived value, another determinant of brand switching, is detailed in Table 8.4, with 491 consumers (60.7%) agreeing and 318 consumers (39.3%) disagreeing. Perceived value pertains to the subjective assessment of a product's worth by consumers. A high perceived value enhances product desirability, fosters brand loyalty, and ultimately increases sales (Sweeney & Soutar, 2001). Additionally, businesses that establish strong perceived value can justify premium pricing, thereby maximizing profit margins. The findings indicate that the majority of consumers recognize customer satisfaction, price, and perceived value as primary reasons for switching brands, whereas service quality does not appear to be a significant factor in this decision.

Table 8.1. Frequency of Reason for Customer Satisfaction

Customer Satisfaction	Counts	% of Total
No	263	32.5%
Yes	546	67.5%

Source: Author's computation

Table 8.2. Frequency of Reason for Service Quality

Service Quality	Counts	%
No	427	52.8
Yes	382	47.2

Source: Author's computation

Table 8.3. Frequency of Reason for Price

Price	Counts	%
No	381	47.1
Yes	428	52.9

Source: Author's computation

Table 8.4. Frequency of Reason for Perceived Value

Perceived Value	Counts	%
No	318	39.3
Yes	491	60.7

Source: Author's computation

The study of consumer behaviour offers valuable insights into societal trends, cultural influences, and the psychological factors underlying purchasing decisions, thereby enhancing the understanding of human behaviour within a commercial context (Zaltman, 2003). Cultural factors influencing consumer behaviour refer to the impact of cultural norms, values, beliefs, and practices on individuals' purchasing decisions. These cultural elements play a pivotal role in shaping consumer preferences, perceptions, and attitudes toward products and services (De Mooij, 2019).

In addition to cultural influences, social factors also contribute significantly to consumer behaviour by examining how various societal elements—including culture, social class, reference groups, family structures, and social roles—affect purchasing decisions (Childers & Rao, 1992). These factors are critical for businesses and marketers as they inform the development of effective marketing strategies tailored to specific consumer segments. Cultural norms and values can substantially influence consumer preferences and perceptions of products or services (Vigneron & Johnson, 1999). Similarly, social class can affect the types of products individuals purchase and the brands they favour.

The study focuses on four north-eastern states of India: Mizoram, Meghalaya, Nagaland, and Tripura. Mizoram, located in north-eastern India, shares its borders with Myanmar and Bangladesh. It is recognized for its dense greenery, diverse tribal culture, and distinct cuisine. Meghalaya, another north-eastern state, shares an international border with Bangladesh and is characterized by its scenic landscapes and high levels of rainfall, earning it the title of "abode of clouds." Nagaland, also situated in north-eastern India, is known for its rich cultural diversity, vibrant festivals, and picturesque terrain. The state shares its international border with Myanmar. Tripura, bordered by Bangladesh on three sides, is renowned for its rich cultural heritage, diverse ethnic groups, and lush green landscapes. It is a popular tourist destination due to its natural beauty and historical significance.

For statistical analysis, a significance level of 0.05 was established. As shown in Table 9.1, no statistically significant differences were observed in the price elasticity of consumers across the four states. The p-values for comparisons between Meghalaya and Mizoram ($p = 0.481$), Meghalaya and Nagaland ($p = 0.875$), Meghalaya and Tripura ($p = 1.00$), Mizoram and Nagaland ($p = 0.918$), Mizoram and Tripura ($p = 0.510$), and Nagaland and Tripura ($p = 0.893$) indicate that consumer price elasticity remains consistent across these regions.

Table 9.1. Tukey Post-Hoc Test

| States		Meghalaya	Mizoram	Nagaland	Tripura
Meghalaya	Mean difference		-0.0667	-0.0368	-0.00211
	p-value		0.481	0.875	1.00
Mizoram	Mean difference			0.0299	0.06455
	p-value			0.918	0.510
Nagaland	Mean difference				0.03469
	p-value				0.893
Tripura	Mean difference				
	p-value				

Source: Author's computation, *Note. *p<.05, **p<.01, ***p<.001*

5.4 Confirmatory Factor Analysis of Measurement Constructs

5.4.a. Customer Satisfaction

The construct of customer satisfaction, consisting of five variables, was assessed using confirmatory factor analysis (CFA). The model demonstrated an adequate fit, with the following fit indices: χ^2 = 7.73, degrees of freedom (df) = 5, p = 0.172, comparative fit index (CFI) = 0.995, Tucker-Lewis index (TLI) = 0.989, and root mean square error of approximation (RMSEA) = 0.026. All factor loadings were statistically significant at p < 0.001. The standardized factor loadings and corresponding Z-values were as follows: CS1 = 0.546 (Z = 13.5), CS2 = 0.584 (Z = 14.4), CS3 = 0.548 (Z = 13.5), CS4 = 0.510 (Z = 12.5), and CS5 = 0.545 (Z = 13.4). The standardized regression coefficients for each item were CS1 = 0.37, CS2 = 0.30, CS3 = 0.43, CS4 = 0.42, and CS5 = 0.42. Figure 2.1 presents the customer satisfaction measurement model along with standardized

factor loadings. Additionally, the reliability of the customer satisfaction construct was confirmed, with a Cronbach's Alpha value of 0.709, indicating acceptable internal consistency.

Figure 2.1 Measurement Model of Customer Satisfaction scale
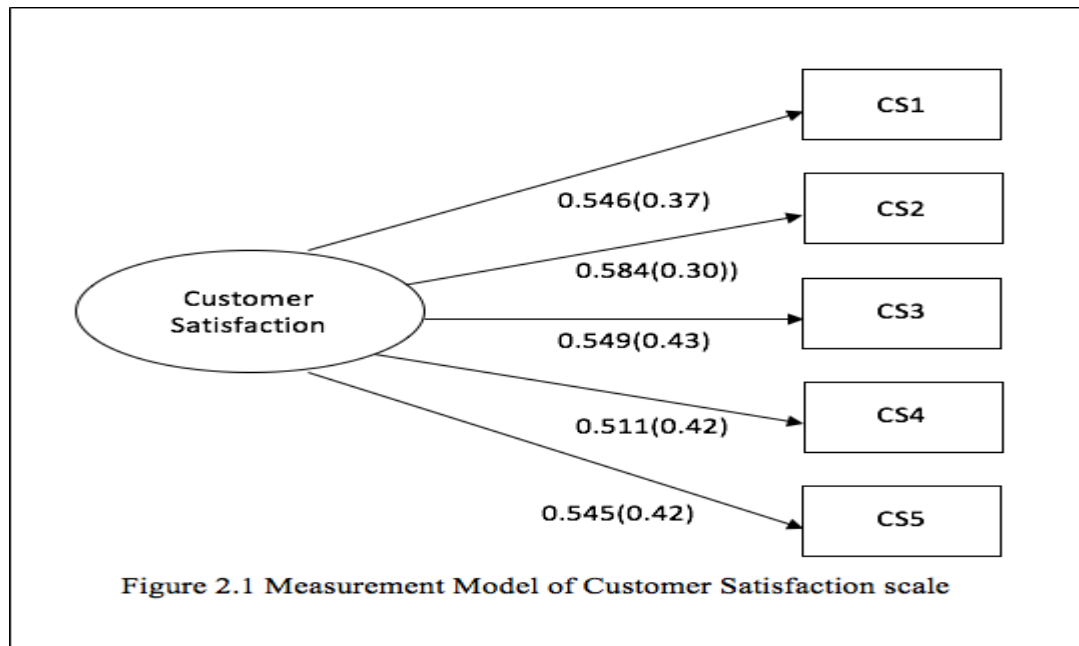
5.4.b.   Customer Loyalty

The construct of customer loyalty, comprising five variables, was evaluated using confirmatory factor analysis (CFA). The model exhibited an excellent fit with the following fit indices: $\chi^2 = 7.19$, degrees of freedom (df) = 0, p = 0.00, comparative fit index (CFI) = 1, Tucker-Lewis index (TLI) = 1, and root mean square error of approximation (RMSEA) = 0.00. All factor loadings were statistically significant at $p < 0.001$. The standardized factor loadings and corresponding Z-values were as follows: CL2 = 0.569 (Z = 11.1), CL3 = 0.506 (Z = 10.5), and CL4 = 0.582 (Z = 11.2). The standardized regression coefficients for each item were CL2 = 0.38, CL3 = 0.31, and CL4 = 0.30. Figure 2.2 presents the customer loyalty measurement model along with standardized factor loadings. Furthermore, the reliability of the customer loyalty construct was assessed, with a Cronbach's alpha value of 0.687, indicating an acceptable level of internal consistency.

Figure 2.2 Measurement Model of Customer Loyalty scale
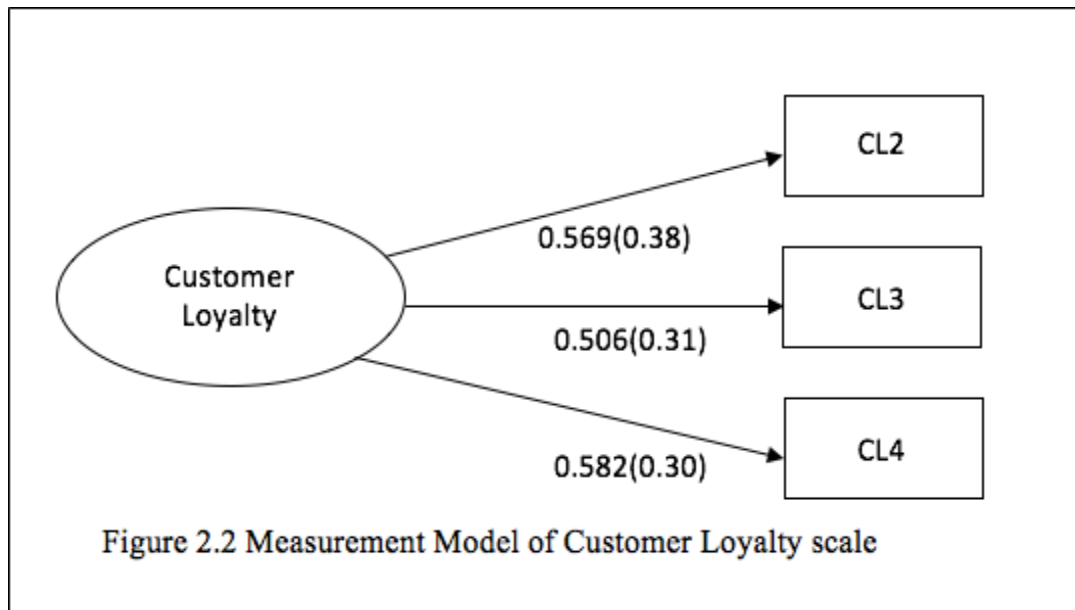
5.4.c. Service Quality

The factor service quality measurement model with five variables was tested through confirmatory factor analysis. The model fit was chi-square=19.3, df =5, p=0.002, CFI=.979, TLI=0.957, RMSEA=0.0596. All factor loadings were significant at p<.001, the standardized factor loading and Z value for SQ1 is 0.580 and 15.0, SQ2 is 0.584 and 15.2, SQ3 is 0.590 and 15.3, SQ4 is 0.583 and 15.1, SQ5 is 0.595 and

15.4. The standardized coefficient for SQ1 is 0.38, SQ2 is 0.48, SQ3 is 0.45, SQ4 is 0.39, and SQ5 is 0.37. Figure 2.3 shows the service quality measurement model and standardized factor loadings. The Cronbach's alpha value for service quality is 0.687.

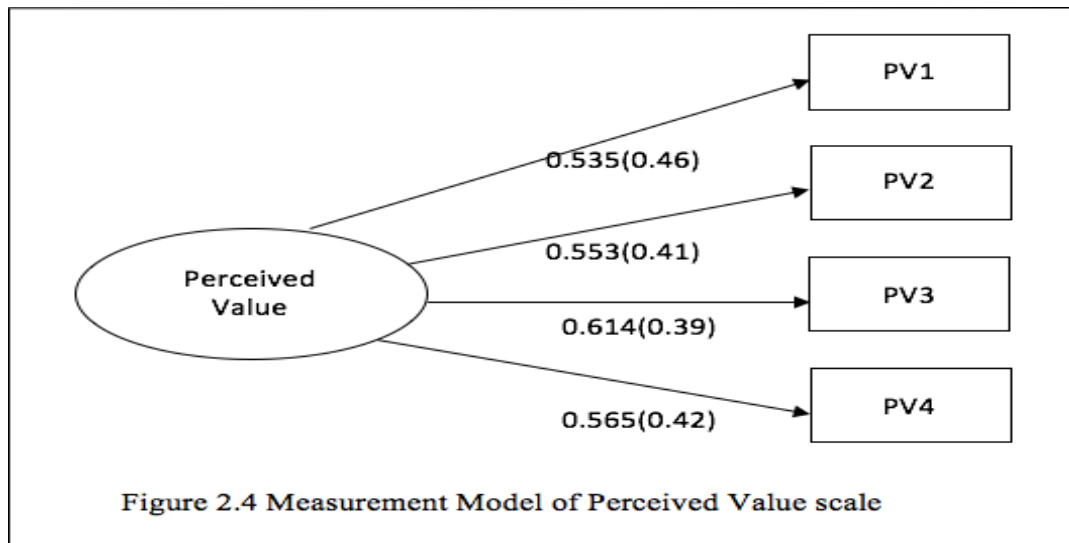Figure 2.3 Measurement Model of Service Quality scale
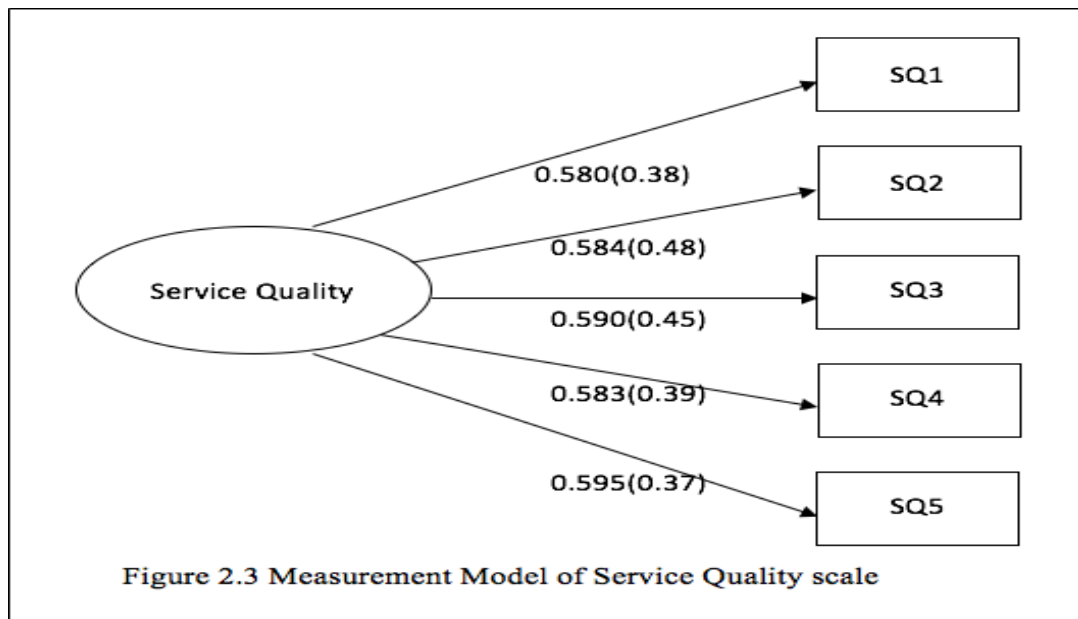
5.4.d.   Perceived Value

The factor perceived value with five variables was tested through confirmatory factor analysis (CFA). The model fit was chi-square=8.45, df =2, p=0.015, CFI=.984, TLI=0.951, RMSEA=0.0631. All factor loadings were significant at p<.001, the standardized factor loading and Z value for PV1 is 0.535 and 12.6, PV2 is 0.553 and 13.1, PV3 is 0.614 and 14.3, PV4 is 0.565 and 13.3. The standardized coefficient for PV1 is 0.46, PV2 is 0.41, PV3 is 0.39, and PV4 is 0.42. Figure 2.4 shows the perceived value measurement model and standardized factor loadings. The Cronbach's alpha value for perceived value is 0.692.

