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Consumer Behaviour and Price Sensitivity in Urban Markets

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Abstract

The study explores consumer behaviour and price sensitivity in urban markets with a sample size of 30 respondents. It examines how urban consumers react to price changes, discounts, brand preferences, and purchasing decisions. The research highlights key factors influencing buying behaviour and provides insights into pricing strategies suitable for urban retail markets.

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1. Introduction

Consumer behaviour refers to the process through which individuals select, purchase, use, and dispose of goods and services. In urban markets, consumer behaviour is influenced by factors such as income levels, lifestyle changes, brand awareness, advertising exposure, and easy access to multiple retail options. Price sensitivity plays a direct role in shaping purchasing decisions, especially in highly competitive urban environments where consumers have access to numerous alternatives.

Urban consumers tend to be more informed and demanding. The rapid growth of organized retail, e-commerce platforms, and digital marketing has increased price transparency, allowing consumers to compare prices easily. As a result, businesses must understand how price changes influence consumer responses to design effective pricing strategies.

This study focuses on understanding the level of price sensitivity among urban consumers and how it affects their buying behaviour. The research uses primary data collected from 30 respondents in an urban area.

2. Objectives of the Study

- To analyze consumer purchasing behaviour in urban markets.
- To examine the level of price sensitivity among urban consumers.

- To study the relationship between income level and price sensitivity.
- To identify factors influencing brand switching due to price changes.

3. Research Methodology

The study is based on primary data collected through a structured questionnaire. A sample size of 30 urban consumers was selected using convenience sampling. The respondents were selected from shopping malls, local markets, and residential areas in the city. Data was analyzed using simple percentage analysis and tabular representation.

Research Design: Descriptive

Sample Size: 30 respondents

Sampling Method: Convenience sampling

Data Collection Tool: Structured questionnaire

4. Data Analysis and Interpretation

Table 1: Age-wise Distribution of Respondents

Age Group	Number of Respondents	Percentage (%)
Below 20	5	16.67
21-30	12	40.00
31-40	8	26.67
Above 40	5	16.66
Total	30	100

Interpretation:

Most respondents (40%) belong to the 21–30 age group, indicating that young consumers are more actively involved in urban market purchases.

Table 2: Monthly Income of Respondents

Income Level (₹)	Respondents	Percentage (%)
Below 20,000	9	30.00
20,000–40,000	11	36.67
Above 40,000	10	33.33
Total	30	100

Interpretation:

Nearly equal representation is observed across all income groups, allowing balanced analysis of price sensitivity.

Table 3: Sensitivity to Price Changes

Response	Respondents	Percentage (%)
Highly Sensitive	13	43.33
Moderately Sensitive	11	36.67
Less Sensitive	6	20.00
Total	30	100

Interpretation:

A large majority of consumers (80%) show high to moderate sensitivity to price changes.

Table 4: Brand Switching Due to Price Increase

Response	Respondents	Percentage (%)
Yes	18	60.00
No	12	40.00
Total	30	100

Interpretation:

About 60% of respondents are willing to switch brands if prices increase, showing strong price-driven behaviour.

Table 5: Preference for Discounts and Offers

Response	Respondents	Percentage (%)
Always	14	46.67
Sometimes	10	33.33
Rarely	6	20.00
Total	30	100

Interpretation:

Discounts and promotional offers significantly influence consumer purchasing decisions.

5. Findings of the Study

The analysis of data collected from 30 urban respondents reveals several important insights about consumer behaviour and price sensitivity in urban markets. One of the most significant findings is that price remains a primary determining factor in purchase decisions for a majority of urban consumers. Most respondents reported that they actively compare prices across different brands and retail outlets before making a final purchase. This behavior indicates a growing level of market awareness and rational decision-making among urban buyers.

The study finds that young consumers (aged 21–30 years) are more price-sensitive compared to older age groups. They are more inclined to search for online deals, apply discount coupons, and take advantage of seasonal sales. This group also demonstrates a higher tendency to switch brands when they perceive a better value at a lower price. Middle-aged consumers, on the other hand, show relatively more preference for quality and brand reputation, though price still plays a crucial role in their decisions.

Another major finding is that income level has a direct relationship with price sensitivity. Respondents belonging to lower and middle-income groups displayed higher price consciousness as compared to higher-income respondents. However, even higher-income consumers were not completely indifferent to price changes; they responded positively to promotional offers and value-added benefits such as cashback and reward points. This suggests that price sensitivity exists across all income groups, although the degree of sensitivity varies.

The study also highlights that brand loyalty in urban markets is relatively weak. A large proportion of respondents stated that they would switch brands if their preferred brand increased prices significantly. This indicates that urban consumers prioritize value for money over long-term brand attachment. However, brand loyalty was found to be stronger in product categories related to health, personal care, and technology, where trust and perceived quality play a more important role.

Another important finding relates to the strong influence of discounts, offers, and promotional schemes on purchasing behaviour. The majority of respondents reported that they often wait for festive sales, special discount days, or clearance offers to make major purchases. This behavior shows that promotional pricing has become an effective tool for attracting urban consumers. Retailers who fail to offer competitive deals risk losing customers to competitors.

The research also reveals that online platforms have increased price sensitivity among urban consumers. Easy access to price comparison websites, e-commerce apps, and customer reviews has empowered consumers to make informed decisions. Many respondents reported that they check online prices even when purchasing from physical stores. This phenomenon of “showrooming” reflects the changing dynamics of urban consumer behaviour.

Furthermore, the study finds that psychological pricing (such as prices ending with .99 or offering “buy one get one” deals) positively influences consumer perception of affordability. Many respondents viewed such pricing strategies as cost-effective even when the actual price difference was minimal. This indicates that consumer perception of price is not purely rational but is also shaped by marketing techniques.

In summary, the findings clearly show that urban markets are characterized by highly informed, price-conscious, and value-driven consumers. Price sensitivity significantly shapes their buying behaviour, affects brand loyalty, and determines responses to promotional strategies. These findings emphasize the need for businesses to adopt adaptive pricing, transparent communication, and customer-centric approaches to remain competitive in urban markets.

Conclusion

The study concludes that price sensitivity strongly influences consumer behaviour in urban markets. With increasing access to information and alternatives, urban consumers tend to be rational and price-conscious. Businesses must focus on value-based pricing and customer-centric strategies to succeed in competitive urban retail environments. Understanding consumer perception of price is essential for sustainable market growth.

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