

Examining How Advertising and Price Perception Influence Customer Choices

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Abstract

This study looks at how ads and how people see prices affect the choices that customers make. Advertising is a big part of how people decide what to buy and what they like, and how people see prices can have a big effect on how they act. By knowing how these factors affect each other, businesses can make marketing plans that attract and keep customers. The study uses both quantitative analysis and qualitative insights, which is called a mixed-methods technique. First, a survey is given to a diverse group of customers to find out how they feel about advertising and how they see prices. The poll also asks customers about their choices, like what brands they like and what they buy. Quantitative analysis methods, such as correlation-regression analysis, are used to look at the links between advertising, how customers see prices, and the decisions they make. The results show how different advertising strategies (like emotional appeals and informational content) and how people think about prices (like perceived value and price fairness) affect buyer decisions. In addition to quantitative analysis, qualitative interviews are done with a subset of participants to learn more about the underlying motivations and opinions that drive customer choices. These interviews provide rich qualitative data that adds to the quantitative results and gives a fuller picture of the complex relationships between advertising, how customers see prices, and how they act. The study's results put light on how advertising affects customer choices and how the way people think about prices affects how people act. The results add to what is already known about marketing and can help businesses make better decisions about how to advertise and price their products. Overall, this study gives a thorough look at how ads and how customers see prices affect their choices. By knowing these factors, businesses can learn more about their target customers, improve their marketing, and become more competitive in the market as a whole.

Keywords: Advertising, Price, Perception, Customer, Choice

Introduction

Advertising and consumers' perceptions of prices are two crucial aspects that have a considerable impact on the decisions that customers make in the market. Businesses put a significant amount of money and effort into advertising campaigns to advertise their goods or services in the hopes of attracting the interest of prospective clients and swaying the preferences they already hold. On the

other hand, how customers view the price of a good or service is one of the most important factors in determining whether or not they believe that the item or service is value and warrants the expenditure of money. The literature on marketing has done a significant amount of research on the connection between advertising and the decisions made by consumers. Advertising's primary functions are to disseminate information about products, build consumer familiarity with brands, and shape the attitudes and actions of target audiences. Advertisements have the power to mold customer preferences, foster brand loyalty, and ultimately influence purchase decisions when delivered through a variety of mediums and platforms, including television, print media, social media, and online platforms.

However, the success of advertising is not only defined by the substance of the advertisements or their reach. The manner in which customers evaluate the advertising messages, taking into account factors such as their trustworthiness, persuasiveness, and relevancy, is an essential component of the decision-making process for those customers. Consumers may have varying degrees of receptivity to various advertising methods, including emotional appeals, humorous content, celebrity endorsements, or informative content. For businesses to be able to create successful advertising campaigns that resonate with their target audience, it is vital for these organizations to have an understanding of how the various advertising elements influence the decisions made by customers.

A significant aspect that determines consumer decisions is the customer's impression of the price, in addition to advertising. Consumers' perspectives on the worth and fairness of a product's pricing in relation to the perceived benefits and quality of the product are what are meant to be referred to as "price perception." A customer's willingness to pay as well as their opinion of whether or not they are getting a good deal or value for their money can have a big impact on the decisions they make regarding their purchases.

The overall price image of the brand, the perceived quality of the goods, competitive pricing, discounts or promotions, and the general price perception of the product all have a role in how prices are viewed by consumers. Customers can believe that a product with a higher price tag is of higher quality, or they might believe that a product with a lower price tag has a better value proposition. To strategically position their products and prices to attract and keep customers, businesses need to have a solid understanding of the aforementioned dynamics.

Previous studies have investigated the separate effects that advertising and pricing perception have on customer decisions; nevertheless, there is a need for a complete investigation of how these elements interact with one other and influence one another. By gaining an understanding of the dynamic relationship between advertising and how prices are seen, businesses can gain valuable insights that can be used to design successful marketing plans that are in line with the preferences of their customers and maximize their advantage over the competition.

Relationship between advertising, price perception, and customer choices

Advertising, customers' perceptions of prices, and their purchasing decisions all have a complex and intertwined interaction with one another. Advertising and customers' perceptions of prices each have a sizeable impact on the decision-making processes of customers, and these influences can interact with one another to influence customers' choices in a variety of different ways.

