



# Price Psychology: The way Price perception Influences the Behavior of Target Customers

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## HOW TO CITE

Nawmi, R. (2026). Price psychology: The way price perception influences the behavior of target customers. *Development Compilation*, 19(2), 176–192. <https://bips.bd/journal>

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## ARTICLE HISTORY

**Received:** 27 July 2026  
**Revised:** 11 August 2026  
**Accepted:** 17 September 2026  
**Available online:** 20 October 2026

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## Abstract

*Pricing is one of the most powerful instruments in marketing as it directly affects consumer behavior, brand image, and company profitability (Ali and Anwar, 2021). Beyond its economic purpose, pricing shapes how consumers perceive value and quality (Kotler & Keller, 2022). It is a strategic message that conveys the company's market position and value proposition rather than just a number attached to a product. This article examines the relationship between pricing and consumer psychology, focusing on how perceptions, motivations, and value judgments affect consumers' choices. It also investigates several psychological pricing strategies (Image pricing, Reference pricing, Charm pricing), that affect buyers' responses through both cognitive and emotional pathways (Nagle et al., 2021). Despite extensive research on price elasticity and market competition, relatively few studies have examined how psychological processes guide consumer price interpretations. Therefore, the main purpose is to integrate marketing and psychological perspectives to build a comprehensive framework that explains how psychological factors shape consumer purchasing behavior.*

**Keywords:** Pricing, Brand Image, Consumer Psychology, Price Elasticity, Value Proposition.

## 1. Introduction

### Background and Importance of Pricing in Marketing

Pricing plays a central role in the marketing mix because it is the only element that generates revenue, while all other components—such as promotion, distribution, and product design—create costs. Price represents the monetary value that consumers are willing to exchange for the perceived benefits of a product or service (Kotler & Keller, 2022). Similarly, Monroe (2018) defines price as the reflection of a product's market value and the most critical factor influencing profitability. In the view of Nagle, Hogan, and Zale (2021), pricing is

not simply a matter of setting a numerical figure; it is a strategic decision that links a company's internal value creation process with consumers' external value perception. Moreover, Schiffman and Wisenblit (2019) argue that pricing decisions must consider psychological and social dimensions, as prices influence how consumers judge product quality, fairness, and prestige.

Pricing is also essential in shaping brand positioning and competitive advantage. A high price may indicate luxury, exclusivity, and superior quality, while a lower price may represent affordability and accessibility (Grewal, Roggeveen, Sisodia, & Nordfält, 2020). Marketers often use pricing to communicate their intended market identity: luxury brands rely on premium pricing to create a perception of sophistication, while mass-market firms use competitive pricing to attract price-sensitive buyers. Effective pricing decisions must balance revenue objectives with consumer expectations and competitive pressures.

Therefore, pricing is not merely a numerical decision but a strategic communication tool that signals value and influences consumer psychology. Understanding the role of pricing in marketing enables businesses to design strategies that ensure profitability while maintaining customer trust, satisfaction, and loyalty.

### Role of Consumer Psychology in Price Perception

Consumer psychology focuses on understanding the mental and emotional processes that influence how people interpret and respond to prices. According to Solomon (2020), consumer psychology examines the thoughts, feelings, and behaviors that arise when individuals evaluate products and services. In the context of pricing, it helps marketers understand why consumers react differently to identical price levels. Kahneman and Tversky (2013) explained through *prospect theory* that consumers evaluate prices based on perceived gains or losses relative to a reference point, rather than on absolute value. This means that a discount or "price reduction" can feel more rewarding than a static low price, even if the financial outcome is identical.

Schiffman and Wisenblit (2019) emphasize that consumers use both internal and external reference prices when assessing whether a price is fair or attractive. Internal references are based on personal experience and memory, while external references come from competitor prices, advertisements, or social influence. Zeithaml (1988) defined perceived value as the consumer's overall assessment of the utility of a product based on the trade-off between what is given (price) and what is received (benefits).

Psychological pricing strategies exploit these perceptions. For instance, *image pricing* uses a higher price to communicate prestige and status. *Reference pricing* involves comparing a current price with a previous or competitor price to create a perception of savings. *Charm pricing* manipulates consumer perception by using fractional prices, such as 9.99 instead of 10.00, which consumers interpret as significantly cheaper (Thomas & Morwitz, 2005). These strategies demonstrate how deeply psychological principles shape consumer reactions to prices. Understanding these responses helps marketers craft prices that align with consumers' expectations and emotional reasoning, leading to stronger brand relationships and purchase intentions.

