



Impact of Pricing Strategy on Purchase Decisions Among DMART Customer

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Abstract

This study examines the impact of pricing strategy on purchase decisions among DMart customers, with a focus on understanding how price perception, value for money, and price fairness influence consumer buying behaviour. In the highly competitive organized retail sector, pricing plays a crucial role in attracting and retaining customers. DMart follows an Everyday Low Pricing (EDLP) strategy, offering consistent and affordable prices rather than relying heavily on promotional discounts. The primary objective of this research is to analyze how DMart's pricing approach affects store preference, purchase quantity, and repeat buying behaviour.

The study adopts a descriptive and empirical research design. Primary data were collected from 50 DMart customers using a structured questionnaire administered through Google Forms. Convenience sampling was used due to time and accessibility constraints. The collected data were analyzed using percentage analysis to interpret customer perceptions and behavioural patterns related to pricing.

The findings reveal that pricing is the most influential factor in shaping purchase decisions at DMart. A majority of respondents strongly associate the store with low prices, value for money, and price transparency. Customers prefer DMart over competitors primarily due to its affordable pricing strategy. The study also indicates that lower prices encourage bulk purchasing and increase spending per visit. Furthermore, consistent pricing reduces the need for price comparison and strengthens customer trust. Affordable pricing significantly contributes to repeat shopping behaviour and long-term customer loyalty.

The research concludes that DMart's pricing strategy plays a vital role in influencing consumer decision-making, enhancing customer satisfaction, and sustaining competitive advantage. Maintaining transparent, fair, and consistent pricing policies is essential for long-term growth and customer retention in the organized retail market.

Keywords: Pricing Strategy, Purchase Decision, Consumer Behaviour, Everyday Low Pricing (EDLP), Value for Money, Price Perception, Price Fairness, Customer Loyalty, Store Preference, Organized Retail Sector

INTRODUCTION

In today's competitive retail environment, pricing plays a very important role in influencing customer purchase decisions. Customers are more aware of prices and actively compare products before making buying choices. With rising living costs and increased competition among retail stores, consumers prefer shopping at places that offer good quality products at affordable prices. As a result, pricing strategy has become a key factor in attracting and retaining customers.

One of the top retail companies in India, DMart is well-known for providing goods at constantly low costs. The company follows an Everyday Low Price (EDLP) strategy, focusing on providing value-for-money products rather than offering frequent promotional discounts. This strategy has enabled DMart to cultivate significant customer trust and loyalty, particularly among consumers who are sensitive to pricing.

Earlier, customers mainly focused on convenience or brand preference while shopping. However, today, price has become a major deciding factor in purchase behaviour. Factors such as discounts, price comparisons, perceived savings, and affordability strongly influence customers' decisions. DMart's pricing strategy encourages bulk buying and repeat purchases, making it a preferred shopping destination for groceries and household essentials.

Purchase decision refers to the process by which customers select and buy products based on their needs, preferences, and available options. Pricing strategy directly affects this process by shaping customers' perceptions of value and satisfaction. When customers feel that they are getting quality products at reasonable prices, they are more likely to choose the store again.

Studying the impact of pricing strategy on purchase decisions is important for retailers to understand customer expectations and improve their marketing strategies. It helps retailers design effective pricing policies, increase sales volume, and enhance customer satisfaction. For customers, transparent and fair pricing builds confidence and long-term relationships with the brand.

This study focuses on understanding how DMart's pricing strategy influences customer purchase decisions. It aims to analyze the role of pricing in customer satisfaction, buying frequency, and store preference. By examining customer responses, the study highlights the importance of effective pricing strategies in the organized retail sector and their impact on consumer buying behaviour.

REVIEW OF LITERATURE:

1. Kotler & Armstrong (2010) – Principles of Marketing

This study explained pricing as one of the most flexible elements of the marketing mix. The authors emphasized that price directly affects customer perception of value and purchase decisions. Consumers compare prices with perceived benefits before buying. The study highlighted value-based pricing as a key driver of customer satisfaction. It showed that fair pricing builds long-term relationships. The work remains foundational in marketing strategy.

