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Pricing Strategies and Their Impact on Consumer Buying Behavior: An Empirical Study of Kathmandu's Organized FMCG Retail Market

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ABSTRACT

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This study aims to determine the impact of pricing strategies on consumer buying behavior on FMCG products inside Kathmandu valley. The causal and descriptive research design was employed in the study to investigate the cause-and-effect relationship between pricing strategies and consumer buying behavior on FMCG products inside Kathmandu Valley. Data was gathered from 250 respondents through structured questionnaire distributed via Google forms and convenience sampling was used. Quantitative analysis involved both descriptive and inferential statistics, employing the SPSS. Out of the five pricing strategies considered for the study, discount, psychological, competitive and penetration pricing had a positive and significant impact on consumer buying behavior. However, bundle pricing didn't have a positive significant impact on consumer buying behavior. This study contributes valuable insight to retails determining correct pricing strategy for different products. The application of this study is extensive. Industry, professional, researchers and policymakers by advancing understanding and best practices in FMCG and retail industries, collectively fostering a more responsible offering.

Keywords: Bundle pricing, competitive pricing, consumer buying behavior, discount pricing, penetration pricing.

INTRODUCTION

Pricing strategy is a method or approach used by businesses to determine the optimal price for their products or services. It involves considering factors such as production costs, market demand, competition, and perceived value to set prices that achieve specific business objectives, such as maximizing profit, gaining market share, or positioning the product in the market. Pricing has developed into a crucial competitive tool that a business can employ to endure market pressure, enhance sales, and improve its position. Customers may buy more from you if they think your price is less expensive than that of competitors. The response, though, may be unsatisfactory if the price you set is substantially more than anticipated. Pricing has emerged as part and parcel of modern-day marketing strategies and is now considered a key organizational asset (Al-Hakim & Jin, 2014).

Pricing is said to have a big impact on customer purchasing decisions since the more expensive a product is, the less it is sold. Contrarily, it is expected that goods selling for less than the going rate will sell in greater quantities. It is worth mentioning that consumer satisfaction also plays a decisive and mediating role in the development and molding of buying behavior of consumers (Larsen et al., 2017). Price management is heavily reliant on the value of price as a buying stimulus because it not only affects consumer buying behavior but also how prices are viewed and appreciated. Simon (2015) makes the argument that because price is a factor in all purchasing circumstances, it plays a crucial role in consumer decision-making. Marketers are aware that consumers use price to distinguish between products with nearly identical attributes, thus they utilize pricing to distinguish between similar products.

The study intends to investigate the relationship between pricing strategies, such as discounts, bundles, psychological, competitive, penetration pricing and consumer buying behavior. It aims to explore how these pricing strategies influence consumers' decisions to purchase Fast-Moving Consumer Goods (FMCG) products in organized retail stores in Kathmandu. Additionally, the research also provides insights into consumer preferences, decision-making processes, and their perception of value in relation to pricing strategies in the FMCG sector.

To ensure that an organization has a lasting competitive advantage, a strong pricing strategy also considers the views of the customer, the company, and the competitor (Hermann, 2015). Customers are becoming increasingly price-conscious, therefore dealers with reasonable prices tend to draw in more business (Gupta, 2014). Companies today compete fiercely in a market that is both local and international. For an organization to have a competitive edge, it must develop sound strategies that will make sure it has one. This is because there are numerous merchants on the market who all try to attract the same client base. Pricing plans are one of the techniques on which many firms must concentrate. Many businesses are unaware of how pricing affects consumer purchasing behavior. Retailers must fully comprehend how pricing tactics impact consumer purchasing decisions to create effective strategies (Hinterhuber & Liozu, 2020).

Since many consumers can now compare prices online, setting the appropriate pricing for the products is always a challenge. According to Agwu and Carter (2014), the explosive growth of the internet promises a new age of perfectly competitive markets, with perfect information about prices and products at their fingertips, consumers can quickly and easily find the best deals.