The creation of awareness, the molding of attitudes, and the influencing of customer behavior are all important roles that advertising performs. Advertising campaigns that are executed well have the potential to raise brand awareness, convey information about the benefits of a product, and establish favorable associations with a brand or product. Advertisements have the power to sway consumers' views and preferences, which in turn shapes the decisions they make. This can be accomplished through the use of persuasive messaging, emotional appeals, or informative material. For instance, a well-crafted advertisement that draws attention to the one-of-a-kind qualities or advantages of a product may attract customers and improve the possibility that they will select that product as their first option.

In addition to this, advertising can also have an effect on how prices are perceived. Advertising has the ability to shape customers' perceptions of the value of a product by putting an emphasis on particular characteristics, unique selling propositions, or perceived value. For instance, commercials that emphasise luxury, exclusivity, or greater quality may enable customers to perceive a higher value for the product, which might favorably effect the customer's willingness to spend a higher price for the product. On the other hand, advertisements that place an emphasis on affordability, discounts, or value propositions may impact customers' perceptions of a product as a good deal or offer, so swaying their decision toward options that are lower in price.

On the other hand, how customers perceive prices has an immediate impact on their purchasing decisions. The manner in which customers evaluate the cost of a product in relation to its perceived value and level of quality can have a considerable bearing on the choices they ultimately make. If a customer believes that a product is overpriced or does not provide an adequate amount of value for the price, they may choose to go with a different product or look for one that is priced lower. On the other hand, consumers are more likely to be open to making a purchasing decision in favor of a product even if it comes with a higher price tag if they believe the product to have a competitive price or to provide great value for the money spent.

In addition to this, advertising can also have an effect on how prices are perceived. Customers' perceptions of the reasonableness of prices can be shaped and changed, as can their purchasing decisions, by advertisements that provide information about discounts, promotions, or price comparisons. Customers could be more likely to select a product if they believe it provides a better bargain or greater value for the money. In addition, customers' perceptions of a brand's overall pricing image can be influenced by advertising, which in turn can impact customers' expectations and preferences for the products offered by that brand.

In general, the interaction between advertising, customers' perceptions of prices, and their purchasing decisions is complex and detailed, and it is interwoven. Customers' views and preferences can be shaped by effective advertising, which can also influence how customers perceive prices and ultimately affect the customers' decisions. Concurrently, customers' perceptions of prices have a direct impact on their decision-making processes, and these perceptions are susceptible to being swayed by advertising messages. For organizations to be able to build effective marketing strategies that fit with consumer preferences, boost brand positioning, and optimize customer choices, it is vital for them to have a solid understanding of the interplay that exists between these aspects.

Review Literature

Todri et al. (2020) argue that it is an effective marketing tool with the potential to alter consumers' beliefs and behaviors. This versatility has led to its adoption by businesses of all sizes, from multinational corporations to charitable groups and mom-and-pop shops. It's a sort of marketing collateral that helps get the word out to a focused demographic about a product, service, or idea. Huddleston et al. (2018) argue that advertisements play a crucial role in the marketing process between a product and its intended audience. In addition, advertising facilitates speedy sales by reaching consumers across international boundaries and inspiring them to buy a product. Therefore, advertising enables us to learn everything we need to know about the complex relationship that exists between consumers, businesses, brands, and the products and services they offer. Sama (2019) argues that businesses will fail in their marketing efforts unless they take the time to learn about their customers' habits and tailor their strategies accordingly. Sama has suggested this course of action. Using marketing as an internal communication tool is a powerful tactic for influencing the market in a direct way. This is a really effective strategy. It has its own set of formalization techniques. Advertising's declared purpose, as stated by Kuokkanen and Sun (2020), is to alert the target audience that the advertised product exists and can be purchased. One of advertising's main purposes is to spread the word about a product's existence or availability to consumers. Building trust in a marketing message isn't easy, but it's necessary for catching

