



Price sensitivity affected by age sensitivity

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ABSTRACT

This Study shows how Price Sensitivity Is Influenced By Age Sensitivity. This is a detailed explanation of Price sensitivity and Age sensitivity. This shows how age and price are proportional in nature and how age of a person impacts the price of something. The interpretation of two major things which is price and age has been shown in this report. The major aim of the report is to show how people of different age show interest in price of a product they want to buy. In customers demographic, this is a very important factor and in this report we tend to show this major part.

INTRODUCTION

What do you mean by Price Sensitivity?

Price sensitivity can basically be defined as the extent to which demand changes when the price of a product or service changes. The price sensitivity of a product varies with the relative level of importance consumers place on price compared to other purchasing criteria.

What do you understand about price sensitivity?

Price sensitivity can principally be defined as the extent to which demand changes when the price of a product or service changes. This totally depends on person to person as some people prefer quality over price which makes this less sensitive towards this while others who look at price over demand or quality of a particular product are majorly sensitive towards this. For example, there are people who look for a certain brand, lets say Apple. These people don't see the price as they are familiar with the quality of the product while some people see the price

first before buying the product. These people see the price and then decide if they really will buy it or not. Price sensitivity varies from person to person, or from one consumer to the coming. Some people don't mind paying a hefty price while some do not buy a product due to its hefty price.

What is Age Sensitivity?

As people get old, their thought process about everything changes. Accordingly their decision making about how they proceed with changes as well and there have been several instances where this has been studied. Let's take the example of health care, a young person wouldn't want to spend as much as an older person would want to spend on it. Several tests have been performed with a large quantity of samples and the results varied according to their age groups.

2. REVIEW OF LITERATURE

TOPIC 01: The moderating effects of ethical concern and price sensitivity

Kyung Hee Lee, Mark A. Bonn, Meehee Cho (2015)

In order to better understand consumer behavior in relation to the rapidly increasing demand for this special product, this study applies the Theory of Planned Behavior (TPB) approach to investigate consumer choice motives for purchasing and how those are influenced by various levels of ethical concern and price sensitivity. The findings showed that factors influencing purchase attitudes and subjective norms were health and environmental preservation. It was discovered that environmental protection predicted observed behavioral control. Purchase intention was considerably correlated with TPB antecedents. Price sensitivity and ethical concern were found to have major moderating effects on buying decisions.

TOPIC 02: price sensitivity among middle- and high-school students: evidence from monitoring the future.

Michael F Pesko, Jidong Huang, Lloyd D. Johnston, Frank (2017)

We calculated that a 10% rise in e-cigarette disposable prices is connected to a 9.7% decrease in the number of days that e-cigarette users vape, according to a model with market fixed effects. However, cigarette costs were a statistically significant favourable predictor of overall e-cigarette use in a model without market fixed effects. Higher e-cigarette throwaway costs appear to be linked to decreased teen e-cigarette use in the US.

TOPIC 03: Price sensitivity versus ethical consumption: a study of Millennial utilitarian consumer behavior

Andrée Marie López-Fernández (2020)

Although there isn't much agreement on the generation's behavior, millennial consumers have been linked to a preference for high-tech, environmentally friendly, and socially conscious goods. They have also been known to be quick spenders who lean towards hedonistic consumption. The primary goal of the empirical study was to examine Millennial utilitarian consumer behaviour in

relation to their level of price sensitivity, ethical consumption, and desire to buy from a company involved in CSR. (CSR). Results indicate that Millennial consumers favour ethical consumption over price when CSR involvement is disclosed and are less price sensitive in terms of product attribute.

TOPIC 04: Millennials' environmental awareness, price sensitivity and willingness to pay for Green Hotels

Joo-Ee Gan Seo Nuli (2018)

This research examines how willing Malaysian millennials are to pay for eco-friendly accommodations. The exploratory study aimed to assess the respondents' level of environmental consciousness and price sensitivity through a survey with millennials as the target market group. The results indicate that respondents' willingness to pay for green hotels was significantly influenced by their level of environmental consciousness. In addition, many respondents were unsure of whether the hotels they had remained in were green hotels and could not tell one from the other. Furthermore, Malaysian millennials' price awareness was a key factor in their decision to buy a green hotel.