Bhattacharya and Sen (2003) stated that consumer behavior referred to the mental and emotional process and the observable behavior of consumers during searching, purchasing and post consumption of a product or service. Therefore, there is a real need for understanding the variables that affect consumer buying behavior in respect to price whether they shop in organized or unstructured retail establishments.

There are studies which have used different methodologies when looking at the influence of pricing strategies on consumer buying behavior in the past. Li and Peng (2020) studied how heterogeneous consumer behavior affect pricing strategies of retailers. The results showed that the strategic behavior of heterogeneous consumers does not always have a negative impact on the profits of two retailers.

While existing research has delved into the influence of pricing on consumer choices, there is a notable gap in understanding the detailed impact of various pricing strategies on diverse consumer segments. For instance, Smith et al. (2018) explored the general effects of discounts on consumer behavior, but there remains a need to investigate how dynamic pricing, personalized pricing, and bundle pricing strategies specifically resonate with different demographics and psychographics. This gap in literature is significant as it hinders the development of targeted and effective pricing strategies that can optimize both consumer satisfaction and business profitability.

Jones and Brown (2020) touched upon the importance of considering the temporal dimension in pricing strategy research, emphasizing the need for longitudinal studies to capture the evolving dynamics of consumer-brand relationships influenced by pricing. Therefore, it should aim to bridge this gap by encouraging studies that not only explore the immediate behavioral outcomes of pricing strategies but also shed light on their lasting implications for brand loyalty and consumer retention.

While there is extensive research available on pricing strategies and consumer behavior in various contexts, there is limited empirical evidence addressing this relationship specifically in Kathmandu's organized retail sector. Exploring this research gap can provide valuable insights for retailers and marketers operating in Kathmandu's organized retail sector to develop effective pricing strategies tailored to the local market and consumer preferences. This research considers and gives high value on FMCG's strategic development and implementation regarding price and pricing strategies to be used.

Based on the different aspects behind the urge of this study, two major questions are being raised. Viz., is there any relationship between pricing strategies and consumer buying behavior towards FMCG goods in Kathmandu valley? And do pricing strategies affect consumer buying behavior towards fast- moving consumer goods in Kathmandu Valley?

The objectives if this study are formulated accordingly maintained as per the question raised to measure the relationship between pricing strategies and consumer buying decisions and to analyze the impact of pricing on consumer buying behavior of fast-moving consumer goods.

LITERATURE REVIEW

This part of the study provides a description, summary and critical evaluation of different theories and authors findings in relation to this research problem being investigated.

Price sensitivity theory (PST) by Westendrop (1976) examines how consumers' reactions to price changes influence their purchasing behavior. This theory is crucial for understanding how variations in price can affect consumer decisions, especially in the Fast-Moving Consumer Goods (FMCG) sector. Price-sensitive consumers, who are highly responsive to changes in price, are more likely to adjust their buying behavior based on pricing strategies such as discounts, promotions, or price increases. Retailers use price promotions and competitive pricing to attract these consumers, who may switch brands or retailers in search of better deals (Monroe K. B., 2003).

Alfred Marsha (1890) developed Price elasticity of demand (PED) which measures how the quantity demanded of a good respond to a change in its price. The formula for calculating PED is the percentage change in quantity demanded divided by the percentage change in price. If the PED is greater than one, demand is considered elastic, meaning consumers are highly responsive to price changes. Conversely, if the PED is less than one, demand is inelastic, indicating that consumers are less sensitive to price changes (Marshall, 1890).

Price is the one element of the marketing mix that produces revenue; the other elements produce costs. It is also stated that purchase decisions are based on how consumers perceive prices and what they consider the current actual price to be (Kotler & Keller, 2012). Pricing, according to Riggs (2008) is the process of choosing prices for goods and services and applying them. Prices are set with a certain level of assurance that consumers will pay them, depending on how supply and demand are balanced. To better understand consumer buying habits, numerous studies have been carried out. These studies present a detailed picture of the different aspects that affect consumers' purchasing decisions.

