

# **Beyond the Price Tag: Exploring the Influence of Psychological Pricing on Consumer Purchase Intent in Apparel Retail**

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## **ABSTRACT**

Retail pricing strategies are much more than just financial transactions; they are also effective psychological instruments that have the ability to subtly affect the attitudes and actions of customers. In the retail apparel industry, which is marked by frequent discretionary purchases and emotional engagement, psychological pricing has become a popular tactic used by marketers to increase perceived value and boost sales. This study aims to investigate how consumer behavior in urban apparel markets is affected by psychological pricing strategies, particularly charm pricing (e.g., ₹499 instead of ₹500), odd pricing, and related tactics. The study's main goals are to: 1. To analyze the relationship between psychological pricing and purchase intent among urban apparel shoppers. 2. To assess the level of consumer awareness regarding psychological pricing techniques in the apparel retail sector.

Using a quantitative research methodology, the study employs a structured questionnaire that is given to a sample of urban consumers from a range of demographic backgrounds. Regression analysis is one of the statistical techniques used to assess the connection between psychological pricing factors and customer reactions. The null hypothesis ( $H_0$ ) that psychological pricing has no discernible effect on consumer purchasing intent serves as the foundation for the study. Although psychological pricing is still a useful strategy for increasing product appeal and encouraging purchases, preliminary findings indicate that consumer awareness of these tactics may moderate their overall efficacy. It is anticipated that the results will theoretically and empirically advance the study of pricing psychology and consumer behavior, as well as have practical ramifications for clothing retailers looking to adjust their pricing strategies to suit changing urban consumer sensibilities.

**Keywords** Psychological Pricing, Purchase Intent, Apparel Retail.

## **1. INTRODUCTION**

### **Introduction**

Setting a price that covers costs and guarantees profit is no longer the only way to implement pricing strategies in the contemporary retail environment. They have developed into highly effective instruments that have the ability to affect customer perception, choices, and sales. This is especially true in the retail clothing industry, where a mix of pragmatic factors and emotional cues frequently influence consumer

decisions. Psychological pricing, which aims to instill a sense of value in customers and persuade them to make purchases they might not have otherwise, is one of the most popular strategies in this area.

Pricing has a significant impact on how customers view goods and brands in the retail apparel industry, where items are not only functional but also connected to feelings, status, and personal identity. The purpose of this study is to investigate the connection between psychological pricing and purchase intent, or the probability that a customer will make a purchase after learning about a product's cost. This study will offer important insights into the efficacy of such tactics in the cutthroat clothing market by examining the ways in which psychological pricing affects consumer behavior and purchase intent.

Instead of concentrating only on a product's actual cost, **psychological pricing** refers to a collection of pricing techniques intended to affect the attitudes and perceptions of consumers. These tactics take advantage of cognitive biases, such as the propensity to prefer prices that seem more appealing or less expensive, even when the difference is slight. Common examples of psychological pricing include pricing items at ₹999 rather than ₹1000 or using prices that finish in .99. By giving the appearance of a better deal, these deceptive tactics persuade customers to buy things they might not have otherwise thought to buy.

When people choose, buy, and use goods or services, their actions and decision-making processes are referred to as **consumer behavior**. Numerous elements, such as individual preferences, cultural influences, psychological triggers, and pricing strategies, all have an impact on consumer behavior in the retail industry. Understanding consumer behavior helps retailers craft marketing messages, product placements, and pricing strategies that resonate with their target audience, ultimately driving sales and loyalty.

In apparel retail, consumer decisions are often influenced by a combination of functional needs (e.g., clothing for work or casual wear) and emotional desires (e.g., expressing personal style or status). The way in which pricing is structured in this sector can significantly influence consumers' perception of value, brand image, and ultimately their purchasing decisions.

It is an essential metric for determining how well pricing and marketing strategies are working. Customers with high purchase intent are more likely to buy, whereas those with low intent might not be persuaded by the product's worth or cost. By fostering perceptions of value or affordability that motivate customers to act swiftly and complete the purchase, psychological pricing aims to increase purchase intent.

