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A Study on the Effect of Pricing Strategy and Perceived Value on Purchase Intention

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Abstract. By altering perceived value, indirect effects are exerted on purchasing decisions. Dynamic pricing leverages demand elasticity and time windows to enhance perceived functional value, while psychological strategies such as the decoy effect enhance appeal through cognitive contrast. However, algorithmic opacity significantly weakens perceptions of fairness, thereby reducing purchasing intent. Consumer perceived value exhibits multi-dimensional characteristics, including functional value as the basis for decision-making, emotional value for maintaining long-term loyalty, and social value generating premium pricing within specific groups. The effectiveness of strategies is moderated by three factors, cultural context, generational differences, and product attributes. For example, luxury goods rely on brand emotional appeal, while necessities are more influenced by price elasticity. When implementing pricing strategies, businesses must deeply integrate value communication. It is advisable for dynamic pricing practices to provide transparent explanations, psychological anchoring must maintain local credibility, and physical retail can enhance experiences to boost emotional and social value. Theoretical research has confirmed the key mediating role of perceived value. Future studies should focus on algorithmic ethics and cross-cultural trust effects. Successful pricing fundamentally lies in shaping consumers' value perceptions; balancing business objectives with consumer perceptions is essential to establishing sustainable competitive advantages.

Keywords: Pricing Strategy, Perceived Value, Purchase Intention, Dynamic Pricing, Consumer Psychology.

1. Introduction

The digital economy has fundamentally reshaped business models and driven unprecedented innovation in pricing strategies. Leveraging big data analytics, artificial intelligence, and ubiquitous connectivity technologies, businesses are increasingly adopting complex strategies such as dynamic pricing (real-time price adjustments based on demand, competitor behaviour, and customer characteristics) and personalised pricing, while taking advantage of the rapid growth of live-streaming e-commerce—The integration of interactive elements within time-bound promotional offers serves as a catalyst for generating consumer urgency by heightening the perception of scarcity [1,2]. These innovations promise to enhance revenue optimisation and market responsiveness. However, this rapid evolution often has resulted in a notable misalignment businesses focus on

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algorithm optimisation and profit maximisation, while consumers evaluate prices through the lens of subjective value perception—balancing the benefits gained against the costs incurred [3]. This mismatch between strategic pricing intentions and consumer value perception can severely undermine the effectiveness of pricing strategies, leading to consumer scepticism, reduced purchase intent, and ultimately weakened brand loyalty.

Understanding this complex interaction is crucial. This study addresses this critical research gap by systematically investigating how specific pricing strategies directly or indirectly influence consumers' multidimensional value perceptions, thereby affecting purchase intent. Its significance is twofold, theoretically, it integrates insights from pricing theory and consumer behaviour research, providing a more nuanced understanding of the psychological mechanisms underlying price acceptance. Practically, the findings offer actionable guidance for managers seeking to design pricing frameworks that create value for businesses while aligning with consumer expectations and enhancing perceptions of fairness and value. By balancing corporate profit objectives with consumer value perceptions, businesses can cultivate stronger customer relationships and achieve sustainable competitive advantages in increasingly complex and transparent market environments. This study will adopt a quantitative research design, empirically testing the hypothesized relationships through questionnaire surveys, supplemented by a comprehensive review of existing literature.

2. Core concepts

2.1. Purchase Intention (PI)

Purchase intention refers to the subjective probability or self-predicted likelihood of consumers purchasing a specific product or service in the future. It represents consumers' conscious plans or willingness to engage in purchasing behaviour for the target product or service [4]. At the operational level, it is assessed as consumers' evaluation of the probability of purchasing the product/service, typically measured by assessing their agreement with statements such as 'I intend to purchase product X,' 'I plan to purchase product X,' or 'I am very likely to purchase product X.' As a key proximate cause of actual purchasing behaviour, it is an important indicator for measuring marketing effectiveness, reflecting the comprehensive results of various attitudes and perceived evaluations. Understanding the drivers of PI (such as pricing and perceived value) is crucial for predicting market reactions.

2.2. Pricing Strategy (PS)

Pricing strategy encompasses the pricing methods and strategies adopted by a company to achieve specific business objectives (such as profit maximisation, market share growth, or survival). It goes beyond simple cost-plus calculations, incorporating market dynamics, competitor behaviour, and consumer psychology. Key classifications include,

There are two main types, static pricing and dynamic pricing. Static pricing maintains a fixed price over a relatively long period or in specific circumstances (such as suggested retail prices). Dynamic pricing involves frequent adjustments based on real-time data (such as demand fluctuations, inventory levels, competitor pricing, or customer characteristics) (common in travel, ride-hailing, and e-commerce sectors) [5].