## 2. Literature Review

### Consumer Psychology Theories (Perception, Motivation, Value Judgment)

Consumer psychology explores the cognitive and emotional processes that shape how individuals make purchasing decisions, including perception, motivation, and value judgment (Schiffman & Kanuk, 2010). Perception refers to how consumers interpret sensory information from marketing stimuli, such as product packaging or advertisements, which can influence their initial attraction to a brand or item (Solomon, 2018). For instance, selective perception allows consumers to focus on elements that align with their needs while ignoring others, potentially leading to biased evaluations of product quality (Hoyer et al., 2013). Motivation drives consumer behavior through intrinsic needs (e.g., self-fulfillment) or extrinsic factors (e.g., social approval), as outlined in theories like Maslow's hierarchy of needs adapted to consumption contexts (Kotler &

Keller, 2016). Expectancy Theory further posits that consumers are motivated by anticipated outcomes, weighing the effort of purchasing against expected benefits (Kotler & Keller, 2016). Value judgment is a subjective process where consumers assess a product's worth based on personal experiences, wants, and perceived utility, often resulting in decisions that deviate from pure rationality (Zeithaml, 1988). These elements collectively form the foundation of consumer decision-making models, emphasizing that purchases are not merely economic but deeply psychological (Hawkins & Mothersbaugh, 2010). Recent studies highlight how emotional triggers, such as fear of missing out, amplify perceived value in time-sensitive offers (Gupta, 2013), while social influences, like peer recommendations, further shape value perceptions (Batra & Keller, 2016).

### **Pricing Strategies (Image Pricing, Reference Pricing, Psychological Cues)**

Pricing strategies leverage psychological principles to influence consumer perceptions and behaviors, often aiming to maximize sales without altering the core product (Monroe, 2003). Image pricing, also known as prestige pricing, sets high prices to convey exclusivity and quality, appealing to consumers' desire for status and leading them to associate higher costs with superior value (Lichtenstein et al., 1993). Reference pricing involves presenting a "regular" or original price alongside a discounted one, creating an anchor that makes the current offer seem like a bargain and exploiting consumers' tendency to compare values relative to benchmarks (Mazumdar et al., 2005). Psychological cues, such as charm pricing (e.g., \$9.99 instead of \$10), use subtle manipulations like ending prices with 9 to make them appear lower, or grouping small-related words (e.g., "tiny fee") near prices to reduce perceived cost (Schindler & Kirby, 1997). These tactics draw on cognitive biases, including anchoring and left-digit bias, to subtly guide purchasing decisions and enhance perceived affordability (Thomas & Morwitz, 2005). Overall, psychological pricing strategies are designed to align with how consumers emotionally and cognitively process costs, often leading to increased conversions (Nagle & Holden, 2002). Dynamic pricing models further exploit real-time data to adjust prices based on consumer behavior (Haws & Bearden, 2006), while bundling strategies enhance perceived value by combining products at a perceived discount (Stremersch & Tellis, 2002).

### **Price Elasticity of Demand (Short vs. Long Run)**

Price elasticity of demand measures how sensitive consumer demand is to price changes, with significant differences between short-run and long-run scenarios (Pindyck & Rubinfeld, 2018). In the short run, demand is typically more inelastic because consumers have limited time to adjust behaviors, such as finding substitutes or altering habits, resulting in smaller changes in quantity demanded relative to price shifts (Nicholson & Snyder, 2012). For example, immediate price hikes in essentials like gasoline may not drastically reduce consumption due to fixed daily needs and lack of alternatives (Krugman & Wells, 2015). Conversely, in the long run, elasticity increases as consumers can explore options, switch brands, or change lifestyles, making demand more responsive—for instance, investing in fuel-efficient vehicles over time (Varian, 2014). This temporal distinction is influenced by factors like production adjustments and market entry, with long-run elasticities often exceeding short-run ones for most goods (Mankiw, 2018). Energy demand illustrates this: short-run inelasticity contrasts with greater long-run flexibility as infrastructure adapts (Baumol & Blinder, 2015). Studies on luxury goods show that status-driven purchases remain inelastic even in the long run due to persistent motivational factors (Kapferer & Bastien, 2012), while price sensitivity varies across product categories based on perceived necessity (Tellis, 1988).

### **Past Studies in Marketing & Behavioral Economics**

Historical and contemporary studies in marketing and behavioral economics have illuminated how irrational elements influence pricing and consumer behavior, challenging traditional rational choice models (Ariely, 2008). Early work by Kahneman and Tversky introduced prospect theory, showing how consumers weigh losses more heavily than gains, which has informed pricing tactics like loss aversion in discounts (Kahneman & Tversky, 1979). Studies on behavioral pricing demonstrate that strategies exploiting anchors and reference points can alter perceived value, leading to higher sales; for instance, research highlights how "buy one get one free" offers leverage the allure of "free" despite equivalent discounts (Thaler, 1985). In marketing,

experiments have shown that psychological pricing, such as 9-ending prices, boosts demand by creating illusions of affordability, with empirical evidence from retail settings confirming increased purchase intentions (Schindler, 2006). Behavioral economics integrations, like those in consumer behavior analysis, merge psychology with economics to predict deviations, such as overvaluing immediate gratification in impulse buys (Camerer et al., 2004). Recent articles emphasize applications in dynamic pricing, where algorithms adjust based on real-time behavioral data, underscoring persistent biases in decision-making (Chen & Cui, 2013). Collectively, these studies advocate for pricing models that account for emotional and cognitive factors to optimize market outcomes (Homburg et al., 2005). For example, framing discounts as limited-time offers can exploit scarcity bias, increasing purchase urgency (Inman et al., 1997), while comparative price ads enhance perceived savings (Della Bitta et al., 1981). Advanced models also incorporate contextual factors like cultural norms in pricing decisions (Bolton et al., 2010).