TOPIC 05: BRAND LOYALTY, BRAND TRUST, PEER INFLUENCE AND PRICE SENSITIVITY AS INFLUENCERS IN STUDENT COMPUTER PURCHASE

Sambath Kauv Karen A. Blotnicky (2020)

According to theories, peer influence and price play significant roles in influencing purchasing choices. Another important aspect to take into account when analysing consumer behaviour is brand confidence. In order to determine how peer impact, price sensitivity, brand trust, and brand loyalty influenced university students' choice of computer brand, this empirical study tried nine hypotheses. The findings showed that students' decisions to purchase a more expensive and high-end computer brand were influenced by peers' brand preferences as well as brand confidence and loyalty. Peer influence and company trust were detrimental influences on price sensitivity.

TOPIC 06: How to influence price sensitivity triggering consumers' behavioural beliefs.

Anett Erdmann, José Manuel Mas , Mercedes de Obesso (2023)

The market is flooded with innovative goods as a result of the adoption of new technologies. Are these goods viewed as costly or inexpensive? What factors decide the price range that consumers accept? This study finds behavioural factors that can change critical price thresholds, which alters how consumers perceive the cost of new technological products. Van Westendorp's price sensitivity metre is drawing more attention as a direct value-based pricing technique to pinpoint crucial price limits for emerging technologies. When attempting to understand what alters consumers' acceptable price levels, they depend on justifications from the theory of planned behaviour.

TOPIC 07: Understanding the intention to use mobile shopping applications and its influence on price sensitivity

Thamaraiselvan Natarajan, Senthil Arasu Balasubramanian, Dharun Lingam Kasilingam(2017)
The extended technology acceptance model (TAM) and the theory of innovation diffusion (DOI) are used in this research to analyse participants' intentions to use mobile commerce apps for shopping. An online survey was sent out to verified e-commerce users nationally via email, and a sample of 675 respondents was chosen for structural equation modelling analysis. As moderators for all relationships, gender, experience, and frequency of use of mobile shopping apps were taken into consideration.

TOPIC 08: How Does Local–Global Identity Affect Price Sensitivity? Huachao Gao Yinlong Zhang and Vikas Mittal (2018)

According to the authors, customers who can access their local identity are less likely to be price sensitive due to a mindset of making sacrifices. The authors also identify boundary conditions of the association between a consumer's local identity and price sensitivity. By measuring and manipulating this construct, they show the mediating role of a sacrifice mentality. According to a study, people who identify as local people are less price sensitive to locally made brands. Contrarily, the findings of this study indicate that customers with a local identity exhibit reduced price sensitivity even to goods with ahazy origin.

TOPIC 09: The Increasing Financial Dependency of Young People on their Parents Judy Schneider (2015)

Youth policy literature frequently notes that young people's financial dependence on their parents is growing and that this is likely to have a negative impact on the wellbeing of young people, their families, and society at large. Reduced availability of full-time employment, higher involvement in secondary and postsecondary education, and changes to government income support are all contributing factors to the rise. However, the statistics that have been used to assess how much and for whom financial dependency has grown is fragmented and constrained. This piece measures the rise in young people's financial dependence as a means of addressing this deficit.

3. Statement of Problem

Price Sensitivity being influenced by Age Sensitivity is our focus of study in this paper. Understanding Price sensitivity is a term used to describe an individual difference variable that describes how individual consumers react to changes in price levels.

Customers who are price sensitive are conscious of the price range in which they will buy a particular good or service. Each customer will have a specific price range that they are willing to take, and different customers have different upper and lower bounds for what they consider to be within their price ranges. Customers' opinions of prices and their responses to prices show how price sensitive a market is.

In this essay, we seek to comprehend price sensitivity in relation to customer age, a crucial component of consumer demographics. There are consumer population categories that are important for company goals like marketing and product development. A nearly infinite number of

factors can be used to group customers (and prospective customers); some of the most popular customer demographics for commercial purposes include age, gender, location, education level, life cycle, family income, employment, and hobbies.

The two main variables on which we will concentrate in our research in order to analyze, assess, and draw a conclusion are income level and age in light of the price-sensitive behaviour displayed by the various respondents.

4. Objective

Customers' reactions to spending a particular price for an item are reflected in their price sensitivity. Additionally, consumer reactions to prices are incredibly useful for establishing the firm's offer prices and marketing strategies.

Major areas of the assessment that are addressed in the study:

1. Brand Loyal Consumers : After a certain time, there is a change in the behaviour of a consumer where in he/she always becomes loyal to a certain brand and doesn't look towards other alternatives.
2. Association with the creation : The buyers need to be associated with a particular product in a way that they become less sensitive towards the price. This involvement shows that the buyer is associated with the product. He is into the product and is not worried about the price.
3. Consumer Regularity : The regularity of a consumer cultivates into a habit where in they purchase every new item that is being produced. There can be negative stats on a few papers regarding innovation and price sensitivity.