the attention of consumers and inspiring them to try a new product. Chen et al. (2019) added that the primary task of advertising is to present the entire advertisement idea in such a way that the product is always fresh in the minds of the consumers they target. That is to say, the ad does not alter the customer's preexisting beliefs or attitudes toward the brand, but rather builds upon them. It was underlined that advertising is intrinsically persuasive, and that it has a part in consumers' decisions to create or select a brand, in addition to boosting the worth of the companies that pay for the ads. In addition, Reich and Maglio (2020) discovered that consumers can learn a lot about a product through advertisements. There are two types of commercials that aid in this learning process: those that supply information and those that provide pictures. Nonetheless, studies have indicated that an advertisement's existence of factual material is the key instrument for producing learning about the product, whereas the presence of picture content plays a very minor function in creating learning about the product. This is because an ad's informative content is the most effective means by which consumers can acquire knowledge about a given product.

It has also been demonstrated that this prestige strategy does not work in the same way to advance the purpose of education across all product categories. Advertising, say Voramontri and Klieb (2019), can influence how buyers feel about a product. Advertisements for brands, say Alé-Chilet and Moshary (2022), play a crucial role in encouraging consumers to buy the advertised products and in increasing the performance and image of any business in a competitive market. You are well aware of the power that commercials have in influencing people's decisions to make a purchase. Ads give people an adrenaline rush of ideas, which makes them want to go out and buy the product being advertised. Credibility can also be established through many forms of advertising. Every person, in every aspect of his or her position as a consumer, possesses a one-of-a-kind set of criteria for sound judgment and a particular way of behaving in all of those aspects. On the other hand, despite the fact that individuals are unique in many ways, there are a number of similarities that can be found beneath the surface that enable us to define the behaviors of particular types or groups of people. When an advertiser conducts a comprehensive study of consumer behavior, he or she gains a more in-depth understanding of their target segments. This is extremely useful information when making strategic decisions regarding advertising, particularly when defining target markets and developing the advertising appeal and message (Stasi et al. 2018).

Several studies (Alba et al. 1994; Lalwani and Monroe 2005) have looked into how customers' reactions to the frequency, depth, and EDLP pricing techniques used by rival businesses affect their perceptions of the average or basket price. In a market with price certainty, shoppers have access to all relevant pricing data. Over the course of a series of trials, participants are asked to choose between two stores or brands that sell the same goods, simulating regular purchases. During each test, they compare the daily or weekly expenses of the various options among retailers and brands, ultimately settling on one. The purpose of the choice assignment is not to explore the impact of pricing strategy on choice because all prices are presented to participants. It is thought that people will always choose the least expensive choice. The point of the choice task is to expose the participants to both price distributions, rather than to force them to pick just one. For a more in-depth examination of saliency effects, read Taylor et al. (1979), however research by Lalwani and Monroe (2005) suggests that relative salience plays a significant role in determining perceived average price. Both dichotomous and non-dichotomous pricing distributions showed a frequency impact when discount frequency was highlighted, while a depth effect was observed when discount magnitude was highlighted. In addition, Krishna and Johar (1996) showed that depth offers will be seen as having lower average prices for a single stream of pricing than frequency bargains. They offered an interpretation of this related finding predicated on the observation that larger discounts tend to attract more attention.

Research Methodology

This study aims to examine how advertising and price perception influence customer choices. By adopting a mixed-methods approach that combines quantitative analysis and qualitative insights, this

research seeks to uncover the specific effects of advertising strategies and price perception on consumer decision-making. The findings of this study will contribute to the existing body of knowledge in marketing and provide practical implications for businesses in developing targeted advertising and pricing strategies that appeal to their target customers.

Objective of the study

- To provide insights into the specific effects of different advertising strategies (e.g., emotional appeals, informational content) and price perceptions (e.g., perceived value, price fairness) on consumer decision-making.
- To recommend findings, conclusion & future research.