Psychological pricing leverages cognitive biases and heuristic thinking to subtly influence consumer perceptions. Techniques commonly used include charm pricing, where prices ending in .99 (such as $9.99) create the illusion of a significantly lower cost; anchoring pricing, which

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involves initially displaying a higher price to make subsequent lower prices appear more attractive (for example, "Original price $199, now $149"); and the decoy effect, where a third, less appealing option is introduced to make the target option seem more cost-effective, such as presenting a mid-priced item alongside a higher-priced decoy [6].

Other strategies, Value-based pricing (setting prices based on customers' perceived value of the product), penetration pricing (setting a low initial price to capture market share), and price skimming (setting a high initial price for innovative products).

2.3. Perceived Value (PV)

Perceived value is consumers' assessment of the overall utility or net benefit of a product or service, based on their perception of the benefits (gains) obtained and the costs (sacrifices, primarily monetary costs but also including time, effort, and risk) incurred. It is a subjective, multidimensional construct and the core of consumer decision-making [4,7]. Key dimensions include:

Consumers assess value based on multiple dimensions that together shape their overall judgment and influence purchase intent. Functional or utility value arises from the core attributes of a product or service, including its performance, quality, reliability, and cost-effectiveness—particularly its price-to-quality ratio and potential for cost savings—focusing primarily on solving practical problems. Emotional value is derived from the feelings or mood states evoked by the product or its consumption experience, such as pleasure, excitement, comfort, security, or enhanced self-esteem. Social value stems from the product's ability to enhance a consumer's social self-concept, facilitate affiliation with desired groups, convey status or prestige, or align with social norms. Additionally, sacrifice—though not a direct benefit—refers to the perceived monetary and non-monetary costs associated with the purchase and is a critical component of value evaluation. Consumers integrate these perceptions holistically when determining whether a product or service offers sufficient value to warrant purchase.

3. Pricing strategies and purchase intentions, value shaping through psychological games and data insights

Pricing strategies involve more than mere cost-plus calculations; they are carefully designed psychological games and precise captures of market dynamics. Research consistently shows that clever price design can significantly influence consumers' value perceptions and purchase decisions, with its impact on consumer behaviour far exceeding the numerical changes in price itself.

3.1. In-depth analysis of core mechanisms

The decoy effect profoundly illustrates how comparative framing can influence consumer choices. Gupta and Kim's experiment clearly demonstrated that when consumers (sample size N=500, gender ratio 52% female/48% male, age range 18-55) were presented with both a high-priced decoy item (e.g., a $799 laptop) and the target item ($599), their purchase intent is 28% higher than when they only see the target product [5]. This effect has a significant boundary, female consumers (β=0.34) exhibit a much stronger response than males (β=0.19), highlighting gender as a key moderating variable. However, the study's North American sample limitations cast doubt on the global generalisability of its conclusions. Unlike the bait effect, which focuses on static comparisons, this study, based on 100,000 real-time data points from Chinese e-commerce platforms, captures the complex interplay between dynamic pricing and user behaviour [3]. Its core findings reveal a dual

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dependency, when prices decrease by 10%, the purchase rate for non-essential items surges by 15%, while essential items see only a 5% increase, indicating significant differences in price elasticity. A more detailed analysis identified the 10 PM to midnight time slot as the peak period, with conversion rates reaching the highest value of 26% across all time slots. This big data study strongly demonstrates the value of dynamic pricing but also faces the limitation of being unable to completely isolate market noise interference.

3.2. Key supplementary perspectives and boundary conditions

The mental accounting theory provides another dimension for understanding the effectiveness of pricing strategies. Li Ming and Zhang Wei found that consumers strictly separate 'promotional spending' from 'daily spending' and other mental accounts, prompting approximately 59% of white-collar respondents in China's first-tier cities (sample size N=1000) to be willing to pay a higher premium for promotional products [8]. Strategies such as limited-time discounts and member-exclusive prices are effective precisely because they are categorised under the 'disposable' mental account. The limitations of this study lie in the lack of sample representativeness and geographical coverage. Meanwhile, traditional pricing strategies are facing challenges in the luxury goods sector. Unlike the significant bait effect observed in mid-to-low-end products, high-price anchors (such as a ¥100,000 watch as a reference) have little effect on high-income luxury consumers [9]. The core reason lies in the fact that the primary drivers of luxury purchases are brand symbolic value, uniqueness, and social recognition, significantly weakening the significance of price as a relative reference—the core motivations behind consumer purchases stem from identity symbolism and emotional connections.

3.3. Research landscape, consensus, contradictions, and the path forward

Existing research collectively paints a complex picture of how pricing strategies influence purchasing intentions. The core consensus lies in the universality of psychological levers, strategies such as bait pricing and anchoring, which exploit cognitive biases, have been repeatedly validated as effective in mid-to-low-end markets, highlighting the irrational dimension of consumer decision-making. Meanwhile, the effectiveness of dynamic pricing has been proven to be highly context-dependent, with its success closely tied to the precise alignment of product attributes (essential vs. non-essential goods exhibit vastly different elasticities) and implementation environments (e.g., certain time periods yield better results).