Discount pricing is reducing the price for a given quantity or increasing the quantity available at the same price, thereby enhancing value and creating an economic incentive to purchase (Armstrong & Chen, 2013). Price reductions (cut off pricing) are a significant factor in encouraging new customers to test the products being offered. According to Chao and Liao (2016), if a business decides that price reductions or other discounts can considerably and favorably enhance consumers' desire to make purchases. In the flash sale campaign, the discount price has a favorable and considerable impact on consumers' buy intentions.

Krishna et al. (2012) the perceived savings concept has been the most frequently used variable for evaluating consumers' reactions to price discounts. It has been demonstrated that perceived savings are a useful indicator of how customers feel about price discounts.

Smith (2016) says price bundling, is a strategy that retailers use to sell lots of items at higher margins while providing consumers a discount at the same time. Wuu and Lui (2017) suggests that when a bundle is made up of two products, the consumer will pay the two products' individual reservation prices. According to Abdallah et al. (2017), competition plays a significant role in determining whether price bundling is successful or unsuccessful. This competition may come from businesses that are in the same category as the bundled offering, from their own offerings, which may include both single products and bundles, and from businesses in other categories that offer different combinations of bundles and single products.

Uripi et al. (2021) examined the effect of pricing bundling capability on price value offerings and marketing performance. According to the findings, pricing bundling ability has a favorable impact on pricing capacity on marketing effectiveness and price value offerings. Additionally, it demonstrates how price value offerings moderate the impact of pricing capability on marketing performance and how price value offerings have a beneficial impact on marketing performance.

According to Caldwell (2017), psychological pricing is a pricing strategy that utilizes specific techniques to form a psychological or subconscious impact on consumers. It integrates sale tactics with price. It can also be described as setting prices lower than the whole number. Husemann (2018) founds psychological pricing is a strategy based on the hypothesis that different prices have psychological consequences on consumers' perceptions of prices, attitudes toward prices, and purchase decisions. Over time, marketers and organizations have employed this technique to sway consumers' choices, particularly in the retail industry and price promotion. Kevin et al. (2004) investigated that the penetration pricing approach results in the largest or fastest gain in market awareness and market share. Additionally, he found that the corporation must have manufacturing or a long-term competitive advantage that would benefit the company's unit to benefit from this strategy. Low prices and little promotion can also help the company break into the market (Lamb et al., 2004). It functions well in markets with strong price elasticity. Additionally, it performs better in markets with high competition and little promotion flexibility.

A study by Broniarczyk and Hoyer (2006) suggests that when consumers encounter lower prices for a product, they engage in more extensive information search, compare prices across different retailers, and become more likely to switch brands. Kinney et al. (2009) examined the effect of price-matching guarantees on consumer behavior and found that such guarantees positively affect consumers' purchase intentions and decrease their price sensitivity.

Consumer buying behavior, according to Bhattacharya and Sen (2003), refers to the mental and emotional processes and the discernible behavior of consumers during the search for, purchase of, and use of a good or service. Consumer behavior research includes examining how, what, when, and why consumers make purchases.

Shakya and Bhandari (2019) investigated the effects of price discounts on consumer buying behavior in organized retail stores in Nepal. The study found that price discounts had a significant impact on consumers' perception of product value and affordability, leading to increased purchase intentions. Similarly, Pokharel and Maharjan (2021) explored the influence of value-based pricing strategies on consumer buying behavior in the FMCG sector in Nepal. The research indicated that consumers were willing to pay higher prices for products that offered superior value, such as better quality, convenience, and sustainability. Khatiwada (2019) investigated the impact of perceived value on consumer responses to pricing strategies in the

FMCG sector in Nepal, revealing that consumers' perception of the value they receive from a product influences their willingness to pay and subsequent purchase behavior. This implies that pricing strategies should not only consider price discounts but also focus on creating value perceptions to effectively influence consumer buying behavior in organized retail settings.

A study by Pokharel and Shrestha (2018) examined the relationship between pricing strategies and brand loyalty in the FMCG sector. They found that price positioning, including premium pricing or competitive pricing, affects consumers' perception of a brand's value and, subsequently, their loyalty towards the brand. This highlights the importance of aligning pricing strategies with the desired brand image and target consumer segment to foster long-term brand loyalty in the organized retail sector.