Figure 2.4 Measurement Model of Perceived Value scale

5.4.e. Switching Costs

The factor switching costs with five variables was tested through confirmatory factor analysis (CFA). The model fit was chi-square=18.8, df =5, p=0.002, CFI=.993, TLI=0.987, RMSEA=0.0583. All factor loadings were significant at p<.001, the standardized factor loading and Z value for SC1 is 0.768 and 24.8, SC2 is 0.840 and 28.3, SC3 is 0.776 and 25.1, SC4 is 0.773 and 25.0, SC5 is 0.736 and 23.3. The

standardized coefficient for SC1 is 0.81, SC2 is 0.83, SC3 is 0.77, SC4 is 0.83, and SC5 is 0.75. Figure 2.5 shows the switching costs measurement model and standardized factor loadings. The Cronbach's alpha value for switching costs is 0.864.

Figure 2.5 Measurement Model of Switching Costs scale
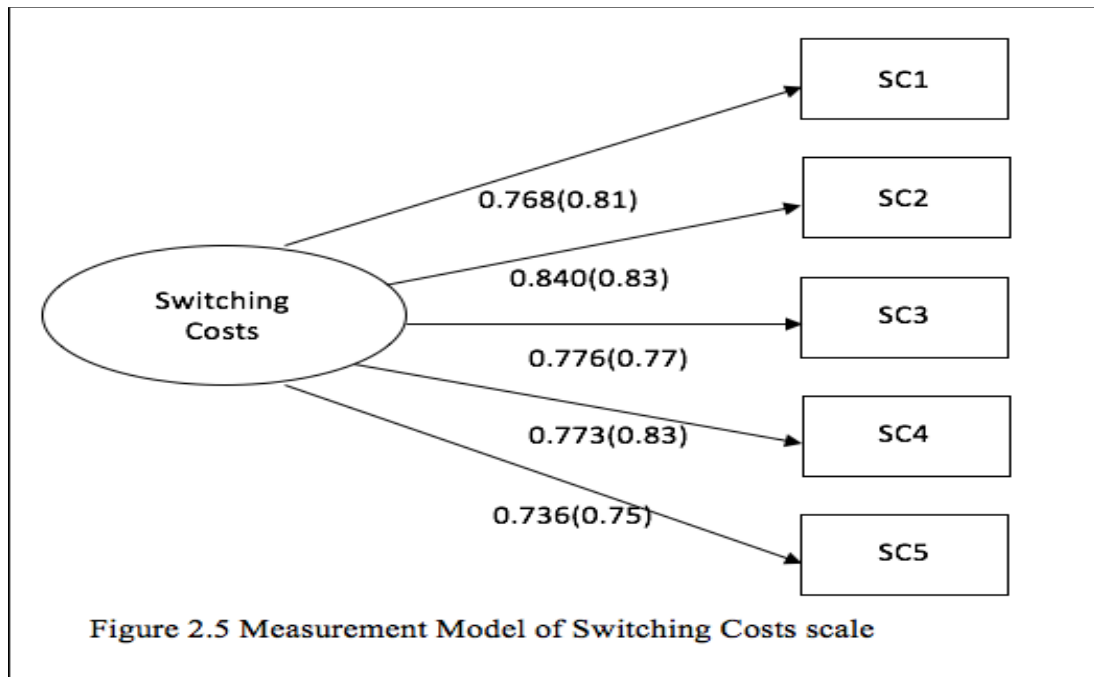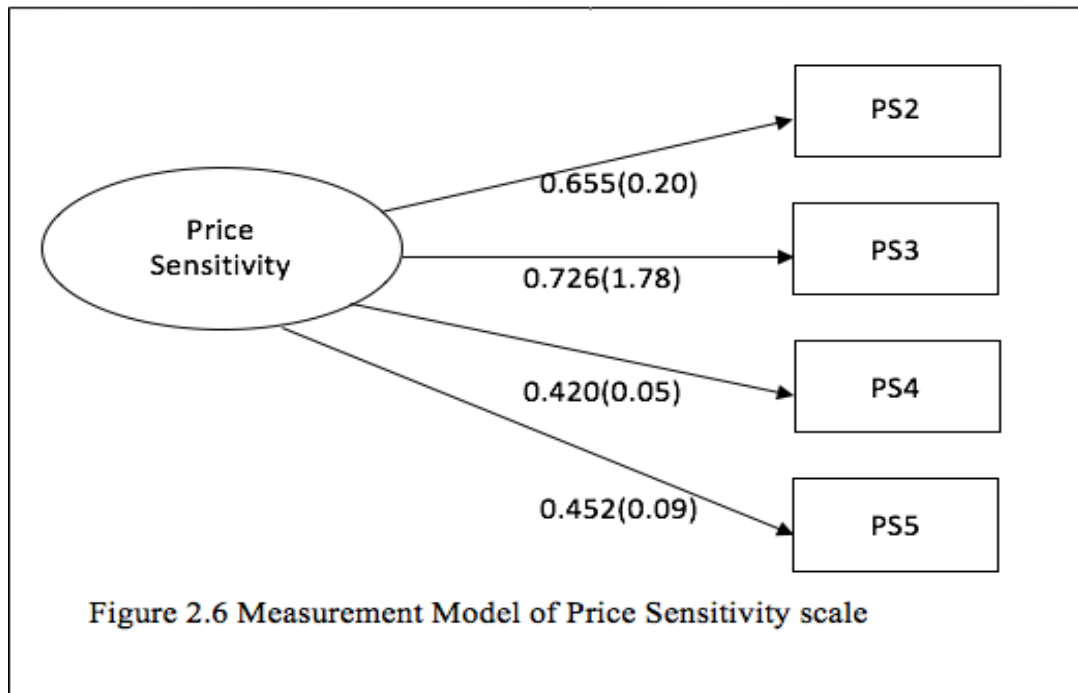
5.4.f.   Price Sensitivity

The factor price sensitivity with five variables was tested through confirmatory factor analysis (CFA). The model fit was chi-square=61.6, df =2, p=<.001, CFI=.876, TLI=0.629, RMSEA=0.192. All factor loadings were significant at p<.001, the standardized factor loading and Z value for PS2 is 0.655 and 16.33, PS3 is 0.726 and 17.33, PS4 is 0.420 and 9.87, PS5 is 0.452 and 10.63. The standardized coefficient for PS2 is 0.20, PS3 is 1.78, PS4 is 0.05, and PS5 is 0.09. Figure 2.6 shows the price sensitivity measurement model and standardized factor loadings. The Cronbach's alpha value for price sensitivity is 0.748.

Figure 2.6 Measurement Model of Price Sensitivity scale

5.5 SEM Testing of Hypothesized Model

The structural equation modelling (SEM) of the proposed model for price sensitivity was evaluated using the weighted least squares (WLS) estimation method. The model demonstrated an acceptable fit with the following indices: $\chi^2 = 800$, degrees of freedom (df) = 285, $p < 0.001$, and root mean square error of approximation (RMSEA) = 0.047. The model was tested to assess various hypothesized relationships, including the negative effects of customer satisfaction, customer loyalty, service quality, perceived value, and switching costs on price sensitivity; the positive effect of customer satisfaction on customer loyalty; the positive effects of switching costs, customer satisfaction, and customer loyalty on service quality and perceived value; and the positive effect of switching costs on customer loyalty. The structural model comprises six latent constructs, namely, service quality and perceived value as exogenous variables, and switching costs, customer satisfaction, customer loyalty, and price sensitivity as endogenous variables (Figure 2.7).

Upon examining the relationships between the endogenous and exogenous latent variables, seven paths were identified as statistically insignificant. Specifically, price sensitivity did not exhibit a negative relationship with customer satisfaction, customer loyalty, service quality, perceived value, or switching costs. Consequently, hypotheses 1, 3, 4, 8, and 12 were not supported (Table 10.1). Additionally, service quality did not have a significant positive relationship with switching costs, nor did perceived value have a significant positive relationship with customer loyalty, leading to the rejection of hypotheses 7 and 10 (Table 10.1).

The findings further revealed that customer satisfaction ($\beta = 0.5699$, $p = 0.01$), service quality ($\beta = 0.7880$, $p = 0.004$), and switching costs ($\beta = 0.1560$, $p = 0.048$) exerted a significant positive effect on customer loyalty. Among these, service quality had the strongest impact on customer loyalty, followed by customer satisfaction and switching costs. Moreover, service quality ($\beta = 0.5063$, $p = 0.01$) and perceived value ($\beta = 0.6293$, $p = 0.002$) exhibited a significant positive influence on customer satisfaction, with perceived value having the strongest effect. Additionally, switching costs positively influenced perceived value ($\beta = -0.4501$, $p = 0.018$). Consequently, hypotheses 2, 5, 6, 9, 11, and 13 were supported (Table 10.1).

Table 10.1. Hypotheses Testing

Hypothesis	Relation	β	p-value	Result
H1	CS→PS	-0.2494	0.305	Not supported
H2	CS→CL	0.5699	0.010	Supported
H3	CL→PS	0.0757	0.359	Not supported
H4	SQ→PS	-0.2684	0.342	Not supported
H5	SQ→CS	0.5063	0.010	Supported
H6	SQ→CL	0.7880	0.004	Supported
H7	SQ→SC	0.0667	0.728	Not supported
H8	PV→PS	0.3398	0.331	Not supported
H9	PV→CS	0.6293	0.002	Supported
H10	PV→CL	-0.0108	0.970	Not supported
H11	PV→SC	-0.4501	0.018	Supported
H12	SC→PS	0.0282	0.564	Not supported
H13	SC→CL	0.1560	0.048	Supported

Source: Author's computation

Note. CS=Customer Satisfaction, CL=Customer Loyalty, SQ=Service Quality,

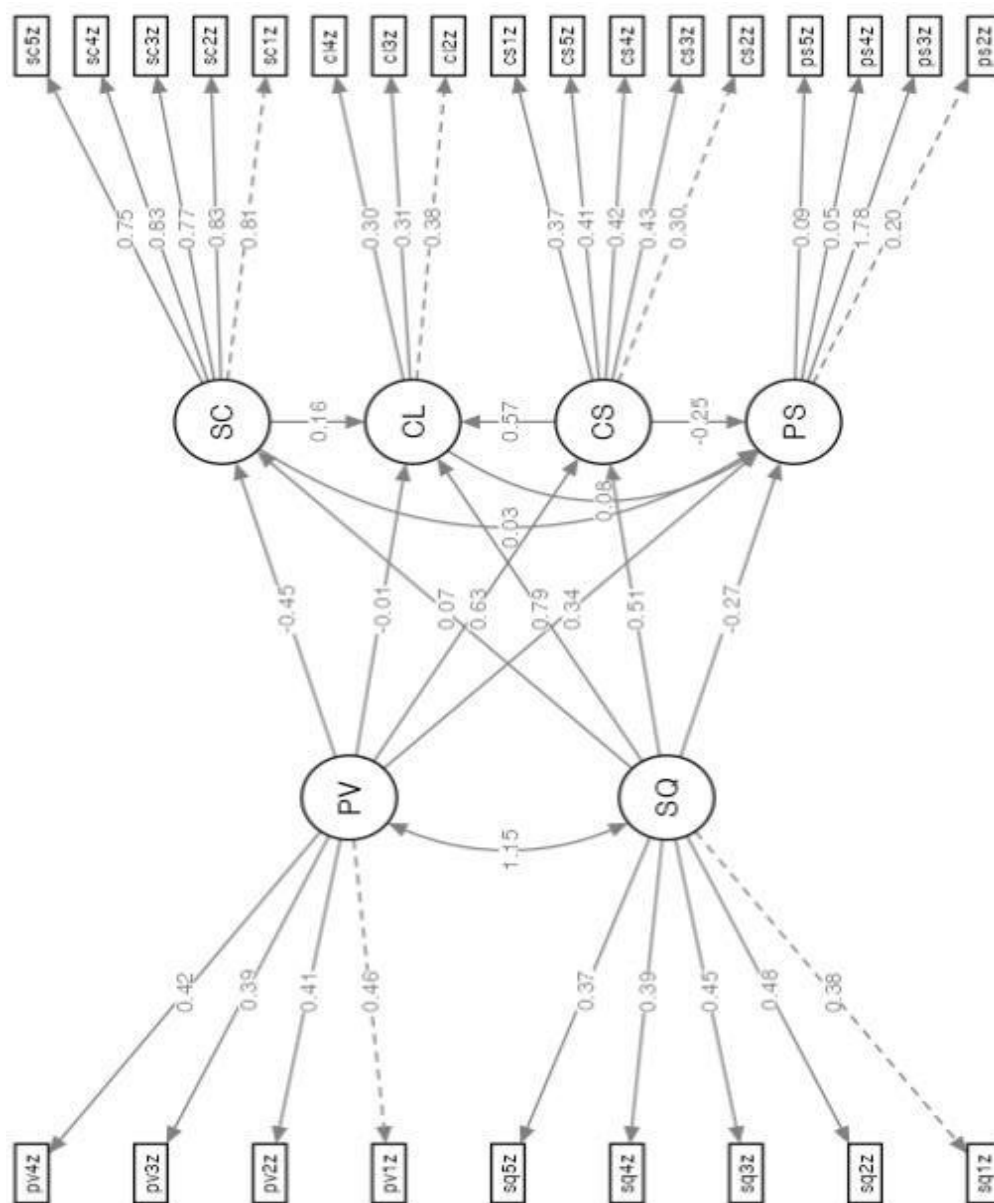PV=Perceived Value, SC=Switching Costs, PS=Price Sensitivity.

Figure 2.7. Structural Model for Determinants of Price Sensitivity

5.6   Conclusion

This chapter provides a thorough analysis of the factors influencing price sensitivity. Initially, data normality and descriptive analysis were conducted to ensure adherence to normality assumptions. Correlational analysis, reliability assessment, and measurement model evaluation confirmed the relationships between variables and the validity of measurement constructs.

Through analysis of variance, group differences and their impacts on the variables were examined. Confirmatory factor analysis validated the measurement models, ensuring that the constructs accurately represented the underlying theories. The structural equation model for price sensitivity was evaluated using the weighted least squares (WLS) estimation method. The model showed an acceptable fit, with significant positive effects of customer satisfaction, service quality, and switching costs on customer loyalty. Service quality and perceived value significantly influenced customer satisfaction, while switching costs positively influenced perceived value.

Overall, the findings underscore the importance of service quality, customer satisfaction, and perceived value in shaping customer loyalty and price sensitivity. These supported hypotheses validated key relationships between the constructs, providing valuable insights for future research and practical applications in the field.

CHAPTER 6

CONCLUSION

The final chapter deals with the summary of major findings of the study, introduction, consumer behaviour and buying decision, price sensitivity, fast-moving consumer goods, data analysis and results, conclusion, suggestion, demographic variables, social factors, customer purchasing behaviour, culture and location, limitation, and future scope of the study. Chapter-wise findings are presented in the following section.

6.1   Chapter-wise Findings

6.1.a.   Introduction

Price serves as a fundamental marketing instrument that directly or indirectly influences consumer purchasing behaviour (Lichtenstein, Ridgway, & Netemeyer, 1993). It plays a critical role in shaping sales performance and overall business profitability. One of the most challenging decisions for businesses is determining an appropriate pricing strategy, as consumers exhibit varying degrees of willingness to pay for a product or service (Lichtenstein, Ridgway, & Netemeyer, 1993). An increase in product price may lead existing customers to reconsider their purchase decisions, potentially resulting in brand switching. Conversely, a significant price reduction may compromise consumer perceptions of product quality while simultaneously undermining the organization's ability to sustain profitability. This study highlights the significance of pricing in influencing consumer purchasing behaviour and buying intentions, particularly in the context of fast-moving consumer goods (FMCG).