Scope of the study

1. It can be used to acquire a certain consumer base.
2. It can be used to acquire a crowd of a certain age.
3. Building business pricing strategies.
4. Utilising on marketing in a more unique way.
5. Understanding and utilising the elasticity of demand amongst different agegroups.
6. Helpful in understanding consumer behaviour.

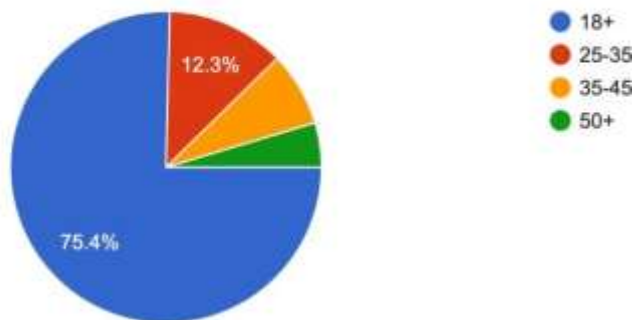
Demerits

Although the study shows how price sensitivity depends on different age groups, it is tried on a very small sample size. The result may not be a 100% accurate. There is a requirement of a very large sample size to get a detailed statistical outcome of the study.

DATA ANALYSIS AND INTERPRETATION

What is your age?

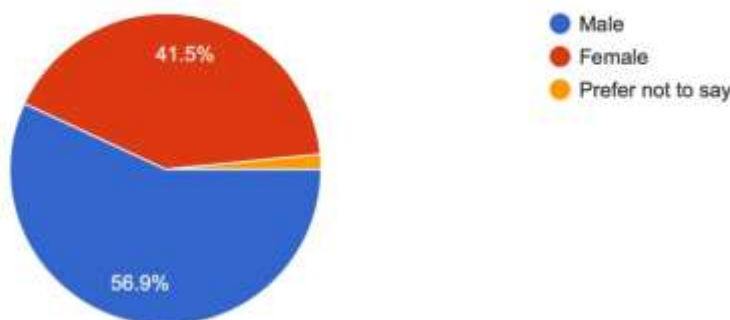
65 responses



The above given pie chart shows that there was a sample of 50+ people out of which 75% were of the age of 18+. 12.3% were of 25-35 and the rest were of the other two age groups.

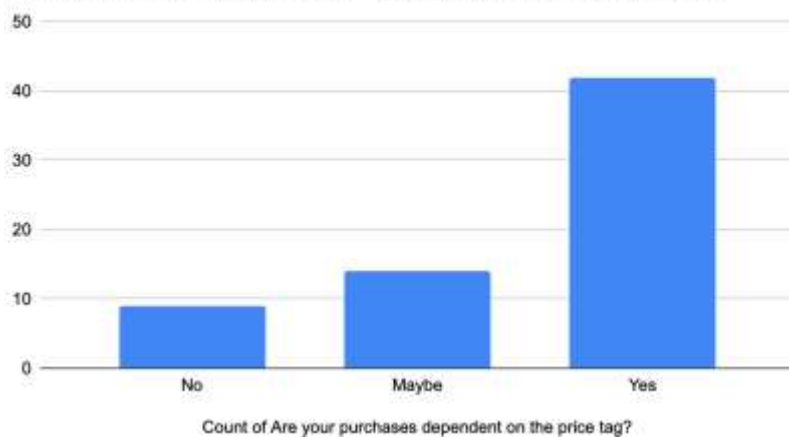
Gender?