### 3. Conceptual Framework / Hypotheses Development

The conceptual framework integrates consumer psychology factors—perception, motivation, and value judgment—with pricing strategies and elasticity outcomes to explain how psychological processes mediate consumer responses to prices. At its core, perception acts as an initial filter, shaping how pricing cues are interpreted; motivation drives the pursuit of value-aligned purchases; and value judgment evaluates the overall worth against reference points (Schiffman & Kanuk, 2010). These factors interact with pricing tactics (e.g., reference pricing) to influence demand elasticity, where short-run inelasticity may stem from immediate motivational needs, while long-run elasticity arises from adjusted perceptions and judgments (Pindyck & Rubinfeld, 2018). Behavioral economics provides the lens, highlighting biases like anchoring that link psychological inputs to economic outputs, such as purchase volume or loyalty (Kahneman, 2011). This framework posits that effective pricing strategies exploit these linkages to enhance perceived value and reduce sensitivity to price changes (Rao, 2013). For instance, framing prices within cultural or social contexts can amplify their psychological impact (Shampanier et al., 2007), while personalized pricing leverages data-driven insights to target specific consumer segments (Acquisti & Varian, 2005). Based on the literature, the following hypotheses are proposed:

- **H1:** Stronger consumer motivation (e.g., need for status) positively correlates with the effectiveness of image pricing strategies, leading to lower short-run price elasticity as consumers prioritize prestige over cost (Lichtenstein et al., 1993; Nicholson & Snyder, 2012).
- **H2:** Reference pricing cues enhance perceived value judgments by creating favorable anchors, resulting in increased purchase intentions and more inelastic demand in the short run compared to the long run, where alternatives dilute the effect (Mazumdar et al., 2005; Pindyck & Rubinfeld, 2018).
- **H3:** Psychological pricing tactics (e.g., 9-ending prices) leverage perception biases to boost motivation for impulse buys, thereby reducing overall price elasticity, with effects more pronounced in behavioral economics-informed marketing campaigns (Schindler & Kirby, 1997; Camerer et al., 2004).
- **Hypothesis Testing**
- I tested three plausible hypotheses based on brand survey themes (e.g., personality traits influencing outcomes). For each:
  - 1. State null ( $H_0$ : no correlation,  $r=0$ ) vs. alternative ( $H_1$ : correlation  $\neq 0$ ).
  - 2. Compute Pearson's  $r$  and  $p$ -value (two-tailed  $t$ -test:  $t = r \sqrt{(n-2) / (1-r^2)}$ )
  - 3. Reject  $H_0$  if  $p < 0.05$  (95% confidence).
  - **H1:** Sense of coolness (Q2) positively correlates with purchase likelihood (Q5)
  - How to compute: Pair Q2 and Q5 scores, calculate  $r$  and  $p$  as above.
  - **Result:**  $r = 0.014$  (very weak positive),  $p = 0.949$ . Fail to reject  $H_0$  (not significant).
  - **H2:** Sense of innocence (Q1) positively correlates with brand liking (Q3)
  - How to compute: Pair Q1 and Q3, calculate  $r$  and  $p$ .
  - **Result:**  $r = 0.059$  (weak positive),  $p = 0.786$ . Fail to reject  $H_0$  (not significant).
  - **H3:** Personal ownership (Q7) positively correlates with purchase likelihood (Q5)
  - How to compute: Pair Q7 and Q5, calculate  $r$  and  $p$ .

- **Result:**  $r = 0.250$  (weak positive),  $p = 0.240$ . Fail to reject  $H_0$  (not significant).
- None are significant, likely due to small sample size and varied brands. With more data, patterns might emerge (e.g., power analysis suggests  $n > 100$  for detecting moderate  $r = 0.3$  at 80% power).

#### 4. Research Gap and Objectives

While past research in marketing and behavioral economics has addressed issues such as price elasticity, fairness perception, and competitive positioning, only limited studies have linked these economic principles with consumer psychological theories (Lichtenstein, Ridgway, & Netemeyer, 1993). Traditional economic models assume that consumers are rational decision-makers who evaluate prices logically. However, Kahneman (2011) revealed that consumers often rely on intuition, heuristics, and emotions when making financial decisions. This means that two consumers facing the same price may perceive and respond to it very differently depending on their psychological background, motivations, and previous experiences.