2. Monroe (1973) – Buyers' Subjective Perceptions of Price

This research examined how consumers perceive price rather than actual price levels. It found that customers

use price as an indicator of quality and value. Higher prices were sometimes associated with better quality. The study emphasized perceived value over absolute price. It helped explain why pricing influences purchase intention. The paper contributed to pricing psychology.

3. Zeithaml (1988) – Consumer Perceptions of Price, Quality, and Value

This study analyzed how consumers evaluate price in relation to quality. It found that perceived value strongly influences purchase decisions. Customers prefer products that offer the best balance between price and benefits. The study highlighted the importance of value-for-money pricing. It is widely cited in consumer behaviour research.

4. Nagle & Holden (2002) – The Strategy and Tactics of Pricing

The authors explained how strategic pricing improves profitability and customer retention. The study showed that consistent low pricing attracts price-sensitive customers. Poor pricing decisions lead to revenue loss. The research emphasized understanding customer willingness to pay. It linked pricing strategy with competitive advantage.

5. Lichtenstein, Ridgway & Netemeyer (1993) – Price Consciousness and Value Perception

This study focused on price-conscious consumers. It found that such customers actively seek low prices and discounts. Price consciousness significantly affected store choice and purchase behaviour. The study highlighted the role of promotions in retail. It is relevant to discount retail formats.

6. Bell & Lattin (1998) – Shopping Behaviour and Price Sensitivity

This research analyzed how pricing affects shopping patterns. It found that customers prefer stores with predictable low prices. Frequent price promotions increased store switching. The study supported everyday low pricing strategies. It is relevant to supermarket retailing.

7. Hoch, Dreze & Purk (1994) – EDLP vs. Hi-Lo Pricing

This study compared Everyday Low Pricing (EDLP) with high-low pricing strategies. It found that EDLP builds trust and reduces price uncertainty. Customers valued price stability over frequent discounts. The study explained why EDLP works well for grocery retailers. It supports consistent low-price strategies.

8. Tellis (1986) – Beyond the Many Faces of Price

This paper analyzed multiple roles of price in marketing. It found that price affects demand, brand image, and purchase decisions. Consumers respond differently to price changes across categories. The study emphasized strategic price positioning. It strengthened pricing theory.

9. Grewal, Monroe & Krishnan (1998) – Price-Quality-Value Framework

This research developed a framework linking price to perceived quality and value. It showed that lower prices increase perceived value when quality expectations are met. The study explained repeat purchase behaviour. It emphasized customer satisfaction. The framework is widely applied in retail research.

10. Kalyanaram & Winer (1995) – Empirical Pricing Dynamics

This study examined how consumers react to price changes. It found that customers are sensitive to price increases but respond positively to reductions. Reference pricing influenced purchase decisions. The research highlighted price fairness. It contributed to dynamic pricing analysis.

RESEARCH METHODOLOGY

The research methodology adopted for this study is descriptive and empirical in nature. The primary objective is to examine the impact of pricing strategy on purchase decisions among DMart customers. A descriptive research design was used to systematically analyze customer perceptions, attitudes, and buying behaviour related to pricing. This approach helps in understanding how factors such as low pricing, value for money, discounts, and price fairness influence purchase decisions without manipulating any variables.

The study is empirical as it is based on primary data collected directly from respondents. A structured questionnaire was designed and administered through Google Forms to gather relevant information from customers who had previously shopped at DMart. The questionnaire included Likert scale questions to measure opinions regarding pricing strategy and its influence on store preference, purchase quantity, and repeat buying behaviour.

A non-probability convenience sampling technique was used due to time and accessibility constraints. The sample size consisted of 50 DMart customers from urban areas. Percentage analysis was applied to interpret the collected data and identify trends in customer responses. Secondary data were obtained from academic journals, books, and reliable online sources to support the research framework and provide theoretical background for the study.