Pricing is integral to multiple aspects of economic and consumer decision-making. Prices determine the market value of goods and services, thereby influencing consumer behaviour and broader market trends. Understanding price fluctuations can offer valuable insights into economic conditions, enabling individuals to make

informed purchasing decisions. Additionally, price mechanisms play a crucial role in resource allocation within market economies, ensuring an equilibrium between supply and demand (Feldstein, 1997). Furthermore, price levels significantly impact macroeconomic indicators such as inflation rates, interest rates, and economic stability. Thus, the role of pricing extends beyond transactional exchanges, shaping market dynamics and broader economic frameworks.

Several social factors influence price sensitivity, including customer satisfaction, customer loyalty, service quality, perceived value, and switching costs (Ramirez & Goldsmith, 2009). Customer satisfaction is based on consumers' evaluations of their experience with a product or service and is typically assessed by comparing pre-purchase expectations with post-purchase outcomes. It represents an emotional response that reflects whether expectations align with actual experiences. Customer loyalty, closely related to satisfaction, denotes the strength of the relationship between the consumer and the company (Gronholdt, Martensen, & Kristensen, 2000). It results from a combination of customer satisfaction, positive experiences, and perceived value. Businesses strive to foster loyalty by consistently meeting or exceeding customer expectations.

Service quality, another key determinant of price sensitivity, refers to the degree to which the delivered service aligns with consumer expectations. It is often measured through comparative analyses of expected versus actual service performance. Additionally, perceived value represents consumers' subjective assessment of a product's or service's effectiveness relative to competing offerings. Customer-perceived value influences marketing strategies, particularly in product positioning and pricing decisions.

Switching costs, defined as the financial, temporal, psychological, or effort-related burdens incurred when transitioning from one brand or service provider to another, also impact price sensitivity. Consumers may be willing to incur additional costs—monetary or otherwise—to switch brands, suppliers, or products. These costs form the basis of competitive advantage and influence a

business's pricing power. Higher switching costs can enhance customer retention and reduce price sensitivity, thereby enabling firms to sustain profitability in competitive markets.

6.1.b.   Consumer Behaviour and Buying Decision

Consumer behaviour encompasses the activities and decision-making processes undertaken by individuals or groups when purchasing goods, services, and ideas. These decisions are shaped by multiple factors, including personal preferences, needs and desires, social influences, marketing strategies, and prior experiences (Kim, Ferrin, & Rao, 2008). Understanding consumer behaviour is crucial for businesses as it enables them to effectively target and fulfil customer needs, develop appropriate marketing strategies, and design products and services that align with consumer preferences. Moreover, the study of consumer behaviour provides valuable insights into purchasing patterns, such as the frequency and timing of purchases, the preferred purchasing channels, and the factors that drive consumer decision-making. Through an in-depth analysis of consumer behaviour and buying patterns, businesses can identify market trends, forecast future demand, and tailor their marketing efforts to reach their target audience more effectively.

Several factors influence consumer behaviour and purchasing patterns, including cultural, social, personal, and psychological factors. Cultural factors pertain to the values, beliefs, norms, and traditions of a particular society, which shape individual preferences and perceptions of products, thereby impacting their purchasing decisions (De Mooij, 2019). Social factors refer to the influence of family, peers, colleagues, and other social groups on an individual's buying behaviour (Childers & Rao, 1992). Personal factors include demographic characteristics such as age, gender, occupation, income level, lifestyle, and personality traits, all of which contribute to variations in consumer decision-making (Zhang *et al.*, 2014). Psychological factors, including perception, motivation, learning, attitudes, and beliefs, also play a significant role in shaping

consumer preferences and purchase behaviour (Cohen, Pham, & Andrade, 2018).

In addition to these intrinsic factors, consumer purchasing patterns are influenced by external stimuli such as advertising, promotional campaigns, and product displays. By analysing these determinants, businesses can craft effective marketing strategies, design targeted advertisements, and offer personalized products and services that resonate with consumer preferences. Given the complexity of consumer behaviour and its various influencing factors, businesses must adopt a comprehensive approach to market analysis.

A thorough understanding of consumer behaviour is essential for businesses to effectively target and satisfy customer needs, create impactful marketing strategies, and develop products and services that align with consumer expectations. Analysing consumer behaviour and purchasing patterns allows businesses to gain critical insights into their target market, enabling them to make data-driven marketing decisions. Furthermore, examining these behaviours helps identify potential gaps in the market, uncover new opportunities for product innovation, and enhance competitive advantage. Ultimately, a deep understanding of consumer behaviour and purchasing patterns is vital for businesses aiming to successfully market their products and services in a dynamic marketplace.

6.1.c.   Price Sensitivity

Price sensitivity means to the level to which consumers are reactive to the changes in the price of a product or service (Tellis, 1988). Learning price sensitivity is essential for companies because it helps them to decide the ideal pricing strategy that will lead to maximum profits. Moreover, price sensitivity also plays a substantial role in consumers' purchasing decisions and their intentions to buy sustainable or eco- friendly products (Levy *et al.*, 2004). When consumers are highly price sensitive, they are more likely to be influenced by lower prices and may choose less expensive alternatives even if they have environmental concerns. On the other hand, consumers with low price sensitivity are more inclined to

prioritize sustainable features and are willing to pay a premium for eco-friendly products. Therefore, businesses need to consider price sensitivity when marketing and pricing their products, as it can greatly impact consumer behaviour and buying patterns. Furthermore, research has shown that price sensitivity can also act as a mediator between consumers' consumption requirements and their sustainable purchase intentions. In other words, price sensitivity can influence whether or not consumers will actually act upon their intentions to support sustainable products. Price sensitivity, along with other factors such as government and media reports, can significantly influence consumers' perceptions and attitudes towards the environment and products.

Price discrimination is the way of demanding different prices for the same product or service to different customer's base. This strategy is used by businesses to increase their profits by dividing the market based on customers' willingness to pay. By changing prices to different customer segments, companies can attract extra value from those eager to spend higher prices at the same time attracting price-sensitive customers. Price discrimination can take many forms, such as first-degree (charging each customer their maximum willingness to pay), second-degree (offering different pricing tiers), and third-degree (setting different prices based on customer demographics or location) (Armstrong, 2008). It is a common practice in industries like airlines, hotels, and entertainment where demand fluctuates. Price discrimination is a strategic pricing technique used to optimize revenue by catering to the diverse preferences and price sensitivities of customers. The antecedent of price sensitivity is important for businesses as it assists them to customise their pricing plans and policy to better meet consumer demands. Factors such as customer satisfaction, customer loyalty, service quality, perceived value, and switching costs can all play a role in determining the level of price sensitivity among consumers. By identifying and analysing these antecedents, companies can make informed decisions regarding pricing adjustments and promotions to maximize profitability and customer satisfaction.

6.1.d.   Fast Moving Consumer Goods

Fast-moving consumer goods are products that are frequently consumed and quickly replaced, such as food, beverages, toiletries, and cleaning products. The buying pattern for fast-moving consumer goods typically involves regular and frequent purchases, as these products are essential for daily life. Consumers often prioritize convenience, affordability, and quality when making purchasing decisions for fast- moving consumer goods. Additionally, brand loyalty and familiarity play a significant role in the buying pattern for fast-moving consumer goods. Consumers tend to prefer established brands and products that they trust and have had positive experiences with in the past. Furthermore, the buying pattern for fast-moving consumer goods has been greatly influenced by advancements in technology and changing consumer preferences. Consumers now have more options and channels for purchasing fast-moving consumer goods, such as online shopping and subscription services, which offer convenience and time-saving benefits. This shift in consumer behaviour has led companies to explore personalized and customized services to enhance the consumer experience (D'Andrea *et al.*, 2006). These companies have to adapt their production, marketing, and distribution processes to cater to the evolving demands of microsegments. To effectively serve microsegments in the fast-moving consumer goods industry, companies need to be innovative and agile. They must be able to quickly respond to changing consumer preferences, introduce new products that cater to specific niche markets, and efficiently distribute their products across various channels.

The FMCG division categories includes food and beverages, personal care products, household goods, and over the counter drugs. Food and beverage products belong to FMCG category because of their short life span and high turnover rates. It includes: Processed food, example like bread, noodles, pasta, and chips, Ready to eat foods, example like packets of nuts, and Beverages, example like bottled water, coffee, and soda. Personal care products like shampoo, lotions, hair dyes, lipsticks, cosmetics, deodorants, bath soap, and toothpaste etc. are

classed as FMCGs cause are required repeatedly by consumers and typically bought at a low price. Home care products are used for household purposes that include cleaning products, kitchen towels, toilet rolls, bleach, and dusters, etc. are class in this category because of standardised, low durability, accessibility, and sold at low price. Over-the-counter drugs are medicines that can be bought without a prescription and used to treat common sickness like headaches, colds, and allergies. These products are widely available in pharmacies, supermarkets, and convenience stores for consumer convenience. Fast-moving consumer goods are nondurable goods that are made for regular use, fast consumption, high demand, and low price. There are called fast-moving cause they move from sales area to the point of consumption quickly (D'Andrea *et al.*, 2006). FMCGs have a short shelf life because of high demand and perishable. They have a high turnover when they are on the shelf at the store.

6.1.e.   Data Analysis and Results

The overall reliability of the model, as measured by Cronbach's Alpha, was found to be 0.886, with a mean of 3.45 and a standard deviation (SD) of 0.341. According to the interpretation framework provided by Konting *et al.* (2009), reliability values are categorized as follows: 0.91–1.00 (excellent), 0.81–0.90 (good), 0.71–0.80 (good and acceptable), 0.61–0.70 (acceptable), and 0.01–0.60 (non-acceptable). The item-test correlation was employed to assess the degree of correlation between individual items and the overall scale (Williams, 2015). Ferketich (1991) suggested that corrected item-total correlations should range between 0.3 and 0.7 to ensure scale validity. Furthermore, Greg (2022) indicated that item-total correlation values could also assist in identifying discrimination levels within questionnaire items. Discrimination is classified as weak for values ranging between 0 and 0.19, moderate for values between 0.2 and 0.39, and strong for values above 0.4. Negative values indicate poor discrimination (David, 2022). The item-rest correlation values in this study ranged between 0.268 and 0.527, with a mean ranging from 3.01 to 3.64 and an SD between 0.639 and 0.875. All 30 items demonstrated good discrimination, as the item-rest correlation values

exceeded 0.20.

The significance of correlations was determined using the p-value, which assesses whether a correlation coefficient is statistically significant (Chuck, 2023). A p-value below 0.05 ($p < 0.05$) indicates statistical significance. The correlation analysis revealed significant relationships among all variables, except for the relationship between switching costs (SC) and customer satisfaction (CS) ($r = 0.009$, $p = 0.808$). To evaluate the normality of the sample, the Shapiro-Wilk test was conducted (Yap & Sim, 2011). The results indicated that all variables had a p-value of less than 0.001, with W-values ranging from 0.903 to 0.962, where a W-value of 1 represents a perfect match (Combecher, 1980). Additionally, skewness and kurtosis values were assessed as criteria for normality (Jones, 1969). The skewness and kurtosis values for price sensitivity (PS) were -0.492 and 2.04, respectively. For customer satisfaction (CS), the values were -1.12 and 4.46; for customer loyalty (CL), -1.10 and 4.17; for service quality (SQ), -1.16 and 4.65; for perceived value (PV), -0.750 and 3.93; and for switching costs (SC), 0.0351 and -0.190. These values fall within the acceptable range of skewness (-3 to +3) and kurtosis (-10 to +10) as defined by Brown (2006).

The mean and standard deviation for each variable were as follows: price sensitivity (PS) (M = 3.29, SD = 0.478), customer satisfaction (CS) (M = 3.60, SD = 0.442), customer loyalty (CL) (M = 3.60, SD = 0.448), service quality (SQ) (M = 3.57, SD = 0.462), perceived value (PV) (M = 3.55, SD = 0.439), and switching costs (SC) (M = 3.08, SD = 0.692).

The study included a total of 809 participants, representing different demographic groups. Among them, 235 respondents (29%) were from Mizoram, 190 (23.5%) from Meghalaya, 194 (24%) from Nagaland, and 190 (23.5%) from Tripura. The age distribution comprised 182 respondents (22.5%) below 25 years, 426 (52.7%) aged 26–35 years, 199 (24.6%) aged 36–45 years, and 2 (0.2%) aged 46 years and above. The sample included 425 males (52.5%) and 384 females (47.5%). In terms of marital status, 591 participants (73.1%) were single, 216 (26.7%) were married, while one respondent (0.1%) was widowed and another (0.1%) was

divorced. Regarding occupational status, 164 respondents (20.3%) were students, 200 (24.7%) were private employees, 132 (16.3%) were government employees, and 313 (38.7%) were self-employed. Family annual income was categorized as follows: 103 respondents (12.7%) earned below INR 200,000, 254 (31.4%) earned between INR 200,001 and 400,000, 192 (23.7%) earned between INR 400,001 and 600,000, 193 (23.9%) earned between INR 600,001 and 800,000, and 67 (8.3%) earned above INR 800,000.

To examine the relationship between demographic factors and price sensitivity, independent sample t-tests and one-way ANOVA tests were conducted. The demographic variables included age, gender, marital status, occupation, and family annual income. A significance level of $p < 0.05$ was established for statistical tests. The independent sample t-test revealed a significant relationship between gender ($p = 0.028$) and price sensitivity. One-way ANOVA results demonstrated significant relationships between age ($p = 0.011$), occupation ($p = 0.044$), and family annual income ($p = 0.046$) with price sensitivity. However, marital status ($p = 0.560$) did not exhibit a significant association with price sensitivity.

In this study, customer satisfaction, service quality, price, and perceived value were considered key factors influencing consumer behaviour in relation to brand switching. The frequency analysis indicated that 546 consumers (67.5%) agreed that customer satisfaction was a reason for switching brands, while 263 consumers (32.5%) disagreed. Regarding service quality, 382 consumers (47.2%) acknowledged it as a reason for brand switching, whereas 427 consumers (52.8%) disagreed. In terms of price, 428 consumers (52.9%) agreed that it influenced their decision to switch brands, while 381 consumers (47.1%) disagreed. Similarly, 491 consumers (60.7%) attributed brand switching to perceived value, whereas 318 consumers (39.3%) did not consider it a determining factor. Based on these findings, the majority of consumers identified customer satisfaction, price, and perceived value as primary reasons for switching brands, while service quality was not regarded as a significant factor.

For statistical significance, a threshold of $p < 0.05$ was established. No significant differences were observed in the price elasticity of consumers across different regions, as indicated by the following p-values: Meghalaya and Mizoram ($p = 0.481$), Meghalaya and Nagaland ($p = 0.875$), Meghalaya and Tripura ($p = 1.00$), Mizoram and Nagaland ($p = 0.918$), Mizoram and Tripura ($p = 0.510$), and Nagaland and Tripura ($p = 0.893$).

The hypothesized structural equation modelling (SEM) for price sensitivity was tested using the Weighted Least Squares (WLS) estimation method. The model fit statistics were as follows: chi-square = 800, degrees of freedom (df) = 285, and $p < 0.001$, with a Root Mean Square Error of Approximation (RMSEA) of 0.047. The structural model was designed to test various hypotheses, including the negative effect of customer satisfaction, customer loyalty, service quality, perceived value, and switching costs on price sensitivity; the positive impact of customer satisfaction on customer loyalty; the positive influence of switching costs, customer satisfaction, and customer loyalty on service quality and perceived value; and the positive effect of switching costs on customer loyalty.

