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STUDY ON PRICING FACTORS AFFECTING PURCHASING DECISIONS OF CONSUMERS OF PERISHABLE GOODS

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Abstract
This study investigates at how pricing affects customers' decisions to buy perishable goods in the Indian market. The study employs exploratory factor analysis (EFA), regression, correlation, and descriptive statistics on a sample of 200 respondents. The results show that customer decisions are dominated by perceived freshness and price perception, with psychological pricing and discount tactics coming in second and third. Three latent components were identified by factor analysis: psychological pricing, price sensitivity and discounts, and freshness and quality perception. By providing guidance to merchants, legislators, and academics about the price of perishable items, the study advances both theory and practice. The findings highlight how crucial freshness assurance and dynamic pricing are to fostering customer loyalty and confidence.
Keywords: Pricing factors, Perishable goods, Psychological pricing, Price perception, Consumer behavior, Factor analysis.

1. INTRODUCTION

Pricing is an essential part of marketing strategy and customer decision-making. Perishable commodities, such as fruits, vegetables, dairy, and bakery items, provide distinct pricing issues due to their short shelf life, changing demand, and customer reliance on perceived freshness. Price sensitivity is significant in Indian marketplaces, and customers respond to pricing tactics in both rational and psychological ways. This study builds on prior research by combining psychological and economic viewpoints and applying statistical methods such as factor analysis.

2. LITERATURE REVIEW

Previous research has confirmed that pricing considerations have a major effect on customer purchasing decisions. Zeithaml [1] recognized price as an indication of quality. Pricing, according to Kotler and Keller [2], is an important factor in determining demand. Discounts speed up purchases, according to Aggarwal and Vaidyanathan [3], whereas Monroe [4] emphasizes the importance of psychological pricing signals. More recent research has focused on digital platforms: Chen et al. [5] found that freshness assurances improve online trust, while Kremer et al. [6] investigated dynamic pricing models in perishable supply chains. Muhammad Rehan Masoom et al. [7] looked at the attitudes of urban consumers and the elements that affect how they deal with perishable goods of particular types. They discovered that customers' opinions and

preferences are frequently unknown. The impact of consumer purchasing behavior on the production planning of perishable food products is examined by P. Amorim et al. [8]
They discovered that model approximations that ignore the fact that customer pick up the fresher products or assume that all products have the same product quality risk have a smaller effect on profit losses. Jian Wang and Jian Wang [9] examined the contrast between corporate pricing tactics and consumer strategic buying behavior, as well as the link between perishable items and their sales in the online shopping market.

3. OBJECTIVES AND HYPOTHESES

Objectives:

- To analyze the influence of price determinants on customer purchase decisions for perishable goods.
- To identify latent components using factor analysis.
- To provide practical consequences for retailers and politicians.

Hypotheses:

H1: Price perception positively influences buying decisions.
H2: Discount pricing boosts purchasing frequency.
H3: Psychological pricing has a favorable impact on customer decisions.
H4: Perceived freshness significantly affects willingness to pay extra.

4. RESEARCH METHODOLOGY

The research design is both descriptive and analytical. A standardized questionnaire with a 5-point Likert scale was delivered to 200 customers from urban and semi-urban marketplaces. Convenience sampling was utilized.
Cronbach's Alpha was 0.82, suggesting strong dependability. Statistical approaches used include descriptive statistics, Pearson correlation, regression analysis, and exploratory factor analysis (EFA) using Principal Component Analysis (PCA).

5. RESULTS AND ANALYSIS

Table 1: Descriptive Statistics of Pricing Factors

Pricing Factor	Mean	Std. Dev
Price Perception	4.21	0.72
Discount Strategies	4.05	0.79
Psychological Pricing	3.68	0.91
Perceived Freshness	4.35	0.66
Seasonal Variation	3.95	0.82

Table 2: KMO and Bartlett's Test

Test	Value
Kaiser-Meyer-Olkin Measure	0.79
Bartlett's Test Chi-Square	612.34
df	45
Sig.	0.000