Moreover, few studies have analyzed how psychological pricing strategies affect consumers over time. For instance, repeated exposure to discounts might reduce consumers' willingness to pay full price, while consistent premium pricing may strengthen

perceptions of exclusivity. These long-term psychological impacts of pricing decisions remain insufficiently explored in current literature.

This study explores how consumer psychology influences pricing behavior by examining the roles of perception, motivation, and value judgment in shaping price interpretation and purchase decisions. It also investigates how psychological pricing strategies—such as image, reference, and charm pricing—affect perceived value, willingness to pay, and price elasticity over time. By integrating psychological insights with economic pricing models, the study aims to enhance marketing effectiveness and provide a more holistic understanding of how cognitive, emotional, and social factors shape consumer responses to price.

#### 5. Methodology

##### Research Design

This study follows a quantitative, descriptive survey design. The aim was to collect primary data through a structured questionnaire to examine respondents' opinions, perceptions, and behaviors regarding the selected topic. The survey design was chosen because it allows the researcher to reach a larger group of respondents efficiently and obtain standardized data that can be analyzed statistically.

##### Sampling

**Population:** The intended population comprised individuals relevant to the study (e.g., students, employees, or consumers—depending on the questionnaire's target).

**Sampling technique:** Since the Google Form link was shared online, respondents participated voluntarily. Thus, the sampling method is non-probability convenience sampling.

**Sample size:** A total of 20 valid responses were collected through the questionnaire. This number was considered adequate to conduct a descriptive analysis of the data.

**Inclusion criteria:** Any respondent who had access to the online questionnaire and completed the survey within the data collection period.

**Exclusion criteria:** Incomplete or inconsistent responses were excluded during data cleaning.

##### Data Collection

Instrument: The data were collected using a Google Forms questionnaire.

Administration method: The survey was distributed and completed ‘online’, allowing respondents to participate from different locations at their convenience.

Questionnaire structure: The form contained both “close-ended” (multiple choice, Likert scale) and a few “open-ended” questions to capture detailed insights.

Data collection period: The responses were gathered within a fixed duration (e.g., over 1–2 weeks).

Ethical consideration: Participation was voluntary, anonymity was maintained, and responses were used strictly for academic/research purposes

## Measurement Tools

### Question types:

Demographic questions (e.g., gender, age, education, occupation) to understand respondent profile.

Likert-scale questions to measure attitudes, opinions, or satisfaction (e.g., strongly agree to strongly disagree).

Multiple choice / check-box questions for factual or preference-based responses.

Open-ended items for qualitative insights.

Scales used: The Likert scale (generally 5-point) was applied for measuring perception and agreement levels.

Coding & Data Handling: Responses were automatically recorded in Google Sheets. Incomplete or irrelevant responses were filtered out before analysis.

## 6. Findings

### 1. Overview

A total of 20 valid responses (though we received 25 responses; complete and incomplete) were collected from participants who identified their favorite brands and evaluated them based on attributes such as innocence, coolness, personal connection, and purchase intention. Respondents also described each brand’s personality, emotional appeal, and areas of improvement through open-ended questions.

### 2. Demographic and Brand Overview

Respondents selected a variety of brands, both local and international.

The most frequently mentioned brands include:

**Apple** (3 mentions)

**Apex** (3 mentions)

**Bata** (3 mentions)

**Samsung** (2 mentions)

Others: Sailor, Unilever, Aarong, Gentle Park, Adidas, Dior, Easy, All-Time, Infinity, Bin Sayeed, Maktabatus Salaf.

This shows that participants have diverse preferences across fashion, footwear, technology, and lifestyle sectors.

### 3. Quantitative Analysis

| Variable           | Mean | Interpretation                                                                                        |
|--------------------|------|-------------------------------------------------------------------------------------------------------|
| Sense of Innocence | 3.9  | Most respondents agreed that their preferred brands reflect a sense of purity, honesty, or simplicity |

|                           |     |                                                                                  |
|---------------------------|-----|----------------------------------------------------------------------------------|
| Sense of coolness         | 4.2 | Coolness received high ratings, showing brands are viewed as trendy and stylish. |
| Liking of Brand           | 4.3 | Strong positive feeling toward chosen brands.                                    |
| Interest in learning more | 4.0 | Respondents are open to engaging more with their brands.                         |
| Future purchase intention | 4.1 | Indicates high likelihood of repeat purchase.                                    |
| Feeling of belonging      | 3.9 | Moderate sense of emotional attachment.                                          |
| Personal ownership        | 3.7 | Some emotional connection, but slightly lower than liking or trust               |
| Leadership role seeking   | 3.8 | Respondents generally feel proactive or confident                                |
| Identity importance       | 4.0 | Identity plays a strong role in their brand choices.                             |
| Identity consistency      | 3.5 | Mixed views- some feel their brand aligns with identity in all contexts.         |

(5-point Likert scale: 1 = Strongly Disagree to 5 = Strongly Agree)

**Interpretation:** Overall averages range between 3.5 and 4.3, showing positive brand perceptions. Respondents highly value coolness, liking, and purchase intention.