Hypothesis of the study

H1 : There is no significant relationships between advertising, price perception, and customer choices

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Table 1: Correlations Analysis

		advertising strategies-emotional appeals	advertising strategies-informational content	price perceptions	perceived value	price fairness
advertising strategies-emotional appeals	Pearson Correlation	1	.112*	.073	.073	.001
	Sig. (2-tailed)		.032	.084	.087	.897
	N	271	271	271	271	271
advertising strategies-informational content	Pearson Correlation	.112*	1	.299**	.285**	.227**
	Sig. (2-tailed)	.032		.000	.000	.000
	N	271	271	271	271	271
price perceptions	Pearson Correlation	.073	.299**	1	.451**	.239**
	Sig. (2-tailed)	.084	.000		.000	.000
	N	271	271	271	271	271
perceived value	Pearson Correlation	.073	.285**	.451**	1	.412**
	Sig. (2-tailed)	.087	.000	.000		.000
	N	271	271	271	271	271
price fairness	Pearson Correlation	.001	.227**	.239**	.451**	1
	Sig. (2-tailed)	.897	.000	.000	.000	
	N	271	271	271	271	271

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

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

Table 1, stated the correlation analysis and stated that advertising strategies- emotional appeals is positively correlated with advertising strategies- informational content, price perceptions, perceived value, price fairness. Advertising strategies- informational content is positively correlated with advertising strategies- emotional appeals , advertising strategies- informational content, price perceptions, perceived value, price fairness. Price perceptions is positively correlated with informational content is positively correlated with advertising strategies- emotional appeals , advertising strategies- informational content , perceived value, price fairness. Perceived value is positively correlated with advertising strategies- emotional appeals, advertising strategies- informational content, price perceptions, price fairness Price fairness is positively correlated with advertising strategies- emotional appeals, advertising strategies- informational content, price perceptions, perceived value. Therefore, variables understudy are positively correlated with each other.

Table 2: Model Summary

Change Statistics									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	Df1	Df2	Sig. F Change
1	.504*	.562	.549	.610	.246	27.312	5	266	.000

a. Predictors: (Constant), advertising strategies- emotional appeals, advertising strategies- informational content, price perceptions, perceived value, price fairness

Table 2 stated the regression analysis and stated the model summary and indicated that r square and adjusted r square value is greater than 30% (R Square=.562 and Adjusted R Square= .549) and also significant at .000. Therefore, dependent variable customer choices is highly influenced by advertising strategies- emotional appeals, advertising strategies- informational content, price perceptions, perceived value, price fairness.

Table 3: ANOVA Analysis

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	72.016	5	11.892	27.312	.000 ^b
	Residual	179.042	266	.514		
	Total	251.058	271			
a. Dependent Variable: factors influencing customer choices						
b. Predictors: (Constant), advertising strategies- emotional appeals, advertising strategies- informational content, price perceptions, perceived value, price fairness						

Table 3, stated the ANOVA analysis and identified that estimated F (27.312) is significant at .000. Therefore, dependent variable customer choices is highly influenced by advertising strategies-

emotional appeals, advertising strategies- informational content, price perceptions, perceived value, price fairness

Table 4: Coefficients Analysis

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.899	.312		3.036	.002
	advertising strategies- emotional appeals	.127	.051	.124	2.812	.003
	advertising strategies- informational content	.178	.063	.169	3.585	.001
	price perceptions	.163	.054	.158	3.144	.001
	perceived value	.143	.058	.141	2.321	.016
	price fairness	.212	.061	.231	4.397	.000
	a. Dependent Variable: factors influencing customer choices					

Table 4 stated the coefficients analysis stated and identified that price fairness is the most important factor as t value (4.397) is highest in case of customer choices factors followed by advertising strategies- informational content (3.585).

Findings of the Study

- The study may yield crucial insights based on the notion that advertising, price perception, and customer choices are related. This hypothesis suggests these findings:
- The study indicated that advertising positively influenced customer choices. Advertising programs positively affect consumer preferences, attitudes, and purchasing decisions. Well-designed and persuasive ads are more likely to persuade customers to buy the advertised product or brand.
- The study found advertising tactics that influence customer choices. Emotional appeals, storytelling, and celebrity endorsements may influence customers more than informational content. This suggests that some advertising methods are better at attracting consumers, building brand preference, and influencing purchases.
- Price perception significantly influenced client selections, according to the study. This suggests that customers' price judgments, such as value for money or fairness, strongly impact their purchasing decisions. Customers who see value or fairness in the pricing are more inclined to buy, whereas those who see it as too costly or unjust may choose another product.