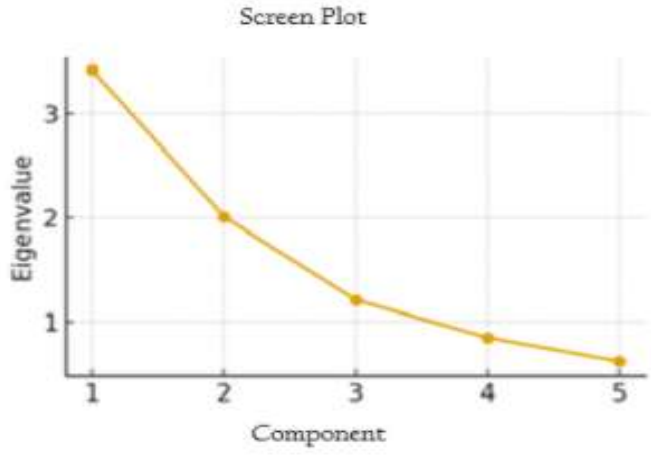
Table 3: Total Variance Explained

Component	Eigenvalue	% of Variance	Cumulative %
1	3.42	34.2	34.2
2	2.01	20.1	54.3
3	1.21	12.1	66.4
4	0.85	8.5	74.9
5	0.62	6.2	81.1

Table 4: Rotated Component Matrix (Varimax)

Item	Factor1 (Freshness)	Factor2 (Price & Discounts)	Factor3 (Psych Pricing)
Freshness1	0.82	0.21	0.18
Freshness2	0.79	0.25	0.11
PricePercep1	0.27	0.76	0.19
PricePercep2	0.33	0.72	0.21
Discount1	0.18	0.81	0.22
Discount2	0.14	0.77	0.28
PsychPricing1	0.22	0.19	0.74
PsychPricing2	0.2	0.16	0.71
SeasonVar1	0.51	0.44	0.29
SeasonVar2	0.47	0.38	0.32

Figure 1: Screen Plot of Factor Analysis



6. DISCUSSION

The findings of this study provide light on how customers perceive and respond to pricing schemes for perishable commodities. The component analysis identified three latent constructs that accounted for more than 66% of the variation. Factor 1, Freshness & Quality Perception, was the most prevalent, demonstrating that customers value visual freshness signals and link higher costs with higher quality, which is consistent

with Zeithaml's quality perception model [1]. This is especially important in perishable items, because sensory qualities heavily impact judgments.

Factor 2, Price Sensitivity and Discounts, focuses on the logical aspect of consumer decision-making, demonstrating that discounts considerably boost purchase frequency. These findings back with Aggarwal and Vaidyanathan's [3] findings that time-limited promotions accelerate buying behavior. Discounts, however, have a conditional effect: they are more successful when accompanied with freshness assurances, as demonstrated by Chen et al. [5].

Factor 3, Psychological Pricing, has considerable effects, mostly in supermarkets where conventional price tags predominate, but less so in smaller markets where haggling reigns. This contrasts with Monroe's [4] results in Western cultures, indicating cultural differences in pricing psychology. In India, unusual pricing, like ₹99, may succeed in contemporary retail establishments but have minimal impact in traditional marketplaces.

By showing that freshness perception not only affects willingness to pay but also mitigates the impacts of discounts and psychological pricing, the findings expand on the theory of consumer behavior. Factor analysis's multifaceted structure, combines psychological and intellectual elements with cultural context and this highlights how complicated consumer decisions are. Crucially, this study shows that pricing perishable items requires a combination of freshness signaling, open price communication, and dynamic discounting rather than relying on a single approach.

The practical consequences are significant. Retailers could include clear freshness assurances together with dynamic pricing strategies that reduce prices as expiry approaches. To increase customer trust, policymakers ought to make investments in cold-chain infrastructure and mandate price label transparency. The results point to areas that researchers should investigate further, such as comparing online and offline grocery stores, testing mediation effects using structural equation modeling (SEM), and understanding the generalizing ability through cross-cultural comparisons.

Overall, he discussion shows that in the Indian market for perishable items, consumers are primarily motivated by the guarantee of freshness, even though price sensitivity and discounts are still significant. This confirms the environmental and cultural quirks that set India apart in studies of global consumer behavior.

7. IMPLICATIONS

Retailers: Implement freshness-linked dynamic pricing; combine discounts with guarantees; use visual freshness cues.

Policymakers: Support cold storage investment; enforce transparent labeling; regulate fair trade practices.

Researchers: Explore AI-driven predictive pricing; conduct SEM-based modeling; compare across cultural contexts.

8. CONCLUSION

This study shows that the two most important factors influencing consumers' decisions to buy perishable items are perceived freshness and price perception. Discount tactics increase the frequency of purchases, while psychological pricing has a small but context-specific impact. A three-dimensional structure that reflected the interaction of psychological signals, economic rationality, and quality was validated using factor analysis. In order to increase the customer trust and decrease food waste, our findings highlights the necessity of multifaceted pricing schemes and supporting governmental frameworks.

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