The structural model consisted of six latent constructs: service quality (exogenous variable), perceived value (exogenous variable), switching costs (endogenous variable), customer satisfaction (endogenous variable), customer loyalty (endogenous variable), and price sensitivity (endogenous variable). Upon analysing the relationships between endogenous and exogenous latent variables, seven paths were found to be statistically insignificant. Specifically, price sensitivity did not exhibit a negative relationship with customer satisfaction, customer loyalty, service quality, perceived value, or switching costs. Furthermore, service quality was not significantly related to switching costs, and perceived value did not have a significant positive relationship with customer loyalty. As a result, hypotheses 1, 3, 4, 7, 8, 10, and 12 were not supported.

Conversely, the results indicated significant relationships among several variables. Customer satisfaction ($\beta = 0.5699$, $p = 0.01$), service quality ($\beta = 0.7880$, $p =$

0.004), and switching costs (β = 0.1560, p = 0.048) positively influenced customer loyalty. Service quality (β = 0.5063, p = 0.01) and perceived value (β = 0.6293, p = 0.002) had significant positive effects on customer satisfaction. Additionally, switching costs were found to positively influence perceived value (β = -0.4501, p = 0.018). Consequently, hypotheses 2, 5, 6, 9, 11, and 13 were supported.

The construct of customer satisfaction, comprising five variables, was evaluated using confirmatory factor analysis (CFA). The model fit indices indicated a chi-square value of 7.73 with 5 degrees of freedom (df), p = 0.172, Comparative Fit Index (CFI) = 0.995, Tucker-Lewis Index (TLI) = 0.989, and Root Mean Square Error of Approximation (RMSEA) = 0.026. The Cronbach's alpha for the construct was 0.709, signifying acceptable internal consistency. All factor loadings were statistically significant at p < 0.001, with standardized factor loadings ranging from 0.511 to 0.584, Z-values between 12.5 and 14.4, and standardized coefficients from 0.30 to 0.43.

Similarly, the customer loyalty construct, also consisting of five variables, was subjected to CFA. The model fit indices yielded a chi-square value of 7.19 with 0 degrees of freedom, p = 0.00, CFI = 1.00, TLI = 1.00, and RMSEA = 0.00. The Cronbach's alpha for this construct was 0.687. All factor loadings were statistically significant at p < 0.001, with standardized factor loadings ranging from 0.506 to 0.582, Z-values between 10.5 and 11.1, and standardized coefficients between 0.30 and 0.38.

The service quality measurement model, tested with five variables, demonstrated a chi-square value of 19.3 with 5 degrees of freedom, p = 0.002, CFI = 0.979, TLI = 0.957, and RMSEA = 0.0596. The Cronbach's alpha value was 0.687. All factor loadings were significant at p < 0.001, with standardized factor loadings ranging from 0.580 to 0.595, Z-values between 15.0 and 15.4, and standardized coefficients ranging from 0.37 to 0.48.

For the perceived value construct, which included five variables, CFA results indicated a chi-square value of 8.45 with 2 degrees of freedom, p = 0.015, CFI =

0.984, TLI = 0.951, and RMSEA = 0.0631. The Cronbach's alpha for this construct was 0.692. All factor loadings were statistically significant at p < 0.001, with standardized factor loadings ranging from 0.535 to 0.614, Z-values between 12.6 and 14.3, and standardized coefficients between 0.39 and 0.46.

The switching costs construct, also tested using CFA with five variables, showed a chi-square value of 18.8 with 5 degrees of freedom, p = 0.002, CFI = 0.993, TLI = 0.987, and RMSEA = 0.0583. The Cronbach's alpha was 0.864, indicating high internal consistency. All factor loadings were significant at p < 0.001, with standardized factor loadings ranging from 0.736 to 0.840, Z-values between 23.3 and 28.3, and standardized coefficients ranging from 0.75 to 0.83.

Lastly, the price sensitivity construct, comprising five variables, was evaluated using CFA. The model fit indices revealed a chi-square value of 61.6 with 2 degrees of freedom, p < 0.001, CFI = 0.876, TLI = 0.629, and RMSEA = 0.192. The Cronbach's alpha for this construct was 0.748. All factor loadings were statistically significant at p < 0.001, with standardized factor loadings ranging from 0.420 to 0.726, Z-values between 9.87 and 17.33, and standardized coefficients ranging from 0.05 to 1.78.

6.2   Conclusion

The first objective of the study was examined using an independent sample t-test and one-way ANOVA to analyse the relationship between demographic variables and price sensitivity. The demographic variables considered included age, gender, marital status, occupation, and family annual income. A significance level of p < 0.05 was established. Gender was analysed using an independent sample t-test, which revealed a statistically significant relationship between gender and price sensitivity (p = 0.028). Understanding gender composition is crucial for businesses, as it provides insights into the distribution of male and female customers, allowing for more tailored marketing strategies.

The variables of age, marital status, occupation, and family annual income were analysed using one-way ANOVA. The results showed significant relationships between price sensitivity and age (p = 0.011), occupation (p = 0.044), and family annual income (p = 0.046). Age segmentation aids businesses in developing targeted marketing strategies and personalizing customer experiences. Understanding customers' occupations provides insights into their professional backgrounds, while analysing family annual income levels helps businesses gauge purchasing power and consumer preferences. However, marital status (p = 0.560) did not exhibit a statistically significant relationship with price sensitivity.

The second objective of the study was tested through Structural Equation Modelling (SEM) to assess the hypothesized model for price sensitivity. The relationships between endogenous and exogenous latent variables were examined, revealing that seven paths were not statistically significant, while six paths showed statistical significance. Price sensitivity did not demonstrate a negative relationship with customer satisfaction, customer loyalty, service quality, perceived value, or switching costs. Furthermore, service quality did not positively influence switching costs, and perceived value did not show a positive relationship with customer loyalty. As a result, hypotheses 1, 3, 4, 7, 8, 10, and 12 were not supported.

However, the analysis revealed significant positive relationships among several variables. Customer satisfaction (β = 0.5699, p = 0.01), service quality (β = 0.7880, p = 0.004), and switching costs (β = 0.1560, p = 0.048) positively influenced customer loyalty. Notably, service quality had the strongest impact on customer loyalty, followed by customer satisfaction and switching costs. These findings highlight the importance of service quality in fostering customer loyalty, enhancing customer satisfaction, and ensuring business success. High levels of customer satisfaction are linked to increased loyalty, repeat purchases, and positive word-of-mouth, all of which are vital for long-term growth.

Service quality (β = 0.5063, p = 0.01) and perceived value (β = 0.6293, p = 0.002) also demonstrated a significant positive effect on customer satisfaction, with perceived value exerting a stronger influence than service quality. Focusing on perceived value allows businesses to enhance customer satisfaction and foster favourable word-of-mouth recommendations. Companies that prioritize service quality often differentiate themselves from competitors and build strong customer relationships. Additionally, switching costs were found to positively influence perceived value (β = -0.4501, p = 0.018), suggesting that businesses can strengthen customer loyalty by managing perceived value, thereby justifying premium pricing and increasing profit margins. Consequently, hypotheses 2, 5, 6, 9, 11, and 13 were supported.

The third objective of the study explored the factors influencing consumer behaviour towards brand switching, specifically customer satisfaction, service quality, price, and perceived value. Frequency analysis revealed that 546 consumers (67.5%) agreed that customer satisfaction was a reason for switching brands, while 263 consumers (32.5%) disagreed. Customer satisfaction plays a critical role in business success, directly impacting customer retention and company longevity (Gurău & Ranchhod, 2002). High customer satisfaction fosters loyalty, repeat purchases, and positive word-of-mouth, all of which are essential for sustainable growth.

In terms of service quality, 382 consumers (47.2%) agreed that it influenced their decision to switch brands, while 427 consumers (52.8%) disagreed. Service quality refers to customers' evaluations of their experiences with a service provider (Zeithaml & Parasuraman, 2004). While high service quality enhances customer retention and profitability (Cronin Jr & Taylor, 1992), these findings suggest it was not a primary driver of brand switching for most respondents.

Price was identified as a reason for switching brands by 428 consumers (52.9%), with 381 consumers (47.1%) disagreeing. Price is a critical marketing tool that directly and indirectly shapes purchasing behaviour, impacting sales and company

profitability (Lichtenstein, Ridgway, & Netemeyer, 1993).

Regarding perceived value, 491 consumers (60.7%) agreed that it influenced brand switching, while 318 consumers (39.3%) disagreed. Perceived value reflects consumers' assessment of a product's worth relative to alternatives, influencing both sales and brand loyalty (Sweeney & Soutar, 2001). Businesses that effectively manage perceived value can justify higher prices and enhance profit margins. Overall, the findings suggest that customer satisfaction, price, and perceived value are key factors driving brand switching, while service quality does not appear to be a significant motivator.

The final objective of the study involved comparing price elasticity across consumers from Mizoram, Meghalaya, Nagaland, and Tripura using the Tukey post hoc test. Price elasticity can be influenced by cultural norms, values, and social class, which shape consumer preferences and brand perceptions.

Mizoram, located in north-eastern India, shares its borders with Myanmar and Bangladesh and is known for its lush landscapes, tribal culture, and unique cuisine. Meghalaya, also in north-eastern India, borders Bangladesh and is renowned for its natural beauty and high rainfall, often referred to as the "abode of clouds." Nagaland, another north-eastern state, is recognized for its vibrant festivals, diverse culture, and picturesque scenery, sharing an international border with Myanmar. Tripura, bordered by Bangladesh on three sides, is known for its rich cultural heritage, ethnic diversity, and natural landscapes, attracting both tourists and historians.

A significance level of $p < 0.05$ was set for statistical analysis. The results revealed no significant differences in the price elasticity of consumers across the four states: Meghalaya and Mizoram ($p = 0.481$), Meghalaya and Nagaland ($p = 0.875$), Meghalaya and Tripura ($p = 1.00$), Mizoram and Nagaland ($p = 0.918$), Mizoram and Tripura ($p = 0.510$), and Nagaland and Tripura ($p = 0.893$). These findings suggest that price sensitivity among consumers remains relatively

consistent across the regions studied.

6.3 Suggestions

6.3.a Demographic Variables

Demographic variables are instrumental in enabling businesses to comprehend how different consumer groups respond to price variations. Understanding consumer behaviour assists businesses in developing effective pricing strategies, product positioning, and promotional activities.

1. **Age Distribution**: Analysing the age distribution of customers aids in formulating marketing strategies that effectively target specific age segments. This data can be leveraged to personalize customer experiences and enhance overall satisfaction. For instance, younger consumers may exhibit higher price sensitivity compared to older consumers who might prioritize brand loyalty or product quality.

2. **Gender**: Understanding the gender composition of the customer base is crucial for businesses. This information helps in making informed decisions regarding product development, advertising campaigns, and enhancing overall customer experience.

3. **Occupation**: Identifying the professional backgrounds of customers enables businesses to tailor their marketing efforts more effectively, ensuring that their messages resonate with specific professional demographics.

4. **Income Level**: Understanding the income levels of customers provides insights into their purchasing power and preferences. This information facilitates the creation of effective marketing strategies and pricing models, aiding in identifying potential growth opportunities and developing targeted advertising campaigns.

5. **Marital Status**: Analysing the marital status of customers offers insights into their diverse characteristics and behaviours. This information is valuable for devising targeted marketing strategies and product development, allowing businesses to make well-informed decisions.

By examining these dynamics, companies can craft their pricing strategies and promotional efforts to better meet the needs of various demographic segments,

thereby enhancing their market competitiveness.

6.3.b Social factors

Social factors encompass the influences that society and social interactions have on individuals and groups (Becker, 1974). These factors play a significant role in shaping behaviours, attitudes, and opportunities. According to the current study, service quality exerts the strongest influence on customer loyalty, followed by customer satisfaction, and then switching costs. Service quality is crucial for businesses as it directly impacts customer loyalty, satisfaction, and overall organizational success. High levels of customer satisfaction can lead to increased customer loyalty, repeat purchases, and positive word-of-mouth referrals, all of which are essential for sustained growth.

Understanding switching costs is vital for businesses to develop effective strategies for customer retention and loyalty. The study also reveals that perceived value has the strongest influence on customer satisfaction, followed by service quality. By focusing on perceived value, businesses can enhance customer satisfaction and generate positive word-of-mouth recommendations. Companies that prioritize service quality often distinguish themselves from competitors and build strong relationships with their clientele.

Switching costs positively influence perceived value. By effectively managing perceived value, companies can differentiate themselves in competitive markets and establish strong customer relationships. This approach allows businesses to justify premium pricing for their products or services, resulting in higher profit margins.

6.3.c Customer Purchasing Behaviour

Price is a crucial marketing tool that can directly or indirectly influence customers' purchasing behaviour (Lichtenstein, Ridgway & Netemeyer, 1993). In the highly

competitive FMCG market, effective pricing can differentiate a brand from its competitors, enhancing brand loyalty and customer retention. Social factors encompass the influences that society and social interactions have on individuals and groups (Becker, 1974). These factors play a significant role in shaping behaviours, attitudes, and opportunities.

According to the current study, service quality has the strongest influence on customer loyalty, followed by customer satisfaction and then switching costs. Service quality is essential for businesses as it directly impacts customer loyalty, satisfaction, and overall organizational success. High levels of customer satisfaction can lead to increased customer loyalty, repeat purchases, and positive word-of-mouth referrals, all of which are critical for sustained growth.

Understanding switching costs is vital for businesses to develop effective strategies for customer retention and loyalty. The study also reveals that perceived value has the strongest influence on customer satisfaction, followed by service quality. By focusing on perceived value, businesses can enhance customer satisfaction and generate positive word-of-mouth recommendations. Companies that prioritize service quality often distinguish themselves from competitors and build strong relationships with their clientele.

Switching costs positively influence perceived value. By effectively managing perceived value, companies can differentiate themselves in competitive markets and establish strong customer relationships. This approach allows businesses to justify premium pricing for their products or services, resulting in higher profit margins. Understanding the psychological factors, such as perceived value and customer satisfaction, can interact with consumers' price sensitivity, as different consumer groups may respond differently to price changes.

High customer satisfaction can lead to customer loyalty, repeat purchases, and positive word-of-mouth, which are crucial for sustained growth. Perceived value can enhance a product's desirability among consumers, leading to increased sales and brand loyalty. It allows businesses to justify premium pricing for their products or services, resulting in higher profit margins. Service quality helps shape customer

perceptions and influences their decision-making processes. By focusing on enhancing service quality, businesses can differentiate themselves from competitors and build a strong reputation in the market.

6.3.d   Culture and Location

Cultural norms and values have a profound impact on consumer preferences and perceptions of products or services. Social class significantly influences the types of products individuals purchase and the brands they prefer. In Northeast India, various factors, including regional economic conditions, consumer preferences, transportation, climate conditions, and cultural influences, can affect price sensitivity. Consumers in this region may prioritize affordability due to varying income levels and economic challenges. Furthermore, local competition and the availability of alternatives can further impact consumer sensitivity to price changes.

Understanding local consumer behaviour is crucial, as price sensitivity can vary considerably across different regions. This understanding can guide companies in formulating pricing strategies that ensure products are affordable while maintaining profitability. Additionally, this insight can assist in designing targeted marketing campaigns to effectively reach and influence different consumer groups based on their levels of price sensitivity.

Moreover, knowledge of consumer price sensitivity can be invaluable in forecasting demand, planning promotions, and managing inventory levels efficiently. Companies that leverage this information can better cater to the needs of diverse demographic segments, thereby enhancing their market competitiveness and overall success.

6.4   Limitations

The current study on price sensitivity for fast-moving consumer goods offers several valuable contributions, extending research on price sensitivity among consumers in different geographical locations. The study aimed to obtain an equal proportion of responses from Mizoram, Meghalaya, Nagaland, and Tripura. However, due to the

low response rate from Tripura, Meghalaya, and Nagaland, subjects from Mizoram represented a large proportion of the sample data. Consequently, the model developed for the study predominantly reflects the perceptions of participants from Mizoram. Additionally, the study employed a snowball sampling approach to increase participant numbers, which relies on the availability and willingness of initial or existing participants to refer or introduce others (Noy, 2008).