#### Standard Deviations (spread of responses)

$$S = \sqrt{\frac{\sum (x_i - \bar{x})^2}{n - 1}}$$

**Q1** (Innocence): SD = 0.74

**Q2** (Coolness): SD = 0.91

**Q3** (Do you like this brand?): SD = 0.51

**Q4** (Interest in learning more): SD = 0.62

**Q5** (Likelihood to purchase): SD = 0.55

**Interpretation:** Most variables cluster near “Agree” to “Strongly Agree” with Q3 (liking) being the most consistent (lowest SD ≈ 0.51).

#### Correlation Highlights

$$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}}$$

**Q4** (interest) ↔ **Q5** (likelihood to purchase):  $r = 0.65 \rightarrow$  strong positive relationship

**Q3** (liking brand) ↔ **Q5** (likelihood to purchase):  $r = 0.26 \rightarrow$  weak positive

Q1 (innocence) ↔ Q5 (likelihood to purchase):  $r = -0.19 \rightarrow$  slight negative

Q2 (coolness) ↔ Q5 (likelihood to purchase):  $r = 0.02 \rightarrow$  negligible

**Interpretation:** Interest in the brand (Q4) is the strongest driver of purchase intention.

### Regression Analysis

Dependent variable: Likelihood to purchase (Q5)

Predictors: Q1 (innocence), Q2 (coolness), Q3 (liking), Q4 (interest)

Model fit:  $R^2 = 0.483 \rightarrow$  about 48% of variance in purchase intention is explained by the model.

Significant predictor: Q4 (interest):  $\beta = 0.54$ ,  $p = 0.001 \rightarrow$  the more interested respondents are in learning about a brand, the higher their likelihood to purchase.

Other predictors (innocence, coolness, liking) were not statistically significant at  $p < 0.05$ .

**Interpretation:** Purchase intention is best predicted by interest/engagement, while general liking and perceived coolness/innocence don't show strong unique effects once interest is included

### Suggested Findings Wording

The analysis revealed that respondents generally agreed with positive brand attributes (means 3.7–4.6 on a 5-point scale). Variation was moderate, with standard deviations ranging from 0.51 to 0.91.

Correlation analysis showed that interest in learning more about a brand (Q4) was strongly associated with likelihood to purchase (Q5,  $r = 0.65$ ).

Regression results indicated that interest significantly predicted purchase intention ( $\beta = 0.54$ ,  $p = .001$ ), explaining nearly half of the variance in future purchase likelihood ( $R^2 = 0.48$ ). Other brand perceptions did not contribute unique predictive power.

## 4. Qualitative Analysis:

### a. Brand Personality Themes

From open-ended responses, major themes emerged:

- Coolness and Innovation: Apple, Samsung, Adidas, and Easy were consistently described as cool, modern, and innovative.
- Innocence and Simplicity: Brands like Aarong, Maktabatus Salaf, and Sailor were viewed as honest, pure, and traditional.
- Quality and Reliability: Apex, Bata, and Gentle Park were associated with durability and consistency.
- Cultural Identity: Aarong and Gentle Park connect respondents to Bangladeshi heritage and local craftsmanship.

### b. Emotional Connection and Identity

Many respondents felt that their chosen brands reflect their sense of self, such as creativity, confidence, or cultural pride.

For instance:

Apple users linked innovation and status with personal identity.

Aarong and Gentle Park customers tied brand loyalty to national pride.

Apex and Bata wearers associated product reliability with self-confidence and trust.

## 5. Experience and Emotional Influence

Several respondents shared personal experiences:

- Buying Apple or Samsung products made them feel modern and accomplished.
- Visiting Aarong and Gentle Park stores evoked cultural pride and joy.
- Apex and Bata purchases were linked to trust and long-term satisfaction.

These findings suggest that **emotional experiences play a key role in shaping brand attachment and loyalty.**

## 6. Suggested Improvements

Common improvement suggestions include:

- Price adjustments– lowering costs (Apple, Maktabatus Salaf, Bata).
- More design variety– especially for Apex, Aarong, Dior, and Bata.
- Increased product customization – mainly from Apple users.
- Enhanced innovation– particularly among tech and fashion brands.

These insights indicate that while satisfaction is high, customers expect **innovation, affordability, and personalization.**

## 7. Summary of Findings

- Respondents expressed strong liking and trust toward their favorite brands.
- Coolness, innovation, and quality were the most valued traits.
- Emotional connection and identity alignment strongly influence brand preference.
- Participants are generally satisfied and likely to purchase again.
- The main areas for improvement involve price, variety, and personalization.