Although extensive research and study are done on pricing strategies and consumer buying patterns and behaviors, few of them are concentrated on FMCG market in Nepalese context. This study concentrates on seeks to address the gap of pricing strategies and consumer buying behaviors in Kathmandu Valley concentrating on FMCG goods.

RESEARCH METHODOLOGY

This study adopts the philosophy of hypothesized relationships and effect of pricing strategies with consumer buying behaviors and decisions. The descriptive and causal research model was utilized for this study. The use of a descriptive research design enabled the researchers to provide a comprehensive description of the variables and their average responses whereas causal research design examines the cause-and-effect relationship between independent variables and dependent variable. The population of the study constitutes users who purchase fast- moving consumer goods in Kathmandu Valley. As of 2025, the population of Kathmandu Valley is approximately 1.67 million people. Out of which 70% of the population participates in regular retail shopping. Typically, about 60% of population within regular retail buyers in urban areas is within the shopping age range of 20 to 64 years. (World Population Review, 2025).

Retail Shoppers = Total Population× Participation Rate

Retail Shoppers = 1,670,000×0.70 = 1,169,000

Shopping Age Population = Retail Shoppers ×Age Distribution

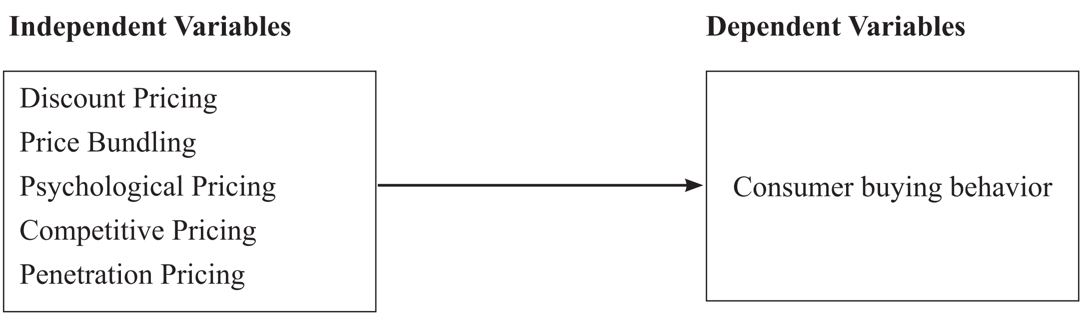
Shopping Age Population = 1,169,000×0.60 = 701,400

The population size comes out to be 701,400 for this study. Previous study (Siddique, 2020) has shown that the sample size is in the range between 250 and 300. Hence, the minimum sample size taken for this study was 250**.** The convenience sampling technique was utilized due to its simplicity and absence of complex procedures for selecting participants. The nature of the data is primary which have been collected in Kathmandu valley, where total of 290 questionnaires was distributed and any 269 were returned among which only 250 were fully completed, which means the response rate was 92.5%. Questionnaire is used as research instrument followed by 5-point Likert scale where 5=strongly agree, 4=agree, 3=Neutral, 2=Disagree and 1=Strongly Disagree.

To ensure accuracy and relevance, the data underwent processing stages such as editing, coding, and entering, followed by presentation incomprehensive tables illustrating responses across different variable categories. Quantitative data analysis was conducted using the SPSS (Version 26), chosen for its ability to encompass a wide range of analytical functions. Inferential analysis with correlations and multiple regression analysis. All statistical tests were conducted at 5 percentage level of significance. Furthermore, a pilot survey of a few sample questions was tested before distribution of questionnaire to confirm the consistency, accuracy of the instrument, and as well as the language of the questions.

Figure 1

Research Framework



Note. Adopted from Ali & Anwar (2021)

Discount pricing is a technique where items are offered at a reduced cost (Sheng et al., 2007). With a discount pricing strategy, a retailer will sell a product for less than it would normally cost for a specific period. With the ultimate purpose of boosting sales, it involves reducing goods prices and providing various bargains. This variable can be measured by taking factors like basket size, sales volume, purchase intention and conversion rate into consideration.

Bundle pricing is a business approach where businesses put together a number of products and offer them all for a single price rather than assigning separate prices to each item.