65 responses

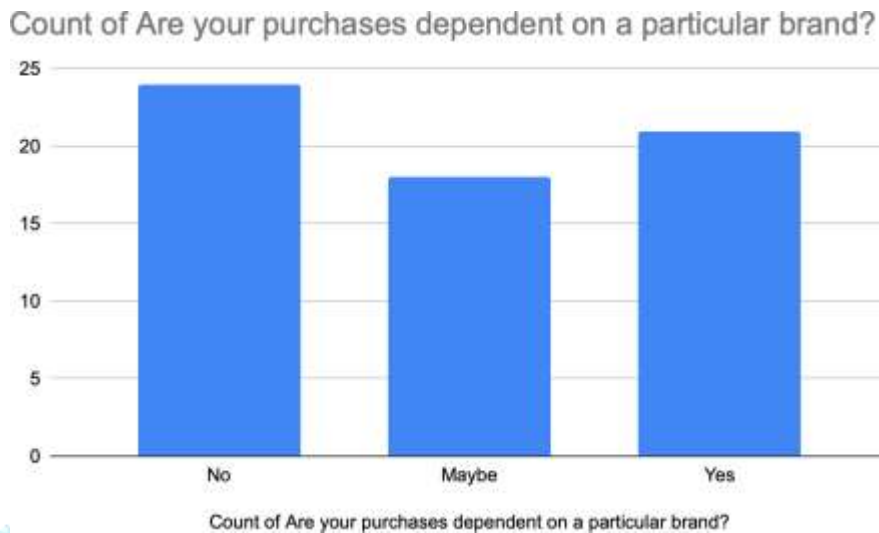


This pie chart shows that 56.9% of the people were men, 41.5% were female and 1.6% of the people preferred not to disclose their gender.

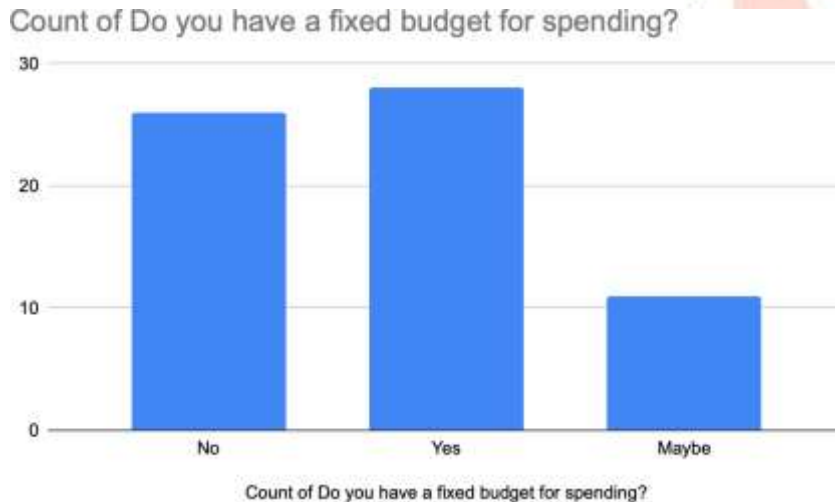
Count of Are your purchases dependent on the price tag?



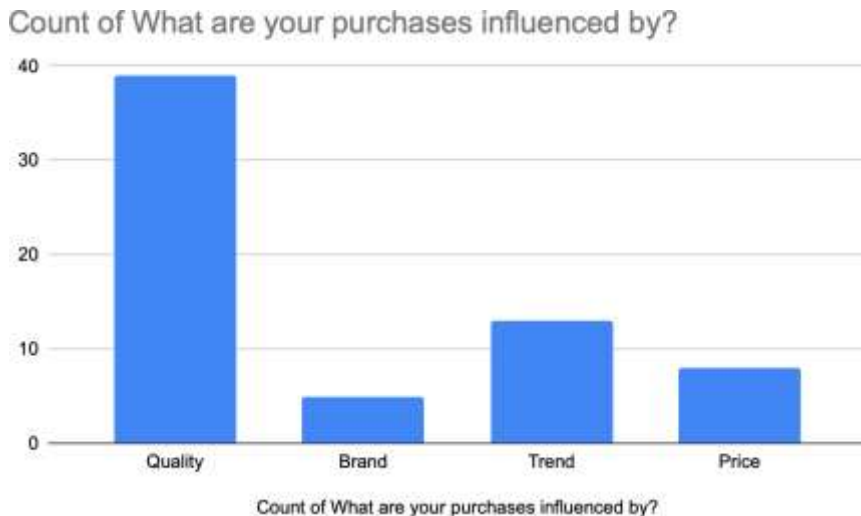
This graph shows that majority of the people see the price tag before making a purchase making this lot combined of 64% of the total responses leaving the second group who are somewhat in the middle with 21.5% agreeing with this option followed by the third group which is of 13.8% who do not see the price tag before making a purchase.