The current study was limited to five items for each selected variable. These five variables include customer satisfaction, customer loyalty, service quality, perceived value, and switching costs. These antecedent variables of price sensitivity were chosen because they are commonly cited in previous research on price sensitivity. Other variables, such as advertisement, repurchase intention, and brand image, could have been included in the model. Additionally, the study did not collect data on education and family size as part of the demographic profile, which can impact family annual income and influence consumers' price sensitivity.

Furthermore, the research considered a limited number of factors influencing consumer behaviour towards brand switching. The study focused on customer satisfaction, service quality, price, and perceived value as the primary factors. Including additional factors in future research could provide a more comprehensive understanding of consumer behaviour and price sensitivity.

Overall, the current study highlights the need for further research that includes a broader range of variables and a more diverse sample to enhance the generalizability of the findings and provide deeper insights into consumer price sensitivity.

6.5   Future Scope

The current study on consumers' price sensitivity in the fast-moving consumer goods (FMCG) sector serves as a foundation for future research in this field. The following areas are recommended for further investigation:

1.   **Application of the Price Sensitivity Model**: Future studies can apply the price sensitivity model to specific categories or individual items to examine its

impact on consumer behaviour.

2.   **Expansion of the Model**: As noted in chapter one, the current model includes five social factors to measure customers' price sensitivity. Future models can be expanded to incorporate additional factors such as advertisement, repurchase intention, and brand image.

3.   **Demographic Characteristics**: Future research on demographic characteristics of consumers can include variables like education and family size to better determine price sensitivity.

4.   **Factors Influencing Brand Switching**: Future studies can include more factors, such as switching costs and brand image, to understand the reasons behind consumers' decisions to switch brands.

By exploring these areas, future research can provide a more comprehensive understanding of consumer price sensitivity and contribute to the development of effective pricing strategies in the FMCG sector.

A.   QUESTIONNAIRE

AN EMPIRICAL STUDY OF CONSUMER BUYING PATTERN ON THE EFFECT OF PRICE SENSITIVITY: AN ANALYSIS OF FAST MOVING CONSUMER GOODS

Dear Participant,

You are invited to participate in a research study on consumer buying patterns and price sensitivity for fast-moving consumer goods. Your participation is entirely voluntary, and you may withdraw at any time. The information you provide will be kept confidential and used solely for academic purposes. By completing this questionnaire, you consent to participate in this study.

Thank you for your cooperation.

<div align="right">

Sincerely,

Vanlalhruaii Leivang
Research Scholar,
Department of Management,
Mizoram University

</div>

Section A: Demographic Characteristics

1. **Gender:**
    o   Male
    o   Female
    o   Other
2. **Age:**
    o   Below 25 years
    o   25-45 years
    o   46 years and above
3. **Marital Status:**
    o   Single
    o   Married
    o   Widowed
    o   Divorced
4. **Occupation:**
    o   Student
    o   Self-employed
    o   Government employees

        o   Private employees
5. **Family Annual Income Level:**
   - o   Below INR 2 Lakhs
   - o   INR 200001-4 Lakhs
   - o   INR 400001-6 Lakhs
   - o   INR 600001-8 Lakhs
   - o   Above INR 8 Lakhs
6. **State you belong to:**
   - o   Mizoram
   - o   Meghalaya
   - o   Nagaland
   - o   Tripura

Section B: The Five Social Factors

Instructions: Please indicate your level of agreement with the following statements on a Likert scale, where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree.

Customer Satisfaction

CS1: I am satisfied with my purchase.
CS2: I am satisfied with the service provided.
CS3: I am satisfied with the usage of the product and service.
CS4: Being a customer of the product is usually a satisfying experience.
CS5: In general, I am satisfied with the service and product.

Customer Loyalty

CL1: I intend to repurchase the same product.
CL2: I intend to recommend the product and service to my friend.
CL3: I will speak positively to people about the product and service.
CL4: I intend to receive the same service.
CL5: In general, I will be an ambassador for the product and service.

Service Quality

SQ1: I am happy with the quality of the service.
SQ2: The service provided is within my expectation.
SQ3: I am happy with the ambience and customer service.
SQ4: I am happy with the display and availability of the product.
SQ5: In general, the provided service quality is high.

Perceived Value

PV1: The product and service have great value.
PV2: The product and service are worth what they cost.
PV3: What I get from the product and what it costs, offers me value.
PV4: What I get from the service and what it costs, offers me value.
PV5: In general, the value of the product and service is high.

Switching Costs

SC1: It is risky to change as the other brands may not give good usage.

SC2: The cost of changing brands would be high as it requires information search and awareness.

SC3: It takes a lot of energy, time, and effort in order to switch to other brands.

SC4: The cost of changing brands would be high if expectations are not met.

SC5: In general, it would be a hassle switching to another brand.

Price Sensitivity

PS1: Will you take your business to other brands that offer a better price?

PS2: Will you continue to do business, if its price increase somewhat?

PS3: Will you continue to do business, if its price decrease somewhat?

PS4: Are you willing to pay a higher price than other competitors charge for extra benefits?

PS5: In general, with change in price will change my decision.

Section C: Reason for Switching Brand

Instructions: Please indicate your level of agreement with the following statements on a Likert scale, where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree.

R1: I think customer satisfaction is an important factor for switching brands.

R2: I think service quality is an important factor for switching brands.

R3: I think the price is an important factor for switching brands.

R4: I think the perceived value is an important factor for switching brands.

**** Thank You****

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2	Humanities and Social Science Studies, ISSN: 2319-829X, Vol. 12, issue 2	The Influence of Marketing Mix on Consumer Buying Decisions in the context of Fast-Moving Consumer Goods	July, 2024

PAPER PRESENTATION				
Sl.no	Event	Paper title	Organized by	Date
1	Two-day International Conference on India a \$5 Trillion Economy: Challenges and Gateways	The Influence of Demographic Characteristics on Price Sensitivity: A Study	PSIT College of Higher Education, Kanpur	23rd and 24th February, 2024
2	9th PAN IIM World Management Conference on Entrepreneurial Innovation and Digital Governance for Inclusive and Sustainable Growth	The Influence of Marketing Mix on Consumer Buying Decisions in the context of FMCG	Indian Institute of Management Sambalpur	22nd to 24th January, 2024

3	1st International Conference on Economics and Public Policy (ICEP-1)	Relation of Emotional Intelligence and Academic Performance in College Students: The Moderating Role of Gender	Indian Institute of Management Shillong	30th September and 1st October, 2023
4	6th Annual Conference of North East India Commerce and Management Association (NEICMA) & Two-Day International Seminar on ―Sustainable Development: Business Policy & Management Practices	An Empirical Study on the Impact of Service Quality and Customer Satisfaction in Private Hospitals	Shillong College	5th and 6th May, 2023

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ABSTRACT

AN EMPIRICAL STUDY OF CONSUMER BUYING PATTERN ON THE EFFECT OF PRICE SENSITIVITY: AN ANALYSIS OF FAST MOVING CONSUMER GOODS

AN ABSTRACT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF DOCTOR OF PHILOSOPHY

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1.   INTRODUCTION

Price is an essential marketing tool that can directly or indirectly impacts customer purchasing behaviour (Lichtenstein, Ridgway & Netemeyer, 1993). It also has an important influence on the sales and profitability of companies. The most difficult decisions to be made by most business is pricing of a product or service because every customer is not willing to pay the same price (Lichtenstein, Ridgway & Netemeyer, 1993). If the cost of a product is increased, current customers may intend not to buy the product or service again and switch to another brand. Decreasing the price steeply may weaken the consumer's perceptions of the product's quality and also the organization will not be able to cover their costs. The study focuses on the importance of price that impact buying intention and behaviour of consumer in the context of fast moving consumer goods.

The price concept holds significant importance in various aspects of our daily lives. Prices play a crucial role in determining the value of goods and services in the market, influencing consumer behaviour and market trends. Understanding price fluctuations can provide insights into economic conditions and help individuals make informed decisions about their purchases. Prices also serve as a mechanism for allocating resources efficiently in a market economy, balancing supply and demand (Feldstein, 1997). Moreover, price levels can impact inflation rates, interest rates, and overall economic stability. In essence, the significance of price extends beyond simple transactions, shaping the dynamics of markets and economies on a broader scale.

Social factors refer to the influences that society and social interactions have on individuals and groups (Becker, 1974). These factors can include aspects such as culture, family, education, social class and community networks. They play a significant role in shaping behaviours, attitudes and opportunities. For instance, a person's social environment can affect their access to resources, health outcomes and overall well-

being. Additionally, social factors can impact economic conditions, political stability, and social cohesion within a community. By analysing social factors, researchers and policymakers can develop strategies to address social issues and improve quality of life.

The five social factors that influence price sensitivity are customer satisfaction, customer loyalty, service quality, perceived value and switching costs (Ramirez & Goldsmith, 2009). Customer satisfaction is defined based on customers' evaluations of their experience with a service or product. Customer satisfaction is an emotional reaction that is determined based on meeting consumer's expectations before purchase whether the expectations are adaptable with the real after-purchase service or not. The concept of customer loyalty is closely related to customer satisfaction (Gronholdt, Martensen & Kristensen, 2000). Customer loyalty is a positive relationship between customer and company. Loyalty of the customer results from customer satisfaction, positive experience and overall value of the goods or services received. By delivering a level and type of service that meets or exceeds their expectations, businesses attempt to create loyal customers. A service is a task offered to one party by another, is basically intangible, involves no ownership of a product, and its creation may or may not be linked to a physical product. Service quality is measured by comparing the services delivered to customers' expectations. Service quality is the comparison of customers' expectations and their actual perception of the service performance. Consumers' perceived value is their own perception of the efficacy of a product or service they received in comparison to a competitor. Customer-perceived value is how the customer assesses the product or service in comparison to other similar products. Perceived value is important as it affects how marketing professionals advertise and price their goods. Switching costs can be defined as the time loss, money spent, and effort used when shifting from one service provider to another. These are the costs that a consumer is willing to pay extra to change brands, suppliers, or products. It can be time-based, monetary, psychological, and effort-based. Switching costs are the foundation of the competitive advantage and pricing power of a business.

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1.1 Consumer Behaviour and Buying Decision

Consumer behaviour signifies the activities and decisions made by individuals or groups when buying goods, services, and ideas. These actions and decisions are influenced by various factors, including personal preferences, needs and wants, social influences, marketing strategies, and previous experiences (Kim, Ferrin & Rao, 2008). Understanding consumer behaviour is essential for companies as it assists them in effectively targeting and fulfilling customer needs, developing marketing strategies, and creating products and services that match consumer preferences. Additionally, studying consumer behaviour can provide insights into buying patterns, including the frequency and timing of purchases, the channels through which purchases are made, and the factors that influence customers to make a purchase. By analyzing consumer behaviour and buying patterns, businesses can identify trends, predict future demand, and tailor their marketing efforts to effectively reach their target audience.

Consumer behaviour and buying patterns are influenced by various factors such as cultural, social, personal, and psychological factors. Cultural factors include the values, beliefs, norms, and customs of a specific society (De Mooij, 2019). These factors shape individuals' preferences and perceptions of products and influence their buying decisions. Social factors signify the impact of social groups, family, friends, and colleagues on a person's buying decisions (Childers & Rao, 1992). Personal factors include an individual's age, gender, occupation, income level, lifestyle, and personality traits (Zhang et al., 2014). Psychological factors involve an individual's perception, motivation, learning, attitudes, and beliefs (Cohen, Pham & Andrade, 2018). These factors can greatly impact consumer behaviour and the buying patterns exhibited by individuals. In addition to these factors, the buying patterns of consumers are also influenced by external stimuli such as advertising, promotions, and product displays. By understanding these factors and analyzing buying patterns, businesses can develop effective marketing strategies, create targeted advertisements, and provide personalized offerings that resonate with consumer preferences.

Consumer behaviour and buying patterns are complex processes influenced by various factors. Businesses need to understand these factors in order to effectively target and fulfill customer needs, create marketing strategies, and develop products and services that align with consumer preferences. By analyzing consumer behaviour and buying patterns, businesses can gain valuable insights into their target market and make informed marketing decisions. Additionally, businesses can use consumer behaviour and buying patterns to identify potential gaps in the market and discover new opportunities for product development and innovation.

1.2 Price Sensitivity

Price sensitivity refers to the level at which consumers react to changes in the price of a product or service (Tellis, 1988). Understanding price sensitivity is essential for companies because it helps them decide on the ideal pricing strategy that will lead to maximum profits. Moreover, price sensitivity also plays a substantial role in consumers' purchasing decisions and their intentions to buy sustainable or eco-friendly products (Levy et al., 2004). When consumers are highly price-sensitive, they are more likely to be influenced by lower prices and may choose less expensive alternatives even if they have environmental concerns. On the other hand, consumers with low price sensitivity are more inclined to prioritize sustainable features and are willing to pay a premium for eco-friendly products. Therefore, businesses need to consider price sensitivity when marketing and pricing their products, as it can greatly impact consumer behaviour and buying patterns. Furthermore, research has shown that price sensitivity can also act as a mediator between consumers' consumption requirements and their sustainable purchase intentions. In other words, price sensitivity can influence whether or not consumers will actually act upon their intentions to support sustainable products. Price sensitivity, along with other factors such as government and media reports, can significantly influence consumers' perceptions and attitudes towards the environment and products.

Price discrimination is the practice of charging different prices for the same product or service to different customer bases. This strategy is used by businesses to increase their profits by dividing the market based on customers' willingness to pay. By

charging different prices to different customer segments, companies can extract extra value from those willing to pay higher prices while still attracting price-sensitive customers. Price discrimination can take many forms, such as first-degree (charging each customer their maximum willingness to pay), second-degree (offering different pricing tiers), and third-degree (setting different prices based on customer demographics or location) (Armstrong, 2008). It is a common practice in industries like airlines, hotels, and entertainment where demand fluctuates. Price discrimination is a strategic pricing technique used to optimize revenue by catering to the diverse preferences and price sensitivities of customers. The antecedents of price sensitivity are important for businesses as they assist them in customizing their pricing plans and policies to better meet consumer demands. Factors such as customer satisfaction, customer loyalty, service quality, perceived value, and switching costs can all play a role in determining the level of price sensitivity among consumers. By identifying and analyzing these antecedents, companies can make informed decisions regarding pricing adjustments and promotions to maximize profitability and customer satisfaction.

1.3   Fast-Moving Consumer Goods

Fast-moving consumer goods (FMCGs) are products that are frequently consumed and quickly replaced, such as food, beverages, toiletries, and cleaning products. The buying pattern for FMCGs typically involves regular and frequent purchases, as these products are essential for daily life. Consumers often prioritize convenience, affordability, and quality when making purchasing decisions for FMCGs. Additionally, brand loyalty and familiarity play significant roles in the buying patterns for FMCGs. Consumers tend to prefer established brands and products that they trust and have had positive experiences with in the past.

Furthermore, the buying pattern for FMCGs has been greatly influenced by advancements in technology and changing consumer preferences. Consumers now have more options and channels for purchasing FMCGs, such as online shopping and subscription services, which offer convenience and time-saving benefits. This shift in consumer behaviour has led companies to explore personalized and customized

services to enhance the consumer experience (D'Andrea et al., 2006). Companies have to adapt their production, marketing, and distribution processes to cater to the evolving demands of microsegments. To effectively serve microsegments in the FMCG industry, companies need to be innovative and agile. They must be able to quickly respond to changing consumer preferences, introduce new products that cater to specific niche markets, and efficiently distribute their products across various channels.

The FMCG division categories include food and beverages, personal care products, household goods, and over-the-counter drugs. Food and beverage products belong to the FMCG category because of their short lifespan and high turnover rates. This category includes processed foods, such as bread, noodles, pasta, and chips, ready-to-eat foods, such as packets of nuts, and beverages, such as bottled water, coffee, and soda. Personal care products, like shampoo, lotions, hair dyes, lipsticks, cosmetics, deodorants, bath soap, and toothpaste, are classified as FMCGs because they are required repeatedly by consumers and are typically bought at a low price. Home care products, which are used for household purposes, include cleaning products, kitchen towels, toilet rolls, bleach, and dusters. These products are classified in this category because of their standardization, low durability, accessibility, and low price. Over-the-counter drugs are medicines that can be bought without a prescription and are used to treat common ailments like headaches, colds, and allergies. These products are widely available in pharmacies, supermarkets, and convenience stores for consumer convenience.