### **1.1 Types of Psychological pricing**

A range of techniques aimed at influencing customer perceptions and influencing purchase behavior are included in psychological pricing. Charm pricing is a common tactic that uses the left-digit effect to make a product seem more affordable by setting prices slightly below a round number, like ₹499 instead of ₹500. Another strategy is prestige pricing, which positions the product as a luxury good by using larger, rounder figures, such as ₹1000, to imply premium quality and exclusivity. By using the psychological difference between prices such as ₹198.75 and ₹200, odd-even pricing uses the former to indicate a deal and the latter to imply a more rounded, opulent price.

Last but not least, price anchoring is the practice of displaying a discounted price next to a higher original price to make the current offer seem like a better deal and persuade customers that the lower price is more appealing. All of these tactics function by gently altering the way that consumers perceive products, which eventually makes them seem more appealing and increases their propensity to buy.

## 2. LITERATURE REVIEW

(Abdul Saleem, et al., 2024). Results show that consumer purchasing behavior is influenced by psychological patterns such as representativeness, product availability, and anchoring heuristics, as well as sociodemographic factors such as age, income, education. Customers with minimal hedonic and symbolic attachment profiles, low levels of education, low income, and younger customers are more likely to choose nine-ending prices, as are price-cognizant consumers. Retailers, pricing managers, scholars, researchers, society, and the government are all impacted by these findings.

(Hannah Huynh 2024). The findings show that consumers' behavioral reactions and brand perceptions are unaffected by cost transparency disclosure. However, there is a significant relationship between brand trust and purchase intention that is partially mediated by brand equity. The study's conclusions open the door for clothing companies looking to improve their cost transparency by concentrating their efforts on the signaling mechanisms of brand equity and trust.

(Ji Quan, Xiaofeng Wang, et al., 2019). This study examined the impact of varying psychological satisfaction levels of strategic customers on the retailer's decision-making and financial success, and it introduced a metric to characterize consumer psychological satisfaction. The findings demonstrate that while consumers with disappointment aversion will somewhat offset the loss of profits brought on by their strategic behavior, strategic consumers with psychological elation will further harm the retailer's earnings. Additionally, the effects of consumer valuation of products, production cost, salvage price, and psychological satisfaction parameters on the two sides' decision equilibrium have been examined.

(Nicoleta-Valentina Florea, et al., 2025). This study concludes by showing that store layout and visual merchandising directly and quantifiably influence consumer purchasing decisions. To improve customer experience and boost sales, retailers should improve window displays, lighting, and product layout. For retail managers looking to enhance the store environment, draw in more customers, modify interactive marketing tactics appropriately and individually, and boost profitability, these insights offer practical advice.

(Khushi Gurnani, et al., 2024). To sum up, the study's conclusions offer insightful information about consumer behavior in the Indian fashion retail sector. Retailers can effectively adapt their strategies to meet the needs and expectations of their customers by knowing the factors that influence shopping preferences, purchase decisions, and likelihood of recommendation. Success in a market that is becoming more competitive and dynamic depends critically on one's capacity to predict and adjust to changing consumer trends. Retailers can set themselves up for long-term growth and a competitive edge in the Indian fashion retail market by embracing innovation, utilizing technology, and emphasizing customer-centricity.

## 3. RESEARCH METHODOLOGY

This study aims to explore the influence of psychological pricing on consumer purchase intent in the apparel retail sector, with a specific focus on urban shoppers. The research is guided by two primary objectives: first, to analyze the relationship between psychological pricing and purchase intent among urban apparel shoppers; and second, to assess the level of consumer awareness regarding psychological

pricing techniques in the apparel retail sector. To examine these objectives empirically, the study adopts a **quantitative research design**, employing **primary data collection** as the main method.

Data was gathered through a **structured questionnaire** designed to capture responses on two key constructs: consumers' awareness of psychological pricing and their purchase behavior when exposed to such pricing techniques (e.g., prices ending in ₹499 or ₹999). To guarantee consistency and measurability, the questionnaire contained both closed-ended and Likert-scale questions. The tool was pilot-tested before being widely distributed to guarantee its dependability and linguistic clarity. The completed survey was then disseminated to urban consumers both online and offline, with a focus on those who regularly shop for clothing. A total of sixty valid answers were gathered and examined.