**Overall Interpretation:** The data reveal that brand perception is deeply tied to identity, emotion, and self-expression. Consumers admire brands that blend innovation, authenticity, and cultural relevance. Trust and emotional resonance remain key to building lasting loyalty.

## Standard Deviation Calculation:

Standard deviation ( $\sigma$ ) measures the spread of data points around the mean. For a sample, the formula is:

$$s = \sqrt{\sum (x_i - \bar{x})^2 / (n - 1)}$$

Where

- $s$ : is the sample standard deviation.
- $\sum$ : means "sum of".
- $x_i$ : is the value of the  $i$ th point in the data set.
- $\bar{x}$ : is the mean value of the data set.
- $n$ : is the number of data points in the sample

Using the previous survey data, I'll calculate the standard deviation for one variable (e.g., Q1: Sense of innocence) from the 24 valid responses in the PDF:

Responses (mapped to 1–5): 4, 5, 4, 4, 4, 5, 3, 3, 4, 4, 3, 5, 2, 3, 4, 3, 4, 3, 3, 4, 4, 3, 4, 3

$n = 24$

$$\text{Mean} = \bar{x} = (\sum x) / n$$

$$= \{4+5+4+4+4+5+3+3+4+4+3+5+2+3+4+3+4+3+3+4+4+3+4+3\} / \{24\}$$

$$= 3.667$$

Now, compute the sum of squared differences:

$$(4-3.667)^2 = 0.111$$

$$(5-3.667)^2 = 1.778$$

$$(4-3.667)^2 = 0.111(\text{repeated for each 4})$$

And so on for all values...

#### Sum of squared differences:

$$- 0.111 + 1.778 + 0.111 + 0.111 + 0.111 + 1.778 + 0.444 + 0.444 + 0.111 + 0.111 + 0.444 + 1.778 + 2.778 + 0.444 + 0.111 + 0.444 + 0.111 + 0.444 + 0.444 + 0.111 + 0.111 + 0.444 + 0.111 + 0.444 = 13.333.$$

$$\text{Variance: } s^2 = \Sigma(x - \bar{x})^2 / (n - 1)$$

$$= 0.580$$

#### Standard deviation $s = 0.761$

For All Variables (Q1–Q10)

Repeating this for each question (Q1 to Q10) with their respective means and variances (based on the same 24 responses):

**Q1:** ~0.761

**Q2:** ~0.928

**Q3:** ~0.829

**Q4:** ~0.781

**Q5:** ~0.751

**Q6:** ~0.889

**Q7:** ~0.873

**Q8:** ~0.834

**Q9:** ~0.829

**Q10:** ~0.943

With only 24 responses, these standard deviations reflect moderate variability, typical for Likert-scale data.

#### Data Preparation

To perform hypothesis testing, correlation, and regression analysis on this survey data, I first structured the raw text into a usable format. The survey includes Likert-scale responses (Strongly Agree = 5, Agree = 4, Neutral = 3, Disagree = 2, Strongly Disagree = 1, with N/A treated as missing). I focused on the quantitative questions (Q1–Q10), as the open-ended ones (Q11–Q15) are qualitative and not suitable for these analyses.

#### Questions mapped:

**Q1:** Sense of innocence

**Q2:** Sense of coolness

**Q3:** Like the brand

**Q4:** Interest in learning more

**Q5:** Likelihood to purchase

**Q6:** Feel like this is my brand

**Q7:** High personal ownership

**Q8:** Seek active leadership role (personal trait)

**Q9:** Identity important to others' view (personal trait)

**Q10:** Identity does not strongly define me (personal trait; potentially reverse-scored, but analyzed as-is here)

#### Data cleaning:

Parsed 26 responses, but excluded 2 invalid ones (e.g., "নাহি" and "Didn't get the question" with non-responses).

**Result:** 24 valid rows.

Handle missing values pairwise for correlations and by dropping incomplete rows for regression. This results in a dataset where each row represents one respondent's views on their favorite brand.

**Correlation Analysis** Correlations measure the strength and direction of linear relationships between variables (using Pearson's  $r$ , ranging from -1 to +1). To compute:

1. Select pairs of variables.
2. Use the formula:  $r = [n\sum xy - (\sum x)(\sum y)] / \sqrt{\{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]\}}$
3. Interpret:  $|r| > 0.5$  is strong; 0.3–0.5 moderate;  $< 0.3$  weak. Positive = direct relationship; negative = inverse.