FMCGs are nondurable goods that are made for regular use, fast consumption, high demand, and low price. They are called fast-moving because they move from the sales area to the point of consumption quickly (D'Andrea et al., 2006). FMCGs have a short shelf life because of their high demand and perishable nature. They have a high turnover when they are on the shelf at the store.

1.4 North-Eastern States of India

The North-Eastern states of India refer to the region in the north-eastern part of the country, comprising eight states known for their unique culture, diverse ethnic groups, and picturesque landscapes. This concept originated from the historical and geographical development of India, where these states were recognized as a distinct region due to their location and cultural differences from the rest of the country (Dikshit & Dikshit, 2014). The North-Eastern states have a rich history of indigenous tribes, languages, and traditions that have shaped their identity over centuries. It highlights the importance of acknowledging and preserving the cultural heritage and natural beauty of this region. It serves as a reminder of the need to promote inclusivity and understanding of the diverse communities that call the North East their home. It also emphasizes the strategic significance of the region in terms of border security, international relations, and economic development for India.

The north-eastern region of India consists of eight states known for their diverse cultures, landscapes, and indigenous communities. These states are Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, and Sikkim. The region is known for its lush greenery, rich biodiversity, and unique traditions. Each state has its own distinct identity and contributes to the cultural tapestry of India. The north-eastern states of India are often characterized by their unique traditions, languages, and cuisines. The area is also known for its biodiversity, with lush forests, hills, and rivers that support a wide variety of flora and fauna. The north-eastern states play a significant role in India's cultural tapestry and are popular destinations for tourists seeking off-the-beaten-path experiences (Baruah, 2020).

Mizoram is one of the states in the north-eastern part of the country, known for its scenic beauty and rich cultural heritage, and Aizawl is the state's capital. It shares borders with several other states and countries like Myanmar and Bangladesh. The name "Mizoram" is derived from the words 'Mizo', which means the people of the hills, and 'Ram', which means land, translating to the "land of the Mizos" (Singh, 2010). The state has a predominantly tribal population with a unique history and traditions. Mizoram became the 23rd state of India on February 20, 1987, following

years of struggle for independence and autonomy (Singh, 2010). Today, Mizoram is known for its lush greenery, vibrant festivals, and warm hospitality.

Meghalaya, which means "abode of clouds" in Sanskrit, is a state known for its scenic beauty, lush greenery, and unique culture (Jeeva, Laloo & Mishra, 2006). It was originally a part of Assam before becoming a separate state in 1972. Meghalaya is situated in the north-eastern region of India and shares its international border with Bangladesh. The state is predominantly inhabited by tribal communities such as the Khasis, Garos, and Jaintias, each with their own distinct traditions and languages. Meghalaya is famous for its living root bridges, which are handmade from the roots of rubber trees by the local Khasi and Jaintia tribes (Bhutia, 2020). The state's capital is Shillong, often referred to as the "Scotland of the East" due to its picturesque landscapes and pleasant climate.

Nagaland is a state located in the far northeast of the country, known for its diverse culture and vibrant tribal communities. It became the 16th state of India on December 1, 1963 (Singh, 2010). Nagaland is known for its rich history and is often referred to as the "Switzerland of the East" due to its picturesque landscapes and pleasant climate. The state is also famous for its Hornbill Festival, which showcases the cultural heritage of the Naga tribes. Nagaland's capital is Kohima, a city with historical significance due to its role in World War II (Glancey, 2011). Nagaland shares borders with other states like Assam, Manipur, and Arunachal Pradesh, and has an international border with Myanmar.

Tripura is a state located in the north-eastern part of the country, known for its rich cultural heritage and natural beauty, and Agartala is the state's capital. It shares its borders with Bangladesh on three sides and the Indian state of Assam on one side (Singh, 2010). The state has a diverse population with various indigenous communities and languages. Tripura has a long history dating back to ancient times, with influences from various dynasties and cultures. The region has seen significant developments over the years, blending traditional practices with modern advancements. Today, Tripura is known for its unique blend of customs, traditions, and scenic landscapes that attract visitors from around the world.

1.5 Statement of the Problem

In the Indian economy, fast-moving consumer goods (FMCGs) constitute the fourth largest sector (Dongre, 2022). The growth of this sector has exhibited double-digit rates and is closely linked to the GDP growth of the Indian economy. Fast-moving consumer goods (FMCGs) are products that are frequently purchased and consumed to meet continuous consumer demand. This sector has achieved a high success rate among lower and middle-income groups in retailing products (Dongre, 2022). Currently, 70% of FMCG sales are directed towards middle-class households, and 50% towards rural India. Within the FMCG sector, food and beverages account for 19%, healthcare for 31%, and the remaining 50% comprises household and personal care products. The transformation in this sector has been facilitated by increasing income levels, urbanization, and changing consumer behaviour. Favourable macroeconomic indicators suggest that consumers have higher spending power, which fundamentally translates to better growth in the FMCG sector (Egbunike & Okerekeoti, 2018).

One of the most critical challenges for the fast-moving consumer goods industry is customer retention and understanding consumer demand. Operations are often conducted with a short-term perspective on customer relationships, primarily focusing on the exchange of goods and offering customers discounts. The growing competition has compelled many firms to focus more on acquiring new customers and encouraging repeat purchases. With the annual increase in competition, competitive advantages such as cost leadership and quality alone are not sufficient to ensure the success of a product in both rural and urban marketplaces.

External competitive factors include digitization, multiple channels of trade, direct-to-consumer (D2C) models, and foreign brands. Increasing smartphone and internet penetration provide people with easy access to shopping on numerous e-commerce websites, and the availability of mobile payment options has increased the number of orders from tier 3 and tier 2 cities. The D2C business model allows buyers to acquire goods directly from manufacturers without intermediaries. Large foreign brands enter the Indian market due to the high demand for their products, which forces local

manufacturers to elevate their offerings and provide cheaper alternatives without compromising on quality (Kothari, Kotabe & Murphy, 2013).

1.6   Significance of the Study

From a practical perspective, this study's significance can provide valuable guidance to managers, marketers, and business owners in the fast-moving consumer goods (FMCG) industry for better implementation of pricing strategies. Consumer buying habits do not change with every price increase or reduction, as there is a level of tolerance for each consumer. Price tolerance represents the point at which an individual consumer's decision switches from acceptance to rejection (Kalyanaram & Little, 1994). It varies depending on the customer, product, and other situational factors. Proper management of customers' price perceptions leads to enhanced value perception and increased willingness to buy the product. Therefore, sales managers focus more on price variations that can persuade customers to shift their purchase decisions rather than noticeable price differences. From a long-term perspective, businesses need price increases to sustain and maintain the balance between cost and profit, which can be influenced by material costs, labour costs, transportation costs, and inflation.

Consumer behaviour holds practical significance as it enables businesses to recognize customer preferences and buying patterns. By studying consumer behaviour, firms can modify their products and marketing strategies to satisfy customer needs, wants, and desires, leading to better sales and customer satisfaction. Understanding consumer behaviour also allows businesses to anticipate market trends and stay ahead of the competition. Moreover, analysing consumer behaviour can help companies identify areas for improvement in their products or services, leading to better overall performance and success in the market. The practical significance of consumer behaviour lies in its ability to drive business growth and profitability through informed decision-making.

From an academic perspective, this study's significance is to benefit students and researchers by providing insights into the effects and understanding of price on the consumption of fast-moving consumer goods, adding to the existing pool of knowledge beneficial to other institutions of higher learning. The combined theoretical framework and survey data confirm the impacts of service quality, customer loyalty, switching costs, perceived value, and customer satisfaction on consumers' price sensitivity.

Consumer behaviour holds great theoretical significance in the fields of marketing and psychology (Pachauri, 2001). Understanding consumer behaviour allows businesses to predict and influence purchasing decisions, leading to more effective marketing strategies. It also provides insights into how individuals make choices, helping researchers develop theories about decision-making processes. Theoretical frameworks in consumer behaviour help explain why consumers prefer certain products or brands over others, shedding light on underlying motivations and preferences. By studying consumer behaviour, researchers can uncover patterns and trends that contribute to the development of new theories and models in marketing and psychology. Overall, the theoretical significance of consumer behaviour lies in its ability to enhance our understanding of human behaviour in the context of consumption.

2.   LITERATURE REVIEW

The literature review is divided into three sections namely (i) Consumer behaviour (ii) Price sensitivity, and (iii) Fast moving consumer goods.

2.1   Consumer Behaviour

Pavithra and Velmurugan (2023) studied the link between consumer confidence and buying patterns. Consumer confidence is an essential psychological factor that can influence the consumer decision-making and their buying behaviours. The goal of this research is to understand how the confidence of consumer can affect their purchasing behaviour and the consequences for businesses and policymakers. According to the findings, there is a positive correlation between consumer

confidence and purchasing behaviour. This shows that customers, who are optimistic about the economy and their financial status are liable to participate in purchasing behaviour.

Doshi, Iyer and Zade (2023) focused to understand the influence of packaging methods on customer's buying decisions and brand visibility of Fast-Moving Consumer Goods companies. The survey model is implemented to understand the impact of packaging methods like shape, colour, material, and image on customers before making decisions on their purchase and also on the brand visibility. This research also includes three factors that are innovation, sustainability, and superiority of the packaging. The results indicated that brand visibility has significant impact on customer decisions along with the different packaging parameters. Hence, there is an association between the impact of packaging methods on customer purchase patterns and willingness to use extra money on superior packaging.

Budhiraja, Nitika and Jain (2023) considered the relative variables that can influence adolescent consumers' behaviour in green product purchases. The research is on Intended Behavioural Theory (IBT) and include several factors such as parental influence, means of advertisement, society and environmental acquaintance. The studyfindings indicated that parental influence has the best influence on teenagers buying behaviour. The three key determinants like, observations, individual decisiveness, and assumed behavioural traits, from IBT affects the young customers in the purchase of green products.

Rahi *et al.* (2023) discussed the various contemporary analytic models, tools, and techniques to examines and predict consumer behaviour. With the help of artificial intelligence (AI), vendors can study the consumer behaviour and reaction on specific product or service and evaluates the posts accordingly. The application of AI in marketing helps in the improvement and relevancy search results, tracking experiences, better sales, and strategic decision making. This study considered how AI can be used to examines and predict the consumer behaviour and discussed data mining, clustering techniques, and AISAS model to studies consumer behaviour and design marketing strategies.

Ye and Ching (2023) purposed to study customer behaviours in live-streaming e-commerce, to find state drivers and post-flow state mediators as crucial factors influencing compulsive buying, to analyse quantitative survey, and find both theoretical and practical implications. The study was conducted in China and total of 517 live- streamers participated. The stimulus-organism-response (SOR) model is adopted, that capture personal and flow activity levels, the organism like flow experience, enjoyment, trust, and the responses are denoted by addiction, loyalty, and compulsive purchasing. The theoretical implications of this study are the validated SEM structure has the pattern of the SOR model. The practical Implications is that consumer behaviour is guided by concepts of social exchange, social capital, and trust. In a socio-commercial environment, social context is essential for live streaming e-commerce.

2.2 Price Sensitivity

Vibhava and Amit (2023) investigated the impact of price sensitivity, governmental green initiatives, and the accessibility of green products on purchasing intentions by employing the theory of consumption values and the theory of planned behaviour. Additionally, they examined the moderating effect of demographic factors on the intention to purchase green products. A cross-sectional study was conducted, gathering 708 responses through a questionnaire-based survey. The findings revealed that price sensitivity, governmental green initiatives, and green product accessibility negatively influence the intention to purchase green products. Consumers aged 41-50 exhibited a higher intention towards green purchasing, while gender showed no significant difference in approach to environmentally friendly products. The study suggests that marketers should focus on communicating the accessibility of green products to reduce perceived difficulty.

Ran and Zhang (2023) explored the discrepancy between intention and behaviour in recycling obsolete mobile phones and the roles of price sensitivity and proactive personality. The results indicated that the "price importance" dimension negatively

moderates the recycling intention-behaviour relationship, whereas the "price comparison" dimension positively moderates it. Proactive personality positively moderates the recycling intention-behaviour relationship. The study proposes several measures, such as creating a favourable atmosphere to overcome recycling barriers, increasing formal recycling rewards, and improving consumers' perceived value of formal recycling services.

Malhotra and Srivastava (2023) analysed the effects of cross-channel integration on consumers' green purchase intentions, focusing on price sensitivity, consumer scepticism, psychological ownership, and environmental knowledge. Data was collected through an online survey and analysed using mediation and mediation models. The results indicated that cross-channel integration affects consumers' purchase intentions towards green products and plays a significant mediating role in consumer scepticism and psychological ownership. Environmental knowledge positively mediates through psychological ownership but negatively through consumer scepticism. Additionally, price sensitivity negatively mediates through psychological ownership but positively through consumer scepticism.

Jakub, Katarina, and Maria (2023) assessed consumers' willingness to spend on a new food product, specifically a chocolate bar. The Van Westendorp price sensitivity measurement was used to determine the acceptable price range for a product entering a new foreign market. Hypothesis testing confirmed that chocolate tasting increased the likelihood of customers willing to pay a higher price for the tested product, and the hypothesis was statistically validated.

Varalakshmi and Pallavi (2023) examined the influence of age on price sensitivity. The study revealed that age and price sensitivity are interrelated, with older individuals displaying greater financial intelligence and a tendency to save and invest for their families. Teenagers are becoming more financially aware and attempt to save a portion of their money. Additionally, younger generations tend to shop at malls, while older generations prefer wholesale markets. The buying habits of younger individuals are also influenced by their peers.

2.3 Fast-moving Consumer Goods

Guru et al. (2023) investigated the shift in consumer preference for supply chains within the fast-moving consumer goods (FMCG) sector in India and its implications. The study employed both quantitative and qualitative analyses to examine factors influencing the selection of distribution channels, including e-commerce, general trade, hyper-local, and modern trade. Exploratory factor analysis and sensitivity analysis were conducted to analyse the data. The findings indicated that modern trade emerged as the most favoured channel, while the hyper-local distribution model was deemed economically unviable. The partnership between FMCG companies and hyper-local delivery services is considered a short-term solution that ensures quick deliveries within a small geographic area. However, with technological advancements, this model is expected to gain momentum.

Gimeno and Santos (2023) identified the presence of the grey market as a challenge in the distribution channel strategy of the FMCG supply chain. The research highlighted two antecedents of distributor participation in the grey market: the negative impact on distributor performance and the relationship between distributors and suppliers. Data collected from 172 wholesale distributors were analysed using PLS-SEM. The findings revealed that the negative impact on official distributor performance and the cooperation between distributors and manufacturers have varying effects. The most influential antecedent of distributor participation in the grey market was the negative impact, while perceived manufacturer cooperation had a weaker influence.

Prashar (2023) examined and compared the drivers for implementing sustainable supply chain management practices in the Indian FMCG sector. Using the Grey-Decision Making Trial and Evaluation Laboratory methodology and sensitivity analysis, the study analysed the complex causal relationships among sustainable supply chain management drivers to identify the critical ones. The results indicated that competition pressure, legislative pressure, regulatory pressure, and innovation drive the implementation of sustainable supply chain management practices in both upstream and downstream supply chains of the FMCG sector.