The study used Microsoft Excel to apply statistical analysis techniques in order to test the hypothesis. To ascertain the direction and strength of the association between psychological pricing awareness and purchase intent, correlation analysis was performed. The findings showed a significant positive correlation ( $r = 0.88$ ), indicating that the likelihood of purchase rises with awareness. Additionally, the effect of psychological pricing on purchase intent was evaluated using a straightforward linear regression analysis. With a R Square value of 0.78, the regression model showed that consumers' perceptions of psychological pricing accounted for 78% of the variation in their purchase intent. The null hypothesis ( $H_0$ ) was rejected and the alternative hypothesis ( $H_a$ ) that psychological pricing significantly influences consumer purchasing intent was accepted because the p-value ( $2.81E-20$ ) was significantly lower than the conventional alpha level of 0.05.

Levels of consumer awareness were also interpreted using descriptive statistics. The results indicated that while 33.3% of respondents were unsure or uninformed, 66.7% of respondents had a clear understanding of psychological pricing. The behavioral impact of such pricing strategies is further supported by the fact that 80% of respondents said they were more likely to purchase clothing priced at ₹499, ₹799, or ₹999.

All things considered, the methodology used in this study offers a strong basis for comprehending how psychological pricing influences consumer behavior in the market for urban clothing.

### 3.1 Objectives

1. To analyze the relationship between psychological pricing and purchase intent among urban apparel shoppers.
2. To assess the level of consumer awareness regarding psychological pricing techniques in the apparel retail sector.

### 3.2 Hypothesis

$H_0$ = There is no significant impact of Psychological pricing on Consumer purchasing intent.

$H_a$ = There is a significant impact of Psychological pricing on Consumer purchasing intent.

### 3.3 Limitations

**1. Limited sample size**

Only 60 people participated in the study, which might not be enough to extrapolate the results to all urban clothing buyers.

**2. Geographic restriction**

Since most of the data was gathered in urban areas, it's possible that insights from consumers in rural or semi-urban areas, whose shopping habits and awareness levels may differ, were not included.

**3. Self-reported data bias**

Self-reported behavior served as the basis for the responses, which could have been impacted by memory recall errors or social desirability bias.

**4. Lack of behavioural observation**

Actual behavioral observation, such as tracking in-store or online purchases, could have yielded more accurate insights, but the study only used questionnaire responses.

**5. Focus on Apparel sector only**

The study is restricted to the retail clothing industry, and its conclusions might not apply to other industries where psychological pricing might function differently, like electronics, groceries, or services.

**6. Exclusion of other pricing strategies**

The study did not take into account the effects of other pricing strategies like promotional pricing or bundling; instead, it concentrated solely on psychological pricing (such as charm pricing like ₹499).

**7. Time specific responses**

Although market trends and economic fluctuations can cause changes in consumer perceptions and purchasing patterns over time, this study only records behavior at one particular moment in time.

**8. Limited depth of awareness assessment**

Although psychological pricing awareness was assessed, the study didn't go into great detail about the fundamental causes of consumers' comprehension or misinterpretation of the idea.