STATEMENT OF PROBLEM:

In today's highly competitive retail environment, pricing has become a crucial factor influencing customer purchase decisions. Customers are increasingly price-sensitive, especially when purchasing daily-use and household products. Although DMart is widely recognized for its everyday low pricing strategy, the extent to which this pricing approach influences customer buying behaviour, store preference, and repeat purchase intention is not clearly understood. Customers may perceive low prices differently—some may associate them with high value, while others may question product quality. Additionally, it is uncertain whether consistent low pricing reduces price comparison behaviour and strengthens customer loyalty. Limited empirical research specifically focused on DMart customers creates a gap in understanding how pricing strategy impacts their purchase decisions. Therefore, this study aims to examine the influence of DMart's pricing strategy on customer perceptions, purchase quantity, store choice, and repeat shopping behaviour in the organized retail sector.

OBJECTIVES OF STUDY:

1. To study the pricing strategy adopted by DMart.
2. To analyse the impact of DMart's pricing strategy on the purchase decisions of customers.
3. To examine customer perception towards DMart's pricing in influencing repeat purchase behaviour.

SCOPE OF STUDY:

The scope of this study is limited to analyzing the impact of pricing strategy on purchase decisions among DMart customers. The research focuses on understanding how factors such as low pricing, value for money, price fairness, and pricing consistency influence customer buying behaviour, store preference, purchase quantity, and repeat visits. The study is based on primary data collected from 50 respondents in urban areas through a structured questionnaire. It does not cover other retail formats or rural markets. The findings reflect customer perceptions within the selected sample and time period of the research.

LIMITATIONS OF STUDY:

The present study has certain limitations that should be acknowledged while interpreting the results. First, the sample size is limited to 50 respondents, which may not fully represent the entire population of DMart customers. A larger sample size could provide more comprehensive insights and improve the reliability and generalizability of the findings.

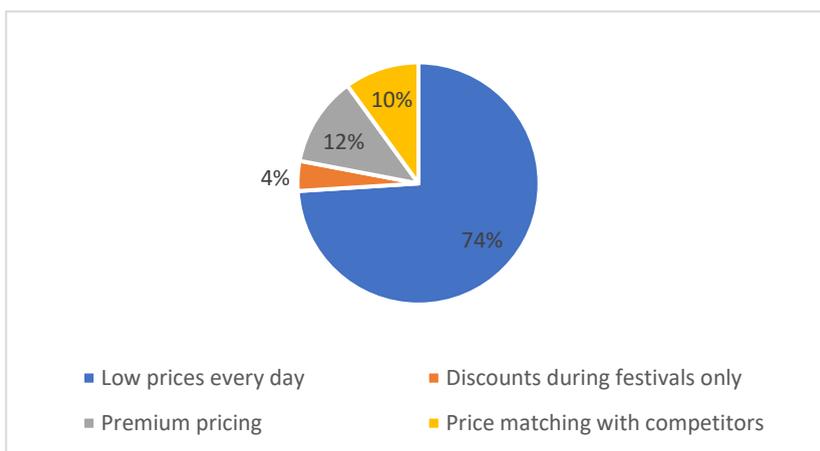
Second, the study adopts a convenience sampling technique, which is a non-probability sampling method. This approach may introduce sampling bias, as respondents were selected based on accessibility and willingness to participate. Therefore, all categories of customers may not have been equally represented.

Third, the research relies on self-reported data collected through a structured questionnaire. Respondents may provide socially desirable responses or may not accurately recall their actual buying behaviour, which could affect the accuracy of the findings.

Fourth, the study is limited to urban customers and does not include rural or semi-urban areas. Lastly, the research was conducted within a specific time period, and customer perceptions may change due to market conditions, competition, or changes in pricing strategies over time.