Price bundling refers to packages sold at a discount without any integration of the goods and services involved (Vamosiu, 2018).

Kotler et al. (2016), psychological pricing refers to altering prices in a way that has a psychological impact on the consumer and directly alters his behavior. In other words, psychological pricing involves taking advantage of a customer's psychological characteristics and mental trends to convince him/her that the price is lower than it should be, encouraging them to pay more, or send a message about the product. This variable uses brand perception, perception of fairness, consumer trust, price sensitivity, like factors for measurement. Competitive pricing as simply setting prices relative to what competitors are charging. Pricing that is based on the prices of other companies, is known as a competitive pricing strategy (Anderson and Narus, 2004). This pricing strategy just considers the publicly available prices of your rivals; neither the perceived value of the product by customers nor the cost of production are considered.

It is a marketing strategy used by businesses to attract customers to a new product or service by offering a lower price during its initial offering. Henard (2001) said that the penetration pricing strategy is implemented by establishing a new product's price comparatively price to penetrate the market more deeply in the immediate term and provide a larger market share in the long term. Consumer buying behavior is the study of how people acquire and dispose of products, services, ideas, or experiences to fulfill their needs and desires (Keller et al., 2016). Consumer Behavior refers to decision processes and acts of people involved in buying and using products. The price of the product directly influences the consumer buying behavior pattern. Khaniwale (2015) states that the study of consumer behavior involves studying how people go about using products and services to satisfy their needs, as well as how these actions affect both the individual consumers and the broader community.

RESULTS

This part of the study includes a comprehensive analysis of the findings derived from the data gathered using the structured questionnaire is presented and transforming the gathered information into relevant data for evaluating and presenting the outcomes derived from the research questionnaire. Its main objective is to examine the information obtained through the research questionnaire, which was completed by 250 respondents from the Kathmandu valley. and inferential approaches are used to display and analyze the data, respectively. While inferential analysis uses a variety of statistical tests, descriptive analysis uses tables, graphs and figures.

Table 1

Demographic Profile of the Respondents

Variable	Category	n	%
Gender	Male	115	46.0
	Female	135	54.0
Age (years)	21–25	95	38.0
	26–30	124	49.6
	31–35	24	9.6
	36 and above	7	2.8
Monthly income (NPR)	Below 30,000	68	27.2
	30,000–40,000	72	28.8
	40,000–50,000	70	28.0
	Above 50,000	40	16.0
Purchase frequency	Weekly	91	36.4
	Every fortnight (15 days)	84	33.6
	Monthly	63	25.2
	Quarterly	12	4.8

Note. Field Survey, 2025

Table 1 shows the demographic profile of the all the respondents, where female respondents include 54% and male with 46% only. The high number of respondents comes under the age of 26–30 age group with the majority income level of 30000-40000 comprising 28.8%. The respondents buying frequency shows mostly on weekly basis have 36.4% among all 250 respondents.

Descriptive Statistics

Table 2

Descriptive Statistics of Pricing Strategies and Consumer Buying Behavior

Variable	Min	Max	M	SD	Skewness	Kurtosis
Discount Pricing	1.00	5.00	3.99	0.94	−0.86	0.23
Bundle Pricing	1.00	5.00	3.98	0.97	−0.87	−0.00
Psychological Pricing	1.00	5.00	3.78	0.83	−0.21	−0.47
Competitive Pricing	1.00	5.00	3.16	1.36	−0.16	−1.30
Penetration Pricing	1.00	5.00	4.03	0.72	−0.38	−0.04
Consumer Buying Behavior	1.00	5.00	4.16	0.81	−0.76	1.35

(Number of observations = 250)