## 4. RESULTS AND FINDINGS

### 4.1 Charts

#### 4.1.1 Pie Charts

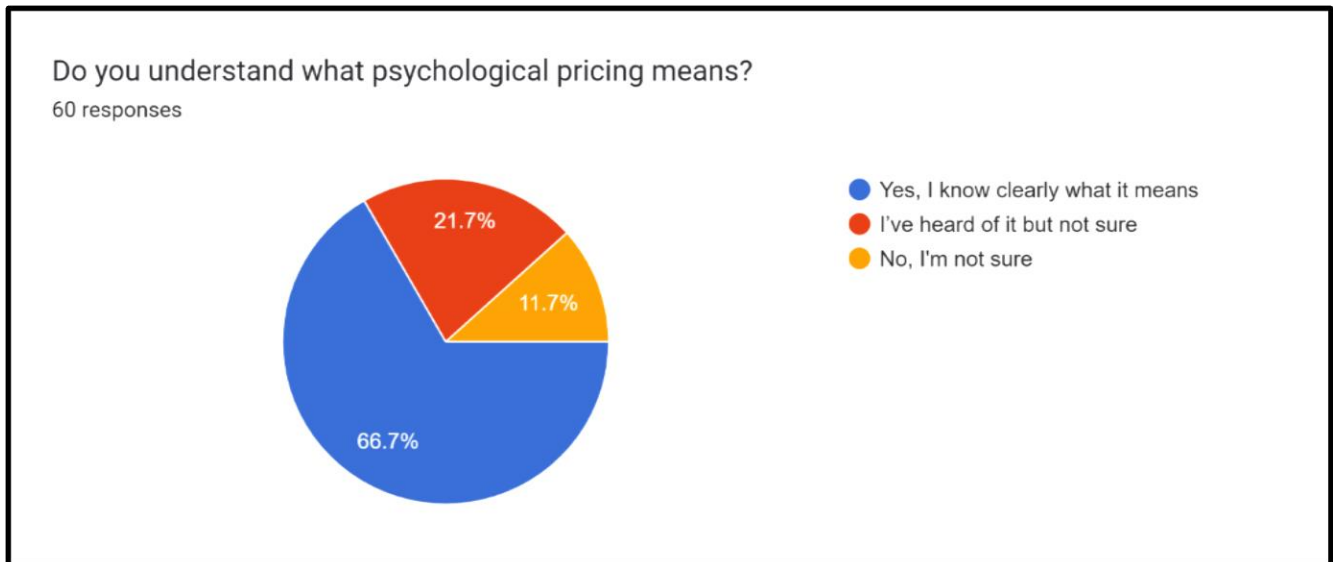


Figure 4.1.1 Figure showing awareness of psychological pricing among respondents

Concerning the second objective, it was found that most respondents (66.7%) had a clear understanding of psychological pricing, suggesting that urban clothing buyers are highly aware of it. There may be space for improvement in consumer education as the remaining 33.4% of respondents—those who are unclear or have only heard of it in passing—represent a sizable minority that does not fully comprehend it.

As indicated by your regression and correlation results, psychological pricing has a significant impact on purchase intent, which may be explained by the fact that the majority of consumers are aware of it. This supports a more nuanced understanding of pricing awareness in the context of apparel retail and validates the second goal.