DATA ANALYSIS AND INTERPRETATION:

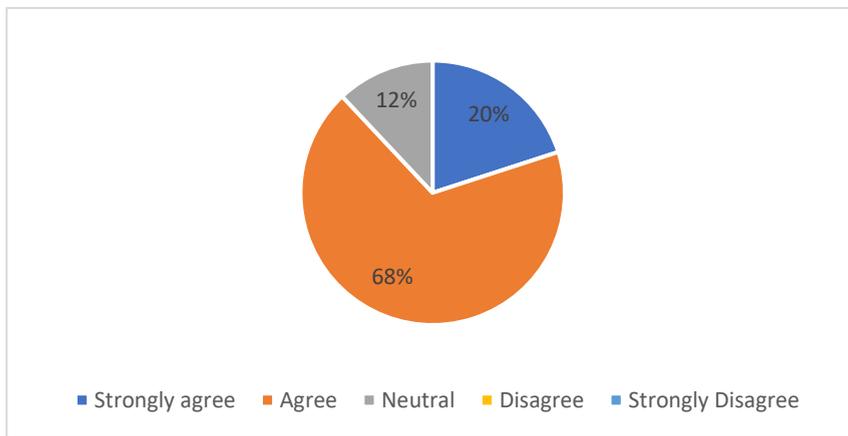
1. Perception of DMart's Pricing Strategy



Interpretation:

The data indicates that a strong majority of respondents (74%) perceive DMart’s primary pricing focus as “Low prices every day,” showing high awareness and acceptance of its Everyday Low Pricing (EDLP) strategy. This suggests that DMart has effectively communicated its consistent low-price philosophy, making it a key differentiator in the organized retail sector. A smaller percentage associated DMart with premium pricing (12%) or price matching (10%), reflecting perceptions of competitiveness and fair quality. Very few linked DMart to festival-only discounts. Overall, customers view DMart as a value-driven retailer emphasizing price stability, affordability, and trust for regular household purchases.

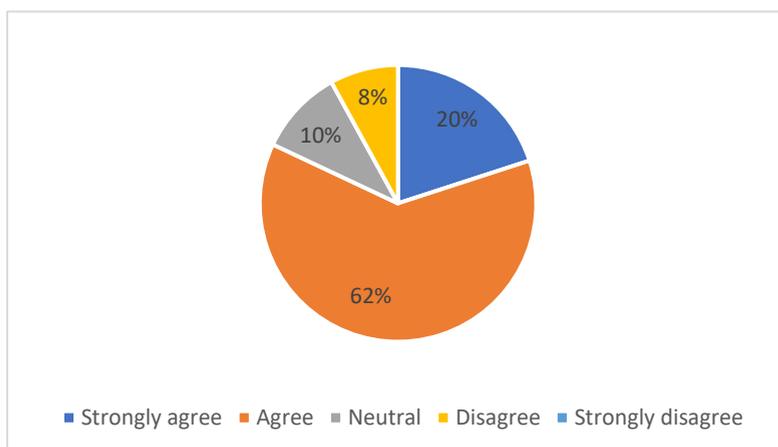
2. DMart’s Focus on Lower Prices Instead of Heavy Advertising



Interpretation:

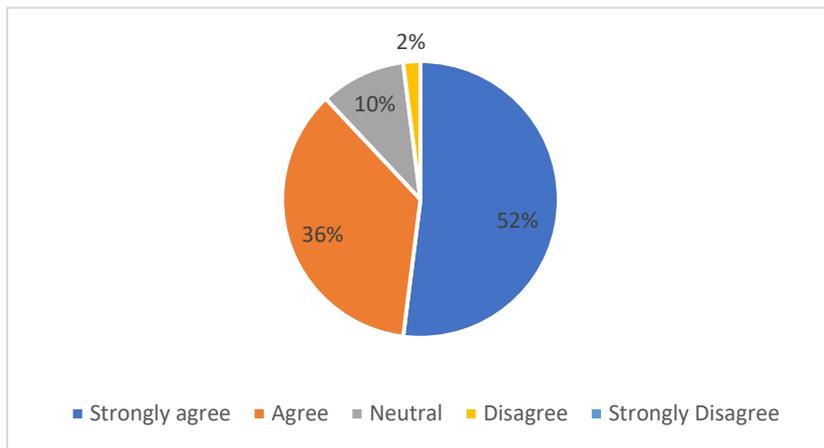
The data shows that 88% of respondents agree that DMart avoids heavy advertising and instead offers lower prices, with 68% agreeing and 20% strongly agreeing. This reflects a strong perception that DMart follows a cost-leadership strategy by reducing advertising expenses and passing savings to customers. Only 12% remained neutral, and none disagreed, indicating broad acceptance of this approach. Customers do not associate DMart with aggressive marketing but with affordability and operational efficiency. Overall, DMart is viewed as prioritizing consistent low prices over promotional visibility, reinforcing its value-driven image and pricing-focused business model.

3. Role of Pricing in Influencing Customer Shopping Decisions



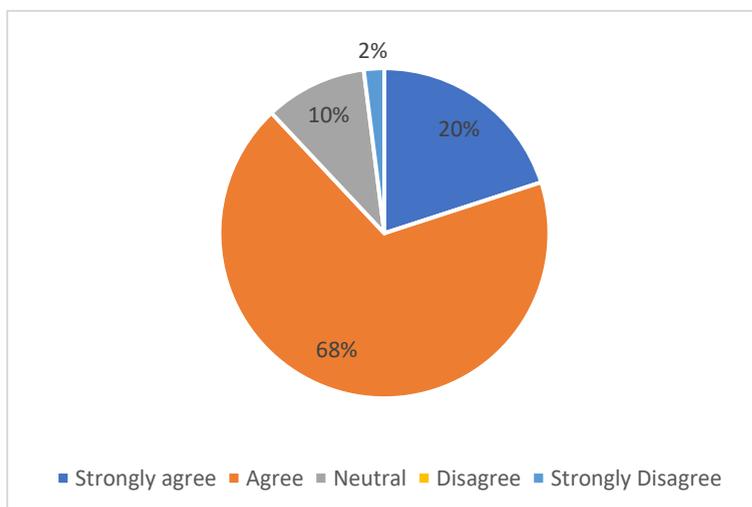
The data shows that DMart’s pricing significantly influences customers’ decisions to shop at the store. Out of 50 respondents, 62% agreed and 20% strongly agreed, resulting in 82% positive responses. This indicates that affordability and value for money are key factors driving customer preference. However, 10% remained neutral, suggesting that other aspects such as product variety, convenience, service quality, or brand availability may also affect decisions. Additionally, 8% disagreed, though there were no strong disagreements. Overall, the findings confirm that consistent and affordable pricing strongly shapes customer perception and reinforces DMart’s image as a cost-effective retail destination.

4. Pricing as a Primary Reason for Choosing DMart Over Competitors



The data shows that pricing is a major reason customers choose DMart over other retail stores. Among 50 respondents, 52% strongly agreed and 36% agreed, resulting in 88% positive responses. This clearly indicates that competitive and affordable pricing is the dominant factor influencing store selection. While 10% remained neutral, suggesting that factors such as product range, location, or service quality may also matter, only 2% disagreed and none strongly disagreed. Overall, DMart has successfully positioned itself as a low-price retailer. Pricing acts as a key differentiator, strongly shaping customer preference and supporting long-term attraction and retention.

5. Customer Perception of Value for Money at DMart



Interpretation:

The data shows that most respondents believe DMart offers good value for money. Out of 50 respondents, 68% agreed and 20% strongly agreed, giving 88% positive responses. This indicates that customers perceive DMart's pricing as fair, reasonable, and beneficial compared to the quality and quantity of products provided. While 10% remained neutral, suggesting mixed opinions based on specific products, only 2% strongly disagreed and none disagreed. Overall, the findings highlight that DMart has built a strong value-for-money image. Customers show confidence in its pricing strategy and feel satisfied with the benefits received for their spending.