Note. Authors calculations

Common Method Bias

Table 3

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.310	17.054	17.054	6.310	17.054	17.054
2	3.462	9.356	26.410			
3	3.303	8.926	35.336			
4	2.510	6.784	42.120			
5	1.822	4.925	47.045			
6	1.674	4.524	51.569			
7	1.348	3.644	55.213			
8	1.289	3.485	58.698			
9	1.152	3.115	61.812			
10	1.065	2.878	64.691			
11	1.033	2.793	67.484			
12	.956	2.584	70.068			
13	.877	2.369	72.437			
14	.838	2.264	74.701			
15	.783	2.115	76.816			
16	.692	1.870	78.686			
17	.658	1.777	80.464			
18	.652	1.762	82.226			
19	.608	1.644	83.870			
20	.562	1.519	85.389			
21	.552	1.493	86.882			
22	.490	1.324	88.206			
23	.459	1.241	89.447			
24	.427	1.153	90.600			
25	.411	1.111	91.711			
26	.360	.973	92.685			
27	.335	.906	93.591			
28	.326	.881	94.472			
29	.298	.806	95.278			
30	.288	.778	96.056			
31	.283	.764	96.820			
32	.258	.698	97.518			

33	.253	.683	98.201
34	.209	.564	98.765
35	.170	.460	99.225
36	.148	.400	99.625
37	.139	.375	100.000

Note. Author's calculation

The total variance explained in Table shows the loadings of each item of the three constructs that were characterized in the EFA. It shows the total variance explained. Here are 37 components extracted from SPSS. The variance explained by single factor is 17.054% which is less than 50%, so there are no issues of Common Method Bias in the data set.

Table 4

Correlation Analysis

		DP	BP	PP	CP	PEN	CBB
DP	Pearson	1					
	Correlation						
	Sig. (2-tailed) N	250					
BP	Pearson	.367**	1				
	Correlation	.000					
	Sig. (2-tailed) N	250	250				
PP	Pearson	.141*	.305**	1			
	Correlation	.026	.000				
	Sig. (2-tailed) N	250	250	250			
CP	Pearson	.316**	.250**	.077	1		
	Correlation	.000	.000	.225			
	Sig. (2-tailed) N	250	250	250	250		
PEN	Pearson	.467**	.251**	.180**	.346**	1	
	Correlation	.000	.000	.004	.000		
	Sig. (2-tailed) N	250	250	250	250	250	
CBB	Pearson	.325**	.191**	-.044	.311**	.346**	1
	Correlation	.000	.002	.488	.000	.000	
	Sig. (2-tailed) N	250	250	250	250	250	250

Note. Author's calculation

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

The table shows the correlation matrix between the independent variable and dependent variables, where discount pricing, bundle pricing, psychological pricing, competitive pricing, penetration pricing are independent variables and consumer buying behavior is a dependent variable.

Notably, Penetration Pricing exhibits a statistically significant and moderate positive correlation with Consumer buying behavior (CBB) at a moderate level ($r = 0.346$).

Moreover, Discount and Competitive Pricing also show a significant but very weak positive correlation with Consumer buying behavior at a moderate level. Bundle Pricing shows a weak positive linear relationship with Consumer buying behavior.

Although this correlation is statistically significant, the impact of Bundle Pricing on dependent variables is relatively minor. Conversely, Psychological Pricing demonstrates either negligible or negative correlations with dependent variable, suggesting that these aspects may not be as directly influential in attracting customers in the retail. These findings underscore the importance of pricing strategies such as penetration pricing, discount and competitive pricing, in fostering a positive relationship with consumer buying behavior.

Regression Analysis

Table 5

Regression Analysis

Variable	B	SE	β	t	p
(Constant)	1.413	.436		3.244	.001
DP	.173	.074	.159	2.331	.021
BP	.097	.081	.077	1.197	.232
PP	-.153	.065	-.143	-2.362	.019
CP	.258	.091	.178	2.838	.005
PEN	.256	.079	.217	3.228	.001

Note. $R^2 = .203$; Adjusted $R^2 = .187$; $F(5, 244) = 12.432$, $p < .001$

The table above shows the influence of DP, BP, PP, CP, and PEN on Consumer Buying Behaviors. The model intercept is statistically significant ($B = 1.413$, $p = .001$), indicating that when all independent variables are held constant at zero, the dependent variable has a baseline value of 1.413.