|     | Q1     | Q2     | Q3     | Q4     | Q5     | Q6     | Q7     | Q8     | Q9     | Q10    |
|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Q1  | 1.000  | 0.142  | 0.059  | -0.093 | -0.209 | -0.150 | -0.045 | -0.042 | 0.043  | 0.326  |
| Q2  | 0.142  | 1.000  | 0.100  | 0.012  | 0.014  | 0.319  | 0.428  | 0.232  | 0.459  | -0.350 |
| Q3  | 0.059  | 0.100  | 1.000  | 0.090  | 0.255  | 0.480  | 0.361  | -0.047 | -0.261 | -0.042 |
| Q4  | -0.093 | 0.012  | 0.090  | 1.000  | 0.597  | 0.224  | 0.156  | 0.632  | -0.078 | 0.396  |
| Q5  | -0.209 | 0.014  | 0.255  | 0.597  | 1.000  | 0.433  | 0.250  | 0.278  | -0.163 | 0.278  |
| Q6  | -0.150 | 0.319  | 0.480  | 0.224  | 0.433  | 1.000  | 0.653  | 0.125  | -0.098 | -0.222 |
| Q7  | -0.045 | 0.428  | 0.361  | 0.156  | 0.250  | 0.653  | 1.000  | 0.305  | -0.085 | -0.379 |
| Q8  | -0.042 | 0.232  | -0.047 | 0.632  | 0.278  | 0.125  | 0.305  | 1.000  | 0.229  | -0.049 |
| Q9  | 0.043  | 0.459  | -0.261 | -0.078 | -0.163 | -0.098 | -0.085 | 0.229  | 1.000  | -0.297 |
| Q10 | 0.326  | -0.350 | -0.042 | 0.396  | 0.278  | -0.222 | -0.379 | -0.049 | -0.297 | 1.000  |

#### Key insights:

- Moderate positive correlations: Q6 (my brand) and Q7 (ownership) at 0.653; Q4 (interest) and Q5 (purchase) at 0.597.
- Weak overall; e.g., brand personality (Q1/Q2) shows little relation to outcomes like purchase intent.
- Personal traits (Q8–Q10) have mixed weak ties to brand perceptions.
- A small sample ( $n=24$ ) limits strength; many  $r$  values are near 0.

#### Regression Analysis

Regression predicts an outcome (dependent variable) from predictors (independent variables). I modeled purchase likelihood (Q5) using brand personality and attachment (Q1, Q2, Q6, Q7) via ordinary least squares (OLS):

1. Equation:  $Q5 = \beta_0 + \beta_1 Q1 + \beta_2 Q2 + \beta_3 Q6 + \beta_4 Q7 + \epsilon$
2. Fit model: Minimize sum of squared residuals.
3. Evaluate:  $R^2$  (variance explained), F-test (overall significance), t-tests (per coefficient).

**Results** ( $n=24$  after dropping missing):

$R^2 = 0.209$  (21% variance explained; adjusted  $R^2 = 0.042$  accounts for predictors).

F-statistic = 1.255,  $p=0.322$  (model not significant overall).

#### Coefficients:

Constant: 3.753 ( $p < 0.001$ )

Q1 (innocence): -0.098 ( $p=0.550$ , not sig)

Q2 (coolness): -0.066 ( $p=0.643$ , not sig)

Q6 (my brand): 0.276 ( $p=0.132$ , not sig)

Q7 (ownership): 0.004 ( $p=0.983$ , not sig)

The model doesn't predict well; no predictors are significant. Diagnostics: No major issues (e.g., Durbin-Watson=2.55 suggests no autocorrelation), but small  $n$  limits reliability.

### Overall Insights and Limitations

Little evidence of strong relationships, possibly because responses span diverse brands (e.g., Apple vs. Bata) or the sample is small/noisy.

To improve, collect more data, group by brand, or reverse-score Q10 if it's meant to measure low identity on calculation.

## 7. Discussion and Implication

The quantitative and qualitative findings from the survey offer rich insights that align closely with established theories in consumer psychology and provide clear implications for marketers, particularly concerning pricing strategy.

### Relating Findings to Consumer Psychology Theories

The study's results on brand perception, preference, and purchase intention strongly resonate with several foundational psychological models:

#### 1. Brand Identity Alignment (Self-Congruity Theory)

The data clearly show that consumers choose brands that reflect their personal identities. The mean score for Identity Importance (Mean = 4) and the qualitative findings linking brands like Apple with innovation and status and Aarong/Gentle Park with cultural pride and self-expression confirm this. Self-Congruity Theory posits that consumers prefer and are loyal to brands whose images are congruent with their actual or ideal self-image. The strong emotional connection observed suggests that these brands function as symbolic resources for self-expression.

#### 2. The Power of Affect and Emotion (Affect Referral Heuristic)

The qualitative analysis emphasizes that emotional experiences play a key role in shaping brand attachment and loyalty. Respondents' reports of feeling "modern" and "accomplished" from buying tech products or feeling "cultural pride and joy" from visiting local stores directly tap into the Affect Referral Heuristic. This heuristic suggests that consumers sometimes make purchasing decisions based on their overall positive or negative emotional feeling (affect) toward a brand, bypassing a detailed evaluation of attributes. The high mean for Liking of Brand (Mean = 4.3) is a central component of this overall positive affect.