FINDINGS:

The study provides valuable insights into the impact of pricing strategy on purchase decisions among DMart customers. Based on percentage analysis of responses from 50 participants, pricing emerged as the most influential factor shaping buying behaviour. A majority of respondents agreed that affordable pricing strongly motivates them to shop at DMart, indicating that customers are highly price-sensitive, particularly when purchasing daily-use and household products.

The findings reveal that DMart's consistent low-price strategy significantly influences store preference. Most customers prefer DMart over competing retail stores because of its reputation for offering value for money. Pricing was widely perceived as fair, reasonable, and transparent, which enhances customer trust and satisfaction. Very few respondents expressed dissatisfaction, suggesting strong acceptance of DMart's pricing approach.

The study also shows that lower prices encourage bulk purchasing, especially for groceries and essential items, leading to higher purchase volumes per visit. In addition, pricing plays a crucial role in influencing repeat purchase behaviour, contributing to customer loyalty and long-term patronage. Customers generally do not associate low prices with poor quality; instead, they perceive DMart as offering good quality products at affordable prices.

Overall, the findings confirm that pricing is the dominant determinant of store choice, purchase quantity, and repeat visits, strengthening DMart's competitive advantage in the organized retail sector.

RECOMMENDATIONS:

Based on the findings of the study, several practical recommendations are suggested to enhance customer satisfaction, improve purchase frequency, and strengthen long-term loyalty at DMart. These recommendations aim to support effective pricing management and sustain competitive advantage in the organized retail sector.

First, DMart should continue to maintain its consistent low-price strategy, as customers strongly associate the brand with affordability and value for money. Pricing stability builds trust, reduces uncertainty, and minimizes the need for customers to compare prices with competitors. Maintaining transparency in pricing policies will further reinforce customer confidence and strengthen the store's low-price positioning.

Second, DMart should focus on clearer communication of savings. Although customers already perceive prices as affordable, displaying comparative price information through shelf labels, digital boards, or promotional signage can enhance perceived value. Highlighting savings on frequently purchased items may encourage

higher purchase volumes and bulk buying behaviour.

Third, category-specific pricing strategies can be implemented to improve overall customer experience. Essential items such as groceries and household products should consistently remain competitively priced, while selective promotional offers can be introduced in non-essential categories to increase sales without affecting the everyday low-price image.

Fourth, DMart can introduce pricing-based loyalty initiatives, such as reward points, personalized offers, or cumulative savings messages, to strengthen repeat purchase behaviour.

Finally, periodic customer feedback on pricing perceptions and continuous communication regarding quality assurance will help maintain trust, support data-driven decisions, and ensure sustainable growth in a competitive retail environment.

CONCLUSION:

The study examined the impact of pricing strategy on purchase decisions among DMart customers, focusing on price perception, value for money, fairness, and consistency. Based on responses from 50 participants, pricing emerged as the most influential factor shaping customer buying behaviour. Most respondents agreed that affordable and consistent pricing motivates them to shop at DMart, confirming high price sensitivity, especially for daily-use products.

The findings show that DMart's low-price positioning strengthens store preference, customer satisfaction, and repeat purchases. Customers perceive the pricing as fair, transparent, and offering good value without compromising quality. Lower prices also encourage bulk buying and increase purchase volume per visit. Additionally, customers prefer consistent pricing over temporary promotional offers, highlighting the effectiveness of the everyday low pricing strategy.

Overall, the study concludes that maintaining transparent, affordable, and stable pricing policies is essential for sustaining customer loyalty and competitive advantage in the organized retail sector.

Declaration of Conflicting Interests

The authors declare no potential conflicts of interest with respect to the research, authorship and publication of this article.

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