Among all of the independent variables, DP shows a positive and statistically significant effect on the dependent variable ($B = 0.173$, $\beta = 0.159$, $t = 2.331$, $p = .021$). This implies that a one-unit increase in DP leads to a 0.173-unit increase in the dependent variable, holding other factors constant. CP has a positive and significant impact on the dependent variable (B = 0.258, β = 0.178, t = 2.838, p = .005), suggesting that higher levels of CP are associated with higher values of the dependent variable.

Similarly, BP has a positive but statistically insignificant effect (B = 0.097, β = 0.077, t = 1.197, p = .232), showing that BP does not significantly contribute to explaining variation in the dependent variable. Including, PP exhibits a negative and statistically significant relationship with the dependent variable (B = −0.153, β = −0.143, t = −2.362, p = .019). This indicates that an increase in PP leads to a decrease in the dependent variable when other variables are controlled. And PEN pricing demonstrates the strongest positive and statistically significant influence among the predictors (B = 0.256, β = 0.217, t = 3.228, p = .001). The standardized beta coefficient indicates that PEN is the most influential predictor influencing highly in consumer buying attitude.

Table 6

Collinearity Statistics

Model	Collinearity Statistics	
	Tolerance	VIF
Constant		
DP	0.701	1.427
BP	0.781	1.28
PP	0.894	1.118
CP	0.834	1.199
PEN	0.726	1.378

Note. Author's calculation

In SPSS, when conducting a SPSS, it is advised to test the collinearity issue. VIF is used to check the collinearity issue in the study. The VIF value must be below 10. Table showed that VIF lies range from 1.199 to 1.28 which means that there is no evidence of multicollinearity among the indicators used to assess Discount Pricing, Bundle Pricing, Psychological Pricing, Competitive Pricing and Penetration Pricing. The tolerance value must be greater than 10, and the table above shows that tolerance lies range from 70.1% to 89.4%.

DISCUSSION

The result shows price discounts motivated customers to try products being offered. The result is in line with findings of earlier studies from Armstrong and Chen (2016) who observed that price discounts play an important role in stimulating new customers' behaviors to try the products offered. This means that the large price reduction did not indicate to customers that they were getting low quality goods or services. Several studies in this region show this due to price sensitivity of regional consumers. Customers at retail stores received discounts, and when they spotted one, they didn't think much about the item they wanted to buy. This is consistent with finding of earlier studies by Lee and Stoel (2017), who found that a significant discount raises the perceived risk for customers.

The outcome of this study disagrees with Smith (2015), who claims that even if the products are sold at a discount, this may raise revenues by encouraging customers to buy many things. This disagreement is in line with the findings of earlier studies by Qayyum (2021) due to the socio-demographic, cultural and geographical background differences among the consumers of south-Asian region.

The finding of this study also shows the similar results as of Shakya and Bhandari (2018); Pokhrel and Maharjan (2018) that explored the influence of value-based pricing strategies on consumer buying behavior in the FMCG sector in Nepal indicating that the consumers were willing to pay higher prices for products that offered superior value, such as better quality, convenience, and sustainability.

Similarly, the outcome of this study shows that psychological pricing influenced consumers decision-making processes over time which is in line with the findings of Sharma and Srivastava (2017), who found that psychological pricing significantly impacts consumer decision-making. The study also established that consumers paid more when exposed to an average price compared to a range of prices for a product. The result agrees with Tanford et al., (2018) who examined the influence of pricing strategies on willingness to pay for accommodations and found that consumers will pay more when exposed to an average price versus range.

The result agrees with the research by Monroe and Lee (2021) who found competitive pricing attracts a price-sensitive segment of the market, which can be beneficial for retailers in highly competitive sectors such as FMCG. However, the challenge remains in maintaining profitability while engaging in price wars.

This study shows that penetration pricing can lead to rapid adoption of new products, especially in competitive markets which align with earlier research by Kotler and Armstrong (2017), who found that penetration pricing is particularly effective in markets with high price sensitivity and low brand loyalty. However, the transition from low introductory prices to regular pricing is critical.