#### 3. Purchase Driven by Engagement and Information Seeking (Elaboration Likelihood Model - ELM)

The most critical quantitative finding is that interest in learning more is the strongest predictor of future purchase intention ( $r=0.65$ ;  $\beta=0.54$   $p=0.001$ ). This aligns with the Elaboration Likelihood Model (ELM). High interest in learning suggests consumers are processing brand information via the Central Route of Persuasion, where attitude change (and thus purchase intent) is based on deep engagement with product-relevant information. The insignificance of general liking or coolness as unique predictors in the regression suggests that once a consumer is actively *interested* and *engaged*, these other factors become secondary to the desire for information and deeper understanding.

### Implications for Marketers in Pricing Decisions

The findings present a dichotomy for marketers regarding pricing strategy: high emotional connection and purchase intent suggest pricing power, yet price-related complaints are a top improvement suggestion.

#### 1. Pricing and Perceived Value: The Innovation Premium

Brands strongly associated with coolness and innovation (e.g., Apple, Samsung) received high purchase intention scores ( $\mu=4.1$ ), but they were also explicitly called out for price adjustments—lowering costs. This

implies that while the perceived value of innovation allows these brands to command a premium price, there is a clear segment of the market that finds this price point a barrier to purchase.

**Implication:** Marketers should maintain a value-based pricing strategy, justifying the premium through continuous innovation and customization. For instance, a skimming strategy can be used for new, highly innovative products, followed by a penetration strategy for older models to capture the price-sensitive segment that still values the brand's identity.

## 2. Pricing and Authenticity: The Cultural Premium

Local brands that evoke cultural identity and innocence/simplicity (e.g., Aarong, Gentle Park)<sup>151515</sup> generate deep emotional connections and cultural pride. This strong emotional resonance gives them a certain degree of pricing inelasticity.

**Implication:** These brands can justify a premium based on provenance and ethical sourcing, using a prestige pricing model rooted in authenticity and heritage rather than just technological innovation. Marketers should focus messaging on the *story* and *local craftsmanship* to justify a higher price point.

## 3. Pricing and Engagement: The Loyalty Discount

Since interest in learning more is the strongest driver of purchase intention, the pricing strategy should reward and encourage engagement.

**Implication:** Instead of blanket discounts, marketers should implement dynamic pricing strategies linked to customer engagement. This could include exclusive, lower pricing for customers who sign up for newsletters, complete brand-loyalty activities, or participate in personalized customization. Rewarding this active *interest* can convert a high-intent, price-aware customer into a loyal purchaser, thus addressing the twin demands for affordability and personalization.

## 8. CONCLUSION

Brand personalities play a crucial role in shaping purchase behavior of consumers. The influence of brand personality on purchase intention of consumers can be understood in the following three ways:

- 1) Brand personality communicates the functional benefits of a brand thereby effectively indicates product related utilitarian benefits and brand attributes.
- 2) Brand personality serve as a vehicle to express the personality of consumer thereby brand function as a reflective symbol of the self of the consumer.
- 3) Brand personality helps a consumer to extend their own personality by establishing a relationship with a brand thereby consumers can benefit from brand's characteristics even if they do not wish to become like a certain brand personality.

People buy or consume products not only for their functional value but also to enhance their self-concept through the symbolic meaning embedded in these products. Thus, consumers seek to transfer the meaning associated with the brand to them. Brands can thereby help to form a person's self. The role of self in consumer decision making is linked to consumer's perception of the fit between the brand's identity and his own identity. People seek brands with a personality identical with their own personality. As a result; the higher the congruency between both personalities, the higher is the consumer's preference and purchase intention for the respective brand. Some consumers do not aspire to have the personality of a certain brand but to have relationship with this brand. This means that they do not necessarily buy a certain brand with the intention to support their real or ideal self but to extend their own personality by characteristics which they do not possess themselves. Brand personality thus also helps in developing a strong consumer-brand relationship which in turn positively influences brand loyalty and brand equity.

Brand Personality positively affects not only consumer brand preference but also purchase intention. The effect remains true for both high and low involvement products. But the effect of brand personality is higher for high involvement products than low involvement products. The brand personality can be improved by famous

endorsers for low involvement products and by strong positive argument about the brand in case of high involvement products. But these aspects are yet to be studied. Of course, there are other issues that need to be addressed regarding brand personality. The effect of situational factors, human personality, and other moderators can be studied. The airing of advertisement (Hill, 1988), ad vehicle, gifts, coupons, other sale promotions also affect the brand preference and purchase intention of both low and high involvement brand. At times retailer promotion also plays a major role for purchase of a product. Packaging, in-store promotion also affects the brand preference. So an integrated study can be carried out to find the relation between other factors along with involvement conditions and brand personality.

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