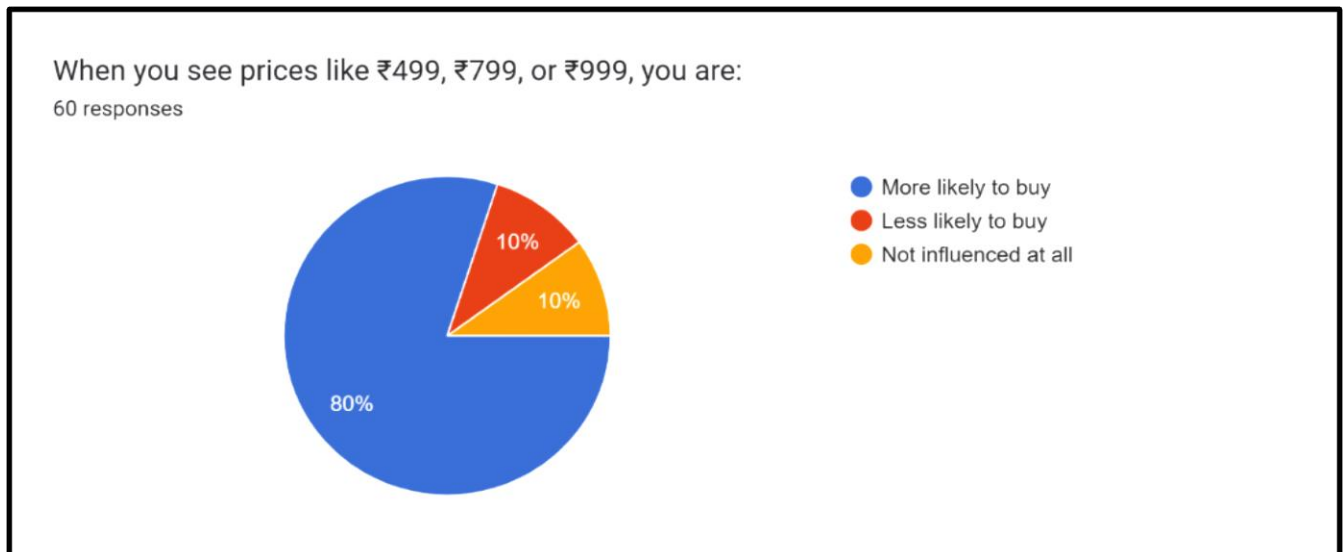


Figure 4.1.2 Figure showing influence of psychological pricing on consumer purchase intent

Regarding the first objective, it was found that a resounding 80% of respondents said they were more inclined to purchase when they saw psychological pricing, such as ₹499 rather than ₹500. The psychological pricing technique is very effective for most respondents, as only 20% of them reported either no influence or a negative influence.

This finding provides compelling evidence that psychological pricing and purchase intent are positively correlated.

## 4.2 Tables

### 4.2.1 Correlation

Table 4.2.1 Correlation analysis

	When you see prices like ₹499, ₹799, or ₹999, you are:	Have you ever bought apparel just because the price seemed like a good deal (e.g., ₹499 instead of ₹500)?
When you see prices like ₹499, ₹799, or ₹999, you are:	1	0.88
Have you ever bought apparel just because the price seemed like a good deal (e.g., ₹499 instead of ₹500)?	0.88	1

$R = 0.88$  is the correlation coefficient. The two variables have an extremely high positive correlation with one another. It shows that the likelihood of buying clothing because it looks like a good deal rises with awareness or recognition of psychological pricing.

A significant and favorable association is suggested by this high positive correlation ( $r = 0.88$ ).

The data supports rejecting the null hypothesis because of the strong correlation (0.88), particularly if regression analysis confirms this relationship with statistical significance ( $p\text{-value} < 0.05$ ).

#### 4.2.2 Regression

##### 4.2.2.1 Model Summary

Table 4.2.2.1 Model summary

Regression Statistics	Value
Multiple R	0.88
R Square	0.78
Adjusted R Square	0.77
Standard Error	0.24
Observations	60

- **Multiple R (Correlation coefficient) is 0.88** which shows strong positive linear relationship between psychological pricing awareness and purchase intent.

- **R Square is 0.78** which shows 78% of the variation in purchase intent can be explained by psychological pricing awareness — a high explanatory power.

- **Adjusted R Square is 0.77**. It shows that it is adjusted for sample size and predictors. Thus it confirms the model's strength.

- **Standard Error is 0.24**. It symbolizes that between the regression line and actual data points there has been the average distance.

- **Observations are 60**, thus the analysis is based on a decent sample size.

##### 4.2.2.2 ANOVA (Model Significance)

Table 4.2.2.2 ANOVA

Particulars	df	SS	MS	F	Significance F
Regression	1	11.42	11.42	199.69	2.81028E-20

Residual	57	3.26	0.06		
Total	58	14.68			

- **F-statistic:** 199.69
- **Significance F (p-value)**  $2.81 \times 10^{-20}$  (very close to 0)

This demonstrates that the entire model is statistically significant, indicating that psychological pricing awareness, the independent variable, significantly influences purchase intent, the dependent variable.

#### 4.2.2.3 Coefficients

Table 4.2.2.3 Coefficient table

Particulars	Coefficients	Standard Error	t Stat	P-value
Intercept	0.35	0.07	4.93	7.51E-06
1	0.68	0.05	14.13	2.81E-20

When awareness is zero, Intercept displays Baseline purchase intent.

Purchase intent rises by 0.68 units for every unit increase in psychological pricing awareness.

The independent variable shown to be statistically significant by the predictor's p-value (2.81E-20), which is less than 0.05.

Relationship analysis, the first objective, is accomplished as there is a strong and statistically significant positive correlation between consumer purchase intent and psychological pricing awareness, according to the regression results ( $R = 0.88$ ,  $R^2 = 0.78$ ).