Khayer, Rahul, and Chakraborty (2023) analysed the imminent supply chain disruptions and the changing characteristics of the FMCG sector. The study employed both short-term and long-term supply chain policies for manufacturing, material sourcing, and distribution. Short-term proposals act as corrective measures to address interruptions as they arise, while long-term strategies serve as preventive measures that require time to implement. The study focused on creating supply chain equations encompassing inbound and outbound transportation costs, ordering costs, response time, holding costs, inventory levels, downtime, and other factors. Interviews with 25 industry experts, using both structured and unstructured patterns, were conducted to calculate Key Performance Indicator (KPI) scores. The results indicated that the overall models were 85.66% viable, with KPI scores of 90% for procurement, 86.67% for manufacturing, and 80.30% for distribution.

Mithun and Soma (2023) explored the evolution of Parle-G's marketing communication from traditional to digital modes over the past four decades, from 1982 to 2021. The study demonstrated how Parle-G has adopted innovative and digital marketing strategies to promote its FMCG brand in emerging economies like India. Between 2016 and 2021, Parle-G's digital marketing communication efforts were found to meet contemporary marketing communication requirements. The study observed a paradigm shift in Parle-G's model, emphasizing the creation of digital connections and digital marketing between consumers and the organization.

2.4   Research Gap

While considerable research has been devoted to exploring individual social factors such as customer satisfaction, customer loyalty, service quality, perceived value, and switching costs, there remains a significant gap in understanding how these factors collectively influence price sensitivity. Previous studies tend to focus on isolated relationships between these factors and price sensitivity, without fully examining the intricate interplay among them. Additionally, the current literature lacks a comprehensive model that integrates all five social factors to provide a holistic view of their combined effect on price sensitivity. This gap is further accentuated by the limited exploration of the indirect effects of these social factors through their

relationships with one another. Addressing this gap is essential for developing more effective marketing strategies that can enhance customer satisfaction and loyalty while managing price sensitivity in competitive markets. By bridging this research gap, scholars can offer deeper insights into the dynamics of consumer behaviour and contribute to more robust theoretical frameworks in marketing research.

2.5   Objectives of the Study

a)   To examine the relationship between demographic variables and price sensitivity.

b)   To explore how price sensitivity is influenced by five social factors.

c)   To analyse reasons for brand switching behaviour of consumers.

d)   To compare the price elasticity of consumers from four North-Eastern Region of India.

2.6   Hypotheses of the Study

The hypotheses developed are based on the model of the association of five social factors toward price sensitivity and the relationship among the social factors. The five social factors are customer satisfaction, customer loyalty, service quality, perceived value, and switching costs.

H1: Customer satisfaction has a negative relationship with price sensitivity.

H2: Customer satisfaction has a positive relationship with customer loyalty.

H3: Customer loyalty has a negative relationship with price sensitivity.

H4: Service quality has a negative relationship with price sensitivity.

H5: Service quality has a positive relationship with customer satisfaction.

H6: Service quality has a positive relationship with customer loyalty.

H7: Service quality has a positive relationship with switching costs.

H8: Perceived value has a negative relationship with price sensitivity.

H9: Perceived value has a positive relationship with customer satisfaction.

H10: Perceived value has a positive relationship with customer loyalty.

H11: Perceived value has a positive relationship with switching costs.

H12: Switching costs has a negative relationship with price sensitivity.

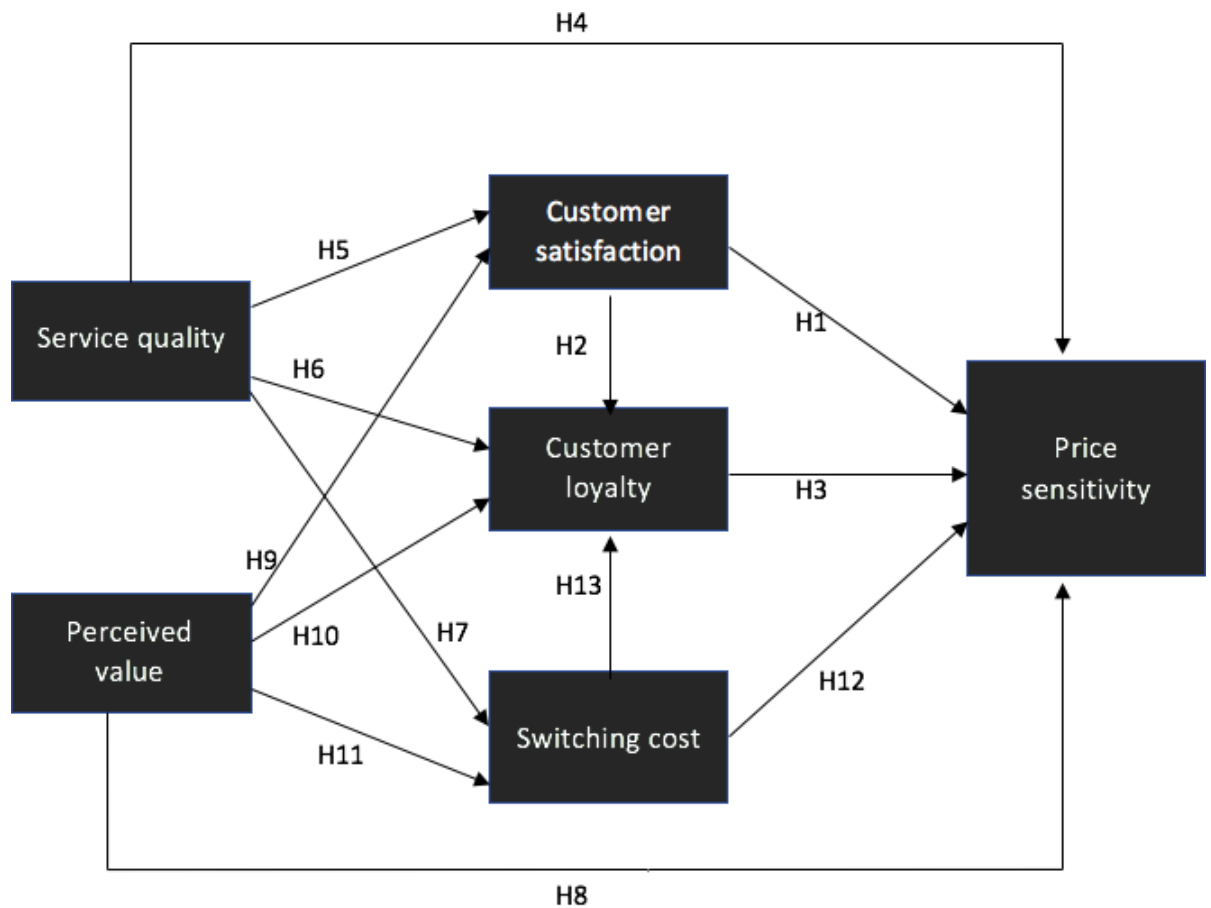H13: Switching costs has a positive relationship with customer loyalty.

Figure 1.1. Proposed hypotheses model for Price Sensitivity

2.7   Research Methodology

2.7.a   Sources of information

In the study, both quantitative and qualitative data have been collected. The study was conducted with the help of primary and secondary data. Primary data were gathered by means of structured questionnaire from the respondents. Secondary data was gathered from publications, books, articles, journals, and web sites were referred for the purpose of the study.

2.7.b   Method of data collection

The collection of data was carried out through online survey method and the questionnaire consisted of Likert scale with five points was used consisting of 'Strongly Disagree' indicating 1 and 'Strongly Agree' indicating 5. The structured questionnaire was divided into three sections. The first section consists of demographic characteristics of consumers viz., age, gender, marital status, occupation, and family annual income level. The second section consisting of questions relating to how price sensitivity is influenced by five social factors, and last section consists of questions relating to the reasons for brand switching behaviour of consumers.

2.7.c   Sampling techniques

The sampling techniques used in this study are purposive and snowball sampling for selecting the respondents. The study utilized a snowball sampling approach to increase the number of participants. As snowball relies on the availability and willingness of the initial or existing participants to refer or introduce others (Noy, 2008). The sample size is calculated by Andrew Fisher's formula using population size, confidence level 85%, confidence margin ±5%, and standard deviation 0.5. A total of 809 customers out of which 235 responses from Mizoram, 194 responses from Nagaland, 190 responses from Meghalaya, and 190 responses from Tripura participated in the study.

2.7.d   Statistical techniques

The data analysis and interpretation were performed using normality, descriptive statistics, independent sample *t*-test, correlation matrix, one-way ANOVA, reliability statistics, convergent and discriminant validity, confirmatory factor analysis, and structural equation modelling in Jamovi version 2.3.19 software.

3.   DATA ANALYSIS AND RESULTS

The overall Cronbach's Alpha value for the model is 0.886, mean is 3.45, and SD is

0.341. The value as (0.91-1.00= excellent), (0.81-0.90= Good), (0.71- 0.80 = Good and Acceptable), (0.61-0.70 = Acceptable), (0.01- 0.60 = Non- acceptable) interpreted by (Konting et al., 2009). Item-test correlation shows how highly correlated each item is with the overall scale (Williams, 2015). Ferketich (1991) recommended that corrected item-total correlations should range between 0.3-0.7 for a good scale. According to Greg (2022), results for item-total correlation can also assist show discrimination in your questionnaire items. Values ranging from zero and 0.19 suggest weak discrimination; values around 0.2 and 0.39 suggest good discrimination; and values 0.4 and above imply significant discrimination. Negative values are not good at all (David, 2022). The value of each item-rest correlation is between (0.268 – 0.527), mean (3.01- 3.64), and SD

(0.639- 0.875). All 30 items have good discrimination as each item-rest correlation value are above 0.20. The p-value is used to determine whether the correlation coefficient is statistically significant (Chuck, 2023). The p-value less than 5% ($p < 0.05$) the correlation coefficient is called statistically significant. Correlational analysis revealed there are significant correlation for all the relation except for switching costs (SC) and customer satisfaction (CS) ($r = 0.009$ and p-value=0.808). Shapiro-Wilk normality test is used to analysis normality of the sample (Yap & Sim, 2011). The test indicated that all the variables had <.001 p-value and W-value between (0.903 – 0.962), with 1 being a perfect match (Combecher, 1980). Also, skewness and kurtosis value as criteria of normality (Jones, 1969). The skewness and kurtosis for price sensitivity(PS) is -0.492 and 2.04, -1.12 and 4.46 for customer satisfaction (CS), -1.10 and 4.17 for customer loyalty (CL), -1.16 and 4.65 for service quality (SQ), -0.750 and 3.93 for perceived value (PV), and 0.0351 and - 0.190 for switching cost (SC). Acceptable value of skewness (− 3 and + 3), and kurtosis (− 10 and + 10) (Brown and Greene, 2006). The mean and SD for price

sensitivity(PS) is 3.29 and 0.478, 3.60 and 0.442 for customer satisfaction (CS), 3.60 and 0.448 for customer loyalty (CL), 3.57 and 0.462 for service quality (SQ), 3.55 and 0.439 for perceived value (PV), and 3.08 and 0.692 for switching cost (SC).

Age, gender, marital status, occupation, and family annual income are the demographic profiles of consumers taken into consideration. Total of 809 consumers participated in the study of which 235 (29%) belong from Mizoram, 190 (23.5%) from Meghalaya, 194 (24%) from Nagaland, and 190 (23.5%) from Tripura. The age includes 182 (22.5%) below 25 years, 426 (52.7%) 26-35 years, 199 (24.6%) 36-45 years, and 2 (0.2%) 46 years and above. The majority of respondents were male 425 (52.5%) and the remaining 384 (47.5%) were female. The marital status includes 591 (73.1%) single, 216 (26.7%) married, 1 (0.1%) widowed, and 1 (0.1%) divorced. The occupation includes 164 (20.3%) student, 200 (24.7%) private employees, 132 (16.3%) government employees, and 313 (38.7%) self-employed. 103 (12.7%) below INR 200000, 254 (31.4%) INR 200001-400000, 192 (23.7%) INR 400001-600000, 193 (23.9%) INR 600001-800000, and 67 (8.3%) above INR 800000 of family annual income. Independent sample t-test and One-way ANOVA were executed to present the association between demographic variables and price sensitivity. The demographic variables are age, gender, marital status, occupation, and family annual income level. For statistical significance, a probability of less than 0.05 was set. The variable gender is examined by independent sample t-test, it showed a significant relation between gender ($p=0.028$) and price sensitivity of consumers. Age, marital status, occupation, and family annual income variables are executed by One-way ANOVA. There is a significant relation of age ($p=0.011$), occupation ($p=0.044$), and family annual income ($p=0.046$) to consumer's price sensitivity, whereas the variable marital status ($p=0.560$) has no significant relation to price sensitivity of consumers.

For this study, customer satisfaction, service quality, price, and perceived value are the factors taken into consideration for the reasons of consumer behaviour toward switching brand. The frequency of the factor customer satisfaction for the reason of switching brand, 546 (67.5%) consumers agreed to the reason and 263 (32.5%)

consumers disagreed to the reason. The frequency of the factor service quality for the reason of switching brand, 382 (47.2%) consumers agreed to the reason and 427 (52.8%) consumers disagreed to the reason. The frequency of the factor price for the reason of switching brand, 428 (52.9%) consumers agreed to the reason and 381 (47.1%) consumers disagreed to the reason. The frequency of the factor perceived value for the reason of switching brand, 491 (60.7%) consumers agreed to the reason and 318 (39.3%) consumers disagreed to the reason. From the findings, majority of the consumers accept customer satisfaction, price, and perceived value are the reasons for switching brand whereas the factor service quality is not the reason. For statistical significance, a probability of less than 0.05 was set. There is no significant difference in the price elasticity of consumers from Meghalaya and Mizoram (p=0.481), Meghalaya and Nagaland (p=0.875), Meghalaya and Tripura (p=1.00), Mizoram and Nagaland (p=0.918), Mizoram and Tripura (p=0.510), and Nagaland and Tripura (p=0.893).

The structural equation modelling (SEM) of the hypothesized model for price sensitivity was tested by WLS estimation method. The hypothesized model showed chi- square=800, df=285, p=<0.001, RMSEA= 0.047. The model was estimated to examine the hypotheses with regard to the negative effect of customer satisfaction, customer loyalty, service quality, perceived value, and switching costs, on price sensitivity; the positive effect of customer satisfaction on customer loyalty; the positive effect of switching cost, customer satisfaction, customer loyalty on service quality and perceived value; and the positive effect of switching cost on customer loyalty. The structural model has six latent constructs, service quality (exogenous variable), perceived value (exogenous variable), switching costs (endogenous variable), customer satisfaction (endogenous variable), customer loyalty (endogenous variable), and price sensitivity (endogenous variable). When analysing the endogenous and exogenous latent variables, seven paths were found to be not statistically significant. Price sensitivity has no negative relation to customer satisfaction, customer loyalty, service quality, perceived value, and switching costs. Also, Service quality has no positive relationship with switching costs, and perceived

value has no positive relationship with customer loyalty. Thus, hypotheses 1,3,4,7,8,10 and 12 were not supported. The results also indicated that customer satisfaction (β=.5699, p=0.01), service quality (β=.7880, p=0.004), and switching costs (β=.1560, p=0.048) have positive significant effect on customer loyalty. Service quality (β=.5063, p=0.01), and perceived value (β=.6293, p=0.002) have positive significant influence on customer satisfaction. Switching cost positively influence perceived value (β=-0.4501, p=0.018). Therefore, hypotheses 2, 5, 6, 9, 11, and 13 were supported. The study tested 13 hypotheses and the results are given in table shown below (Table 1).