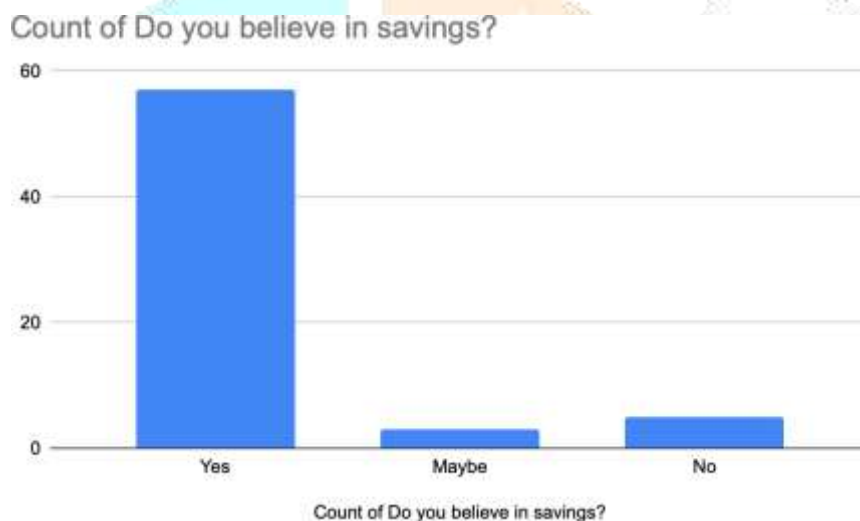
This graph indicates that there are mixed reviews of people when it comes to purchasing a particular brand where 33.3% people want a particular brand. 28.6 people have mixed reviews about it and the rest do not prefer shopping at a particular brand.



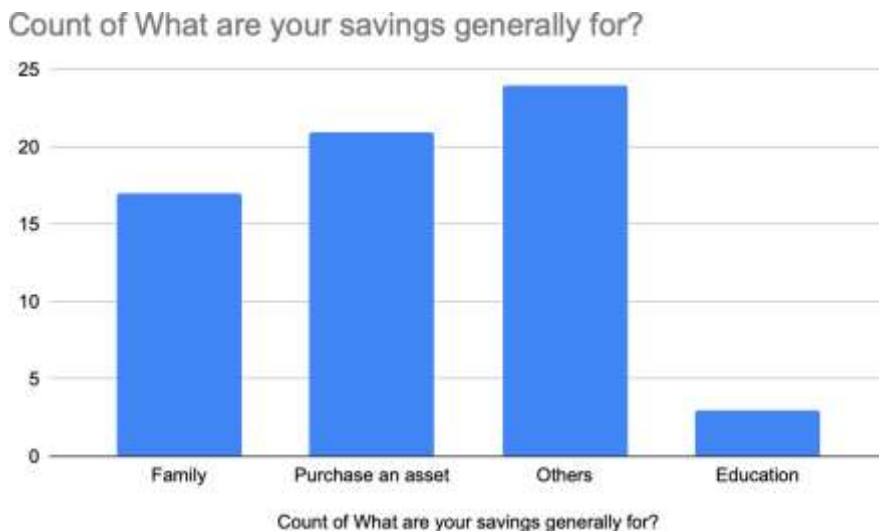
This graph is to accumulate the data of people who have a fixed budget for shopping where in most of the people opt for the 'yes' option stating that they have a fixed budget for shopping followed by a good chunk of people who do not have a budget for shopping and there are a few people who do not have a budget but still spend their money wisely.



This graph shows how almost all the people focus on the quality of the product while the other 10% people focus on the price, brand and trend.

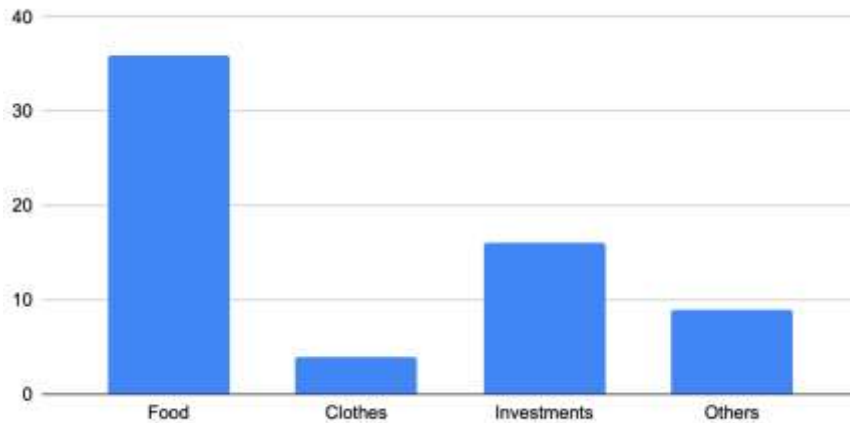


In this graph we see 87% people focus on saving their income while a bunch of people accounting to 13% of them have mixed reviews about savings.