In conclusion, the null hypothesis ( $H_0$ ) has been successfully rejected. Strong statistical support for the idea that psychological pricing significantly increases consumer purchase intent in the retail clothing industry is provided by the data.

## CONCLUSION

With a particular focus on urban consumers, this study aimed to investigate how psychological pricing affects consumer purchase intent in the apparel retail industry. Pricing strategies like charm pricing (e.g., ₹499, ₹799, ₹999) have drawn a lot of attention due to the rise of competitive retail strategies and

consumers who are becoming more value-conscious. The primary goals of the study were to determine the degree of consumer awareness of psychological pricing strategies and to examine the connection between psychological pricing and purchase intent.

The results unequivocally show that psychological pricing significantly affects customer behavior. Customers' perceptions of psychological pricing and their intention to buy were found to be strongly positively correlated ( $r = 0.88$ ). Regression analysis further supported this relationship, demonstrating that 78% of the variation in purchase intent could be explained by psychological pricing alone ( $R^2 = 0.78$ ). The null hypothesis was rejected due to the statistically significant p-value ( $p < 0.05$ ), demonstrating that psychological pricing does, in fact, have a significant impact on consumer purchasing decisions.

Additionally, 80% of participants admitted that they were more likely to purchase clothing when the price ended in .99, and the majority (66.7%) had a thorough understanding of psychological pricing. This illustrates the effectiveness of these pricing techniques as well as the growing consumer consciousness of retail strategies.

The study does have certain limitations, though. The results' wider applicability may be limited by the sample's small size, urban focus, and reliance on self-reported data. Other pricing methods were also excluded. However, the findings offer strong support for both scholars and professionals. Future researchers may expand on this work by adding additional industries, demographics, or behavioral tracking techniques, while retailers can utilize this knowledge to create more compelling pricing models.

In summary, psychological pricing is still a potent instrument for swaying customer choices, especially in the retail clothing industry. Marketers need to balance strategy and transparency as consumers grow more conscious of but still influenced by subtle price cues. The study reaffirms the importance of psychological pricing while creating new opportunities for additional research and practical exploration.

## **SUGGESTIONS AND RECOMMENDATIONS**

### **1. Increase sample diversity in future studies**

To increase the generalizability of findings, future studies should use a larger and more demographically diverse sample of consumers from different age groups, income brackets, and geographic areas (rural, semi-urban, and urban).

### **2. Incorporate qualitative insights**

Future research should employ qualitative techniques like focus groups and interviews in addition to surveys to better understand why consumers react to psychological pricing. Deeper understanding of consumer psychology would result from this.

### **3. Conduct cross-sector analysis**

To find out if psychological pricing's impact varies by product type or industry, researchers should investigate how effective it is in other retail categories like electronics, groceries, or online services.

### **4. Analyze online vs. offline retail differences**

Future studies should examine how psychological pricing affects consumer behavior in online and offline clothing shopping settings in light of the growth of e-commerce.

**5. Experiment with real-time behavioural data**

Future researchers could monitor actual consumer purchases or employ A/B testing to see how various price formats impact actual buying behavior rather than depending solely on self-reported intent.

**6. Retailers should strategically use charm pricing**

Clothing brands should constantly use charm pricing to increase sales and perceived affordability, as 80% of respondents said they were more likely to purchase items priced at ₹499, ₹799, or ₹999.

**7. Combine Psychological Pricing with Promotional offers**

Charm pricing can increase the psychological impact and promote impulsive purchases when combined with discounts, seasonal offers, or "limited-time" tags.

**8. Enhance consumer awareness through marketing content**

Retailers can reinforce value messaging by incorporating subtle educational content through blogs, product pages, or in-store promotions, as one-third of respondents did not fully comprehend psychological pricing.

**9. Tailor pricing strategies using consumer data**

By using consumer data to segment customers based on their preferences or behavior, retailers can better target customers on a budget with ₹999 pricing.

**10. Explore the role of Psychological traits in future research**

Future studies should look at how personality traits like price sensitivity, brand loyalty, and impulsiveness affect how a consumer reacts to psychological pricing strategies.

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