CONCLUSION

This study concludes that the delicate role that pricing strategies play in shaping consumer preferences and purchase decisions, emphasizing the complexity and dynamism inherent in FMCG markets. Pricing strategies are pivotal in influencing consumer behavior, particularly in the FMCG sector where purchase decisions are often impulsive and price sensitive. Discount pricing tends to drive immediate sales spikes by appealing to the consumer's desire for savings, whereas bundle pricing encourages bulk purchasing and increases the perceived value. Psychological pricing, leveraging the power of price perception, subtly impacts consumer choices by making prices appear more attractive. Competitive pricing ensures market share retention by aligning prices with those of competitors, while penetration pricing helps new products enter the market by offering lower prices initially to attract consumers.

The study's findings highlight that each pricing strategy has distinct effects on consumer buying behavior. Discount pricing strategy significantly boosts short-term sales and is particularly effective in attracting price-sensitive consumers whereas in psychological pricing, small price adjustments (e.g., 1.99 instead of 2.00) can lead to substantial changes in consumer perception and purchase behavior. Similarly, result suggests competitive pricing strategy helps in maintaining price competitiveness, which is crucial for sustaining market share in highly competitive FMCG markets. Along with this result, it suggests penetration pricing strategy is effective for new product introductions, as it lowers the entry barrier for consumers, leading to quicker adoption and market penetration. However, in case of Kathmandu Valley, bundle pricing is not as effective as other strategies with consumers not interested in buying in larger quantities.

This study also provides important takeaways, that FMCG companies must remain agile, continuously adapting their pricing strategies to meet evolving consumer preferences and competitive dynamics. Moreover, tailoring pricing strategies to different consumer segments can enhance effectiveness; for instance, discounts may appeal more to price-sensitive consumers. Furthermore, an integrated approach that combines multiple pricing strategies can optimize outcomes, leveraging the strengths of each to achieve broader business objectives.

IMPLICATIONS

The implications of studying the impact of pricing strategies on consumer buying behavior are multifaceted and significantly enrich the existing body of knowledge in marketing, economics, and consumer psychology.

It allows for a more tailored pricing mix, ensuring that pricing strategies resonate with the specific needs and preferences of different consumer groups, ultimately leading to more successful marketing outcomes. Businesses can leverage this behavior by strategically timing discounts to coincide with peak shopping periods or clearing out seasonal inventory. This not only boosts immediate sales but also creates a sense of urgency and excitement among consumers, encouraging them to take advantage of the offer before it ends.

In bundle pricing, where multiple products are sold together at a lower price than if purchased separately, it also affects day-to-day consumer decisions. For instance, a grocery store might offer a bundle deal on shampoo, conditioner, and soap, enticing shoppers to buy all three items together rather than individually. This strategy increases the perceived value and convenience for the consumer while driving higher sales volumes for the business. Additionally, bundling can help move less popular products by pairing them with bestsellers, effectively managing inventory and increasing overall profitability. Consumers appreciate the savings and convenience, often leading to repeat purchases and enhanced brand loyalty.

Psychological pricing techniques, such as pricing items at 9.99 instead of 10.00, play a crucial role in everyday consumer behavior by making prices appear lower than they are. This strategy taps into the consumer's emotional response to prices, making them more likely to perceive the product as a better deal. This subtle influence can increase the likelihood of impulse purchases and overall sales. Businesses can use psychological pricing to position their products as more affordable and attractive, thereby enhancing their appeal to price-sensitive consumers.

Competitive pricing, which involves setting prices based on those of competitors, directly impacts consumer choices in their daily shopping habits. For example, a consumer comparing prices of cosmetics at different stores is likely to choose the store offering the best price for the same model. Businesses must continuously monitor competitor prices and adjust their own to remain competitive, ensuring they attract and retain price- sensitive customers. This strategy helps maintain market share and can prevent customers from switching to competitors, especially in highly competitive FMCG industries.

Penetration pricing, where products are introduced at a low price to quickly gain market share, significantly influences consumer adoption rates in everyday scenarios. Once loyalty is established, businesses can gradually increase prices. Consumers benefit from lower initial costs, while businesses gain market share and customer loyalty, setting the stage for long-term profitability.

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