Table 1: Hypotheses Testing

Hypothesis	Relation	β	p-value	Result
H1	CS→PS	-0.2494	0.305	Not supported
H2	CS→CL	0.5699	0.010	Supported
H3	CL→PS	0.0757	0.359	Not supported
H4	SQ→PS	-0.2684	0.342	Not supported
H5	SQ→CS	0.5063	0.010	Supported
H6	SQ→CL	0.7880	0.004	Supported
H7	SQ→SC	0.0667	0.728	Not supported
H8	PV→PS	0.3398	0.331	Not supported
H9	PV→CS	0.6293	0.002	Supported
H10	PV→CL	-0.0108	0.970	Not supported
H11	PV→SC	-0.4501	0.018	Supported
H12	SC→PS	0.0282	0.564	Not supported
H13	SC→CL	0.1560	0.048	Supported

Source: Author's computation

The factor customer satisfaction with five variables was tested through confirmatory factor analysis (CFA). The model fit was chi-square=7.73, df =5, p=0.172, CFI=.995, TLI=0.989, RMSEA=0.026, and Cronbach's alpha value is 0.709. All factor loadings were significant at p<.001, the standardized factor loading (0.511-0.584), Z value (12.5- 14.4), and standardized coefficient (0.30-0.43). The factor customer loyalty with five variables was tested through confirmatory factor analysis (CFA). The model fit was chi- square=7.19, df =0, p=0.00, CFI=1, TLI=1, RMSEA=0.00, and Cronbach's alpha value is 0.687. All factor loadings were significant at p<.001, the standardized factor loading (0.506-0.582), Z value (10.5-11.1), and standardized coefficient (0.30-0.38). The factor service quality measurement model with five variables was tested through confirmatory factor analysis. The model fit was chi-square=19.3, df =5, p=0.002, CFI=.979, TLI=0.957, RMSEA=0.0596, and Cronbach's alpha value is 0.687. All factor loadings were significant at p<.001, the standardized factor loading (0.580-0.595), Z value (15.0- 15.4), and standardized coefficient (0.37-0.48). The factor perceived value with five variables was tested through confirmatory factor analysis (CFA). The model fit was chi- square=8.45, df =2, p=0.015, CFI=.984, TLI=0.951, RMSEA=0.0631, and Cronbach's alpha value is 0.692. All factor loadings were significant at p<.001, the standardized factor loading (0.535-0.614), Z value (12.6-14.3), and standardized coefficient (0.39- 0.46). The factor switching costs with five variables was tested through confirmatory factor analysis (CFA). The model fit was chi-square=18.8, df =5, p=0.002, CFI=.993, TLI=0.987, RMSEA=0.0583, and Cronbach's alpha value is 0.864. All factor loadings were significant at p<.001, the standardized factor loading (0.736-0.840), Z value (23.3- 28.3), and standardized coefficient (0.75-0.83). The factor price sensitivity with five variables was tested through confirmatory factor analysis (CFA). The model fit was chi- square=61.6, df =2, p=<.001, CFI=.876, TLI=0.629, RMSEA=0.192, and Cronbach's alpha value is 0.748. All factor loadings were significant at p<.001, the standardized factor loading (0.420-0.726), Z value (9.87- 17.33), and standardized coefficient (0.05- 1.78).

4.   CONCLUSION

The first objective of the study is tested using independent sample *t*-test and one-way ANOVA to present the association between demographic variables and price sensitivity. The demographic variables are age, gender, marital status, occupation, and family annual income level. For statistical significance, a probability of less than 0.05 was set. The variable gender is examined by independent sample *t*-test, it showed a significant relation between gender (p=0.028) and price sensitivity of consumers. Gender is crucial for businesses to understand the composition of their customer base in terms of male and female customers. Age, marital status, occupation, and family annual income variables are executed by One-way ANOVA. There is a significant relation of age (p=0.011), occupation (p=0.044), and family annual income (p=0.046) to consumer's price sensitivity. The age distribution of customers aids in developing marketing strategy to reach specific age segments and used to personalize customer experiences. Occupation helps the business to understand the professional backgrounds of their customers. Family annual income level is important for businesses as it helps them understand the purchasing power and preferences of different customer segments. But the variable marital status (p=0.560) has no significant relation to price sensitivity of consumers.

The structural equation modelling (SEM) of the hypothesized model for price sensitivity was tested to present the second objective of the study. The endogenous and exogenous latent variables were analysed, seven paths are not statistically significant and six paths are statistically significant. Price sensitivity has no negative relation to customer satisfaction, customer loyalty, service quality, perceived value, and switching costs. Also, Service quality has no positive relationship with switching costs, and perceived value has no positive relationship with customer loyalty. Thus, hypotheses 1,3,4,7,8,10 and 12 were not supported. The results also indicated that customer satisfaction, service quality, and switching costs have positive significant effect on customer loyalty. Service quality has the strongest influence on customer loyalty, followed by customer satisfaction, and then switching costs. Service quality

is important for businesses as it has direct impact to customer loyalty, satisfaction, and, success of the organization. High levels of customer satisfaction can lead to increased customer loyalty, repeat purchase, and positive word-of-mouth referrals, all of which are crucial for sustained growth. Understanding switching costs is crucial for businesses to develop effective strategies for customer retention and loyalty. Service quality, and perceived value have positive significant influence on customer satisfaction. Perceived value has the strongest influence on customer satisfaction, followed by service quality. By focusing on perceived value, businesses can improve customer satisfaction and generate positive word-of-mouth recommendations. Businesses that prioritize service quality often stand out from competitors and build strong relationships with their clientele. Switching costs positively influence perceived value. By effectively managing perceived value, companies can differentiate themselves in competitive markets and build strong relationships with their customers. It allows businesses to justify premium pricing for their products or services, resulting in higher profit margins. Therefore, hypotheses 2, 5, 6, 9, 11, and 13 were supported.

For the third objective of the study, customer satisfaction, service quality, price, and perceived value are the factors taken into consideration for the reasons of consumer behaviour toward switching brand. The frequency of the factor customer satisfaction for the reason of switching brand, 546 (67.5%) consumers agreed to the reason and 263 (32.5%) consumers disagreed to the reason. Customer satisfaction is of paramount importance in any business as it directly impacts the success and longevity of the company (Gurău & Ranchhod, 2002). High customer satisfaction can lead to customer loyalty, repeat purchase, and positive word-of-mouth, which are crucial for sustained growth. The frequency of the factor service quality for the reason of switching brand, 382 (47.2%) consumers agreed to the reason and 427 (52.8%) consumers disagreed to the reason. Service quality means the level of satisfaction experienced by customers when interacting with a particular service provider (Zeithaml & Parasuraman, 2004). High service quality leads to increased customer retention, positive word-of-mouth, and, higher profitability. (Cronin Jr, &

Taylor, 1992) It plays a crucial role in shaping the overall reputation and image of a company in the eyes of consumers. The frequency of the factor price for the reason of switching brand, 428 (52.9%) consumers agreed to the reason and 381 (47.1%) consumers disagreed to the reason. Price is an essential marketing tool that can directly or indirectly impacts customers purchasing behaviour (Lichtenstein, Ridgway & Netemeyer, 1993). It also has an important influence on the sales and profitability of companies. The frequency of the factor perceived value for the reason of switching brand, 491 (60.7%) consumers agreed to the reason and 318 (39.3%) consumers disagreed to the reason. Perceived value refers to the worth and value of a product or service in the eyes of consumers. Perceived value can enhance a product's desirability among consumers, leading to increased sales and brand loyalty (Sweeney & Soutar, 2001). It allows businesses to justify premium pricing for their products or services, resulting in higher profit margins. From the findings, majority of the consumersaccept customer satisfaction, price, and perceived value are the reasons for switching brand whereas the factor service quality is not the reason.

The last objective of the study is executed by Tukey post hoc test to compare the price elasticity of consumers from Mizoram, Meghalaya, Nagaland, and Tripura. Cultural norms and values can significantly shape consumer preferences and perceptions of products or services. Social class can influence the types of products individuals purchase and the brands they prefer.

Mizoram is a state located in the north-eastern part of India. It shares its borders with Myanmar and Bangladesh. The state is known for its lush greenery, diverse tribal culture, and unique cuisine. Meghalaya is a state situated in the north-eastern region of India and shares its international border with Bangladesh. The state is known for its scenic beauty and abundant rainfall, and often referred as the "abode of clouds." Nagaland is a state located in the north-eastern part of India and known for its diverse culture, vibrant festivals, and beautiful landscapes. Nagaland shares borders with other shares its international border with Myanmar. Tripura is a state located in the north-eastern region of India and known for its rich cultural heritage, diverse

ethnic groups, and lush green landscapes. The state shares its borders with Bangladesh on three sides and is a popular tourist destination for its natural beauty and historical sites. For statistical significance, a probability of less than 0.05 was set. There is no significant difference in the price elasticity of consumers from Meghalaya and Mizoram (p=0.481), Meghalaya and Nagaland (p=0.875), Meghalaya and Tripura (p=1.00), Mizoram and Nagaland (p=0.918), Mizoram and Tripura (p=0.510), and Nagaland and Tripura (p=0.893).

5.   SUGGESTIONS

5.1   Demographic Variables

Demographic variables are instrumental in enabling businesses to comprehend how different consumer groups respond to price variations. Understanding consumer behaviour assists businesses in developing effective pricing strategies, product positioning, and promotional activities.

1.   **Age Distribution**: Analysing the age distribution of customers aids in formulating marketing strategies that effectively target specific age segments. This data can be leveraged to personalize customer experiences and enhance overall satisfaction. For instance, younger consumers may exhibit higher price sensitivity compared to older consumers who might prioritize brand loyalty or product quality.

2.   **Gender**: Understanding the gender composition of the customer base is crucial for businesses. This information helps in making informed decisions regarding product development, advertising campaigns, and enhancing overall customer experience.

3.   **Occupation**: Identifying the professional backgrounds of customers enables businesses to tailor their marketing efforts more effectively, ensuring that their messages resonate with specific professional demographics.

4.   **Income Level**: Understanding the income levels of customers provides insights into their purchasing power and preferences. This information facilitates the creation of effective marketing strategies and pricing models, aiding in identifying potential growth opportunities and developing targeted advertising campaigns.

5.   **Marital Status**: Analysing the marital status of customers offers insights into their diverse characteristics and behaviours. This information is valuable for devising targeted marketing strategies and product development, allowing businesses to make well-informed decisions.

By examining these dynamics, companies can craft their pricing strategies and promotional efforts to better meet the needs of various demographic segments, thereby enhancing their market competitiveness.

5.2   Social factors

Social factors encompass the influences that society and social interactions have on individuals and groups (Becker, 1974). These factors play a significant role in shaping behaviours, attitudes, and opportunities. According to the current study, service quality exerts the strongest influence on customer loyalty, followed by customer satisfaction, and then switching costs. Service quality is crucial for businesses as it directly impacts customer loyalty, satisfaction, and overall organizational success. High levels of customer satisfaction can lead to increased customer loyalty, repeat purchases, and positive word-of-mouth referrals, all of which are essential for sustained growth.

Understanding switching costs is vital for businesses to develop effective strategies for customer retention and loyalty. The study also reveals that perceived value has the strongest influence on customer satisfaction, followed by service quality. By focusing on perceived value, businesses can enhance customer satisfaction and generate positive word-of-mouth recommendations. Companies that prioritize service quality often distinguish themselves from competitors and build strong

relationships with their clientele.

Switching costs positively influence perceived value. By effectively managing perceived value, companies can differentiate themselves in competitive markets and establish strong customer relationships. This approach allows businesses to justify premium pricing for their products or services, resulting in higher profit margins.

5.3   Customer Purchasing Behaviour

Price is a crucial marketing tool that can directly or indirectly influence customers' purchasing behaviour (Lichtenstein, Ridgway & Netemeyer, 1993). In the highly competitive FMCG market, effective pricing can differentiate a brand from its competitors, enhancing brand loyalty and customer retention. Social factors encompass the influences that society and social interactions have on individuals and groups (Becker, 1974). These factors play a significant role in shaping behaviours, attitudes, and opportunities.

According to the current study, service quality has the strongest influence on customer loyalty, followed by customer satisfaction and then switching costs. Service quality is essential for businesses as it directly impacts customer loyalty, satisfaction, and overall organizational success. High levels of customer satisfaction can lead to increased customer loyalty, repeat purchases, and positive word-of-mouth referrals, all of which are critical for sustained growth.

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Switching costs positively influence perceived value. By effectively managing perceived value, companies can differentiate themselves in competitive markets and establish strong customer relationships. This approach allows businesses to justify premium pricing for their products or services, resulting in higher profit margins. Understanding the psychological factors, such as perceived value and customer satisfaction, can interact with consumers' price sensitivity, as different consumer groups may respond differently to price changes.

High customer satisfaction can lead to customer loyalty, repeat purchases, and positive word-of-mouth, which are crucial for sustained growth. Perceived value can enhance a product's desirability among consumers, leading to increased sales and brand loyalty. It allows businesses to justify premium pricing for their products or services, resulting in higher profit margins. Service quality helps shape customer perceptions and influences their decision-making processes. By focusing on enhancing service quality, businesses can differentiate themselves from competitors and build a strong reputation in the market.

5.4   Culture and Location

Cultural norms and values have a profound impact on consumer preferences and perceptions of products or services. Social class significantly influences the types of products individuals purchase and the brands they prefer. In Northeast India, various factors, including regional economic conditions, consumer preferences, transportation, climate conditions, and cultural influences, can affect price sensitivity. Consumers in this region may prioritize affordability due to varying income levels and economic challenges. Furthermore, local competition and the availability of alternatives can further impact consumer sensitivity to price changes.

Understanding local consumer behaviour is crucial, as price sensitivity can vary considerably across different regions. This understanding can guide companies in formulating pricing strategies that ensure products are affordable while maintaining profitability. Additionally, this insight can assist in designing targeted marketing

campaigns to effectively reach and influence different consumer groups based on their levels of price sensitivity.

Moreover, knowledge of consumer price sensitivity can be invaluable in forecasting demand, planning promotions, and managing inventory levels efficiently. Companies that leverage this information can better cater to the needs of diverse demographic segments, thereby enhancing their market competitiveness and overall success.

6.   LIMITATIONS

The current study on price sensitivity for fast-moving consumer goods offers several valuable contributions, extending research on price sensitivity among consumers in different geographical locations. The study aimed to obtain an equal proportion of responses from Mizoram, Meghalaya, Nagaland, and Tripura. However, due to the low response rate from Tripura, Meghalaya, and Nagaland, subjects from Mizoram represented a large proportion of the sample data. Consequently, the model developed for the study predominantly reflects the perceptions of participants from Mizoram. Additionally, the study employed a snowball sampling approach to increase participant numbers, which relies on the availability and willingness of initial or existing participants to refer or introduce others (Noy, 2008).

The current study was limited to five items for each selected variable. These five variables include customer satisfaction, customer loyalty, service quality, perceived value, and switching costs. These antecedent variables of price sensitivity were chosen because they are commonly cited in previous research on price sensitivity. Other variables, such as advertisement, repurchase intention, and brand image, could have been included in the model. Additionally, the study did not collect data on education and family size as part of the demographic profile, which can impact family annual income and influence consumers' price sensitivity.

Furthermore, the research considered a limited number of factors influencing consumer behaviour towards brand switching. The study focused on customer

satisfaction, service quality, price, and perceived value as the primary factors. Including additional factors in future research could provide a more comprehensive understanding of consumer behaviour and price sensitivity.

Overall, the current study highlights the need for further research that includes a broader range of variables and a more diverse sample to enhance the generalizability of the findings and provide deeper insights into consumer price sensitivity.

7.   FUTURE SCOPE

The current study on consumers' price sensitivity in the fast-moving consumer goods (FMCG) sector serves as a foundation for future research in this field. The following areas are recommended for further investigation:

1.   Application of the Price Sensitivity Model: Future studies can apply the price sensitivity model to specific categories or individual items to examine its impact on consumer behaviour.

2.   Expansion of the Model: As noted in chapter one, the current model includes five social factors to measure customers' price sensitivity. Future models can be expanded to incorporate additional factors such as advertisement, repurchase intention, and brand image.

3.   Demographic Characteristics: Future research on demographic characteristics of consumers can include variables like education and family size to better determine price sensitivity.

4.   Factors Influencing Brand Switching: Future studies can include more factors, such as switching costs and brand image, to understand the reasons behind consumers' decisions to switch brands.

By exploring these areas, future research can provide a more comprehensive understanding of consumer price sensitivity and contribute to the development of effective pricing strategies in the FMCG sector.

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