This graph states about why people are saving their money. We see that majority of the people do not want to share about their savings and hence have not disclosed it. 32% of people save to purchase an asset. 22% people save it for their family's future and the rest of them save it for education purpose.

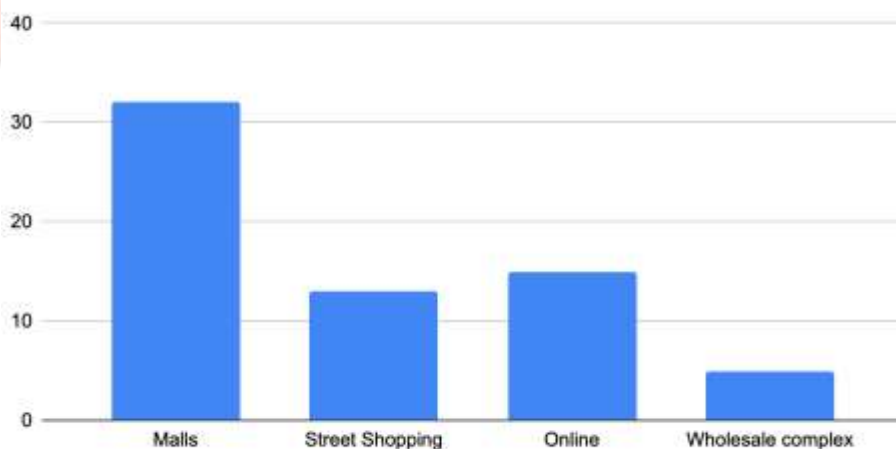
Count of On what do you spend most of your income?



Count of On what do you spend most of your income?

Majority of people's incomes are spent on food which is about 55.4%. The next set of people spend their money for investments which is 24.6%. 13.8% people spend it on other lifestyle activities and the final few spend their income on clothes.

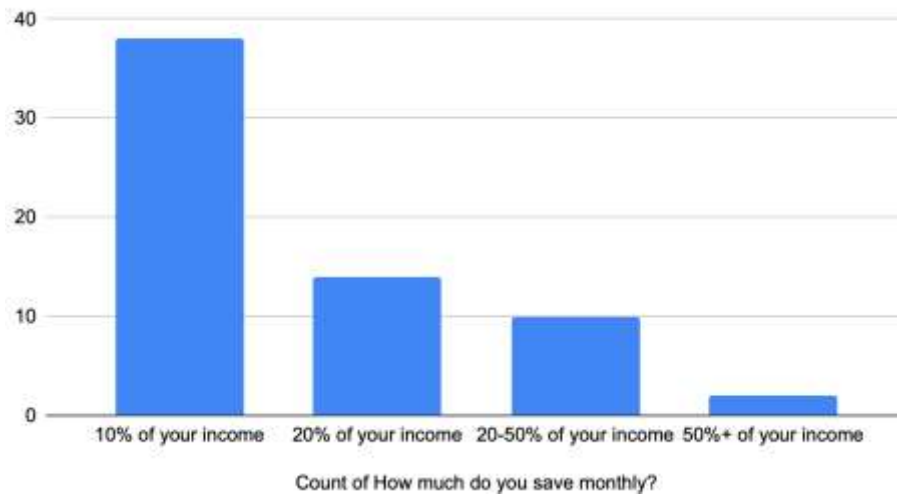
Count of What location do you prefer to shop?



Count of What location do you prefer to shop?

Almost 50% people prefer to make purchases at malls. 20% of people spend their money online. 18% spend money street shopping and 12% go to wholesale shops.

Count of How much do you save monthly?



This graph shows about how much money people save where in most of the people which is about 60% spend 10% of their income followed by 20% of people who save 20% of their income. 15% save around 20-50% of their income and 5% of the people save more than half of their income.

CONCLUSION

From the report and studies done, we see that price sensitivity is affected by age sensitivity. As the age grows, the people have become more intelligent with their money. As they grow up, they tend to make savings for their family, their investments etc. We also see that this generation teenagers are also getting into the art of financials and they do try to save a certain amount. We see that the younger people tend to shop at malls while as the ages progress we see people going towards the wholesale markets. The younger generation is also influenced by their friends and there is a certain peer pressure at that age which leads to spending. As we know about UPI which is the easiest way to make payments and this is very popular amongst the younger generation.

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