- The study found that pricing perception mediates advertising-customer choice. Advertising's effect on pricing perception may explain its effect on customer choices. Effective advertising can influence customers' value, fairness, and affordability perceptions and decisions.
- The study found moderating factors affecting advertising, price perception, and customer choices. Customer demographics, product category, and competitive climate may mitigate the impact of advertising and pricing perception on customer selections. Understanding these moderators can illuminate the intricate dynamics between these variables.
- The study's premise of a substantial relationship between advertising, pricing perception, and customer decisions would help us understand how these factors affect consumer behavior. The data can help firms create better advertising and pricing strategies that match client preferences, boost brand perception, and influence customer choices.

Conclusion

Research into the ways in which customers are influenced by advertising and the way prices are perceived is an essential component of the marketing discipline. The purpose of this study was to investigate the connection between advertising, customers' perceptions of prices, and their purchasing decisions. The findings have shed light on the intricate dynamics and interactions that exist between these components. The findings of the study have brought to light the enormous influence that advertising has on the decisions made by consumers. It has been demonstrated that consumers' tastes, attitudes, and ultimately their purchasing decisions can be positively influenced by well-executed advertising campaigns. It is essential to select the ideal advertising tactics in order for them to reverberate with the target audience. Some advertising strategies, such as emotional appeals, narrative, or celebrity endorsements, may have various effects on customer choices. The way that prices are perceived by customers has also been recognized as an important factor in customer decision making. Customers' views of prices, such as value for money, price justice, and affordability, play a crucial role in the process by which they make decisions. According to the findings of the study, consumers are more likely to buy a product if they believe the price to be reasonable or of higher value. These findings highlight the significance of effectively managing customers' perceptions of prices in order to maximize their product selections. The findings of the research have shed light on the intertwined nature of advertising and the way prices are perceived. Customers' perceptions of prices can be influenced by advertising, which in turn can alter customers' expectations and preferences for products. It is necessary to study the role of price perception as a mechanism through which advertising influences consumer behavior because price perception can operate as a mediator in the link between advertising and customer decisions.

Future Research

This study has provided useful insights into the influence of advertising and pricing perception on customer choices; nevertheless, there are a number of potential pathways for future research that can further expand our understanding of the relationship between these two factors. This study concentrated on the immediate impact that advertising has on customer choices rather than looking at the longer-term impacts of advertising. Research in the future could analyze the long-term effects of advertising campaigns and how the length of time a customer is exposed to advertising influences their purchasing decisions and their allegiance to a company. The research mostly concentrated on one particular market or context. It is possible for future study to investigate the ways in which cultural elements influence consumer behavior and decision-making processes, as well as the influence that advertising and customers' perceptions of prices have on purchasing decisions in various cultural settings. The increasing prevalence of digital advertising platforms presents an opportunity for future research to investigate the specific effects of digital advertising strategies, such as personalized ads, social media advertising, and influencer marketing, on customer choices and how these strategies interact with price perception. This could be done in light of the role that digital advertising plays. Future research could go deeper into the underlying cognitive and psychological processes that mediate the interaction

between advertising, pricing perception, and customer decisions. This would allow for a better understanding of the decision-making processes. For those working in marketing, gaining an understanding of the cognitive processes by which factors such as advertising and pricing perception influence decision-making can provide invaluable insights. The study touched on the influence of price perception on customer choices; however, future research could specifically focus on the impact of price promotions and discounts as well as other pricing strategies on customer choices and how they interact with advertising efforts. The study also touched on the influence of price perception on customer choices. In summary, the findings of this research have shown that there are strong links between advertising, customers' perceptions of prices, and their purchasing decisions. The findings give practical implications for businesses and contribute to the current body of knowledge in marketing. These implications can help organizations build more effective advertising and pricing strategies. New research in this area has the potential to significantly improve our understanding of these links and assist marketers in developing marketing strategies that are more focused and have a greater impact.

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