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Taurean

Perceived Value or Pricing Illusion? Examining the Impact of Charm Pricing on Consumer Decision-Making and Sales Outcomes

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Charm pricing, the practice of setting prices slightly below round numbers (e.g., Rs. 999 instead of Rs. 1000), is widely used in marketing due to its psychological impact on consumers. Its widespread use across various industries indicate practical effectiveness but the underlying question remains prominent till date, i.e., whether the perceived pricing generates authentic value or merely exploits cognitive bias. This study critically examines the impact of psychological pricing on consumers' decision-making and the sales outcome, with the aim of developing a clear and evidence-supported understanding of this broadly practiced phenomenon. Primary data was collected from structured questionnaire, followed by usage of statistical tools or techniques such as mean, median and others on the basis of the data acquired from the above sources, to examine the relationship between pricing strategy and consumer behaviour. The findings indicate that perceived price generally increases purchasing intention and volume in customers. However, this paper argues that charm pricing cannot be treated as one-size-fits-all-solution. The effectiveness is highly questionable across product categories, brand positioning and customer segments. Taking example of premium products, round-number is often associated with high quality and trust. The study concludes by offering a practical framework that psychological pricing must be implemented strategically and contextually offering insights that are relevant both to academic inquiry and real-world practices.

Keywords: Charm Pricing, Consumer Behaviour, Behavioural Economics, Perceived Value, Purchase Intention, Pricing Strategy, Sales Performance, Brand positioning.

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