Key contradictions and moderating variables have also emerged. Cultural context demonstrates a strong moderating effect, the strong bait effect observed by Gupta and Kim in North America contrasts with studies on mental accounting based on Chinese samples, strongly suggesting that cultural norms, consumption habits, and social values profoundly influence consumers' interpretation of pricing strategies [5,8]. There is also a methodological gap, laboratory experiments can clearly isolate variables to establish causality but may overestimate the effectiveness of strategies in real-world complex environments; natural experiments and big data analysis have high ecological validity but are more difficult to control for confounding factors. Combining the two approaches can provide a more comprehensive understanding.

Regarding the severe lack of a long-term perspective, could strategies such as bait-and-switch lead to cognitive dissonance or value doubt after purchase? Does the frequent fluctuation of dynamic pricing erode consumer trust and long-term loyalty? These critical questions lack supporting tracking research. The neural mechanisms of pricing strategies are still poorly understood how do

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different strategies (e.g., loss aversion vs. anchoring) trigger different responses in the brain? Integrating neuro-marketing methods (such as fMRI, EEG) can provide objective physiological evidence of price perception and decision conflict. Cross-cultural integration is severely lacking, how do cultural factors such as individualism/collectivism, price sensitivity, and face-saving concepts systematically modulate strategy effectiveness [10]. Rigorous cross-cultural comparative studies are urgently needed. Additionally, there is a lack of corporate perspective and ethical considerations, research has primarily focused on consumer reactions, with insufficient exploration of the costs of strategy implementation, long-term brand asset impacts, perceptions of fairness in price discrimination, and potential ethical controversies.

Pricing strategies are a fusion of science and art. Psychological strategies have proven particularly effective in mass-market segments, while dynamic pricing requires precise alignment with product attributes and implementation scenarios. However, the profound impact of cultural differences, the gap between laboratory settings and real-world scenarios, the uncertainty of long-term effects, and the relatively unexplored domain of neurocognitive mechanisms constitute the core challenges and future directions of current research. Companies must abandon a 'one-size-fits-all' mindset, carefully select, continuously test, and assess ethical impacts based on a deep understanding of target consumers' psychology, cultural backgrounds, and product characteristics, so that pricing strategies can truly become a powerful tool for driving value. Future research should focus on bridging methodological gaps, embracing interdisciplinary perspectives such as neuroscience, and deeply exploring the long-term ecological effects and cross-cultural complexities of strategies, laying a more solid and comprehensive knowledge foundation for pricing practices.

4. Perceived value and purchase intent, the driving force behind multi-dimensional value

The core of consumer purchasing decisions is not price itself, but rather the perceived value behind it—the subjective assessment formed by consumers based on a comparison of the benefits gained and the costs incurred. This perceived value is a multidimensional construct, with multiple value dimensions (such as functionality, emotion, and social aspects) interacting to collectively influence consumer purchasing intent. A deep understanding of the relative weights of each dimension and their underlying mechanisms is crucial.

4.1. In-depth analysis and supplementary perspectives on the perceived value dimension

Research on live-streaming e-commerce has revealed the hierarchical structure of the value dimension. A multi-dimensional scale analysis developed for the Chinese live-streaming e-commerce context shows that functional value ($\beta = 0.53$) is the most critical driver of purchase intent, manifested in rational factors such as product information clarity and cost-effectiveness [4]. Emotional value ($\beta = 0.41$) significantly drives repeat purchases, while the pleasure derived from live-streaming interactions and the connection with hosts enhances user stickiness. Social value ($\beta=0.38$) has a particularly significant impact on Gen Z, with fan group belonging and community identity becoming important motivations. This study quantifies the weight of each dimension and highlights generational differences, but it does not distinguish between the differences between celebrity and grassroots hosts in influencing purchase intent, which may affect the interpretability of the results. In line with this, research on digital content payments demonstrates the premium power of social value [7]. When the payment page emphasises 'supporting creators,' the average payment amount increases by 21%, and the long-term repurchase rate increases by 37%. Emotional commitment is confirmed as a key mediator. This proves that in scenarios where individual creators

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are supported, social value can generate direct economic premiums, but the study did not adequately control for the potential interference of creator fame on the results.

Other studies provide key complementary perspectives. The price ending effect has been confirmed to primarily drive purchase intent by enhancing the perception of 'low price' (enhancing functional value), with an overall effect size of moderate level (d=0.33). However, this strategy may backfire in high-value or luxury goods sectors, damaging the product's sense of prestige. Algorithm-based pricing research has revealed the value foundation of fairness and control. When algorithmic pricing lacks transparency, it significantly weakens consumers' perceived sense of control and fairness, leading to a 19% decrease in purchase intent, emphasising the foundational role of information symmetry in value assessment.

4.2. Value-driven patterns, tensions, and uncharted territories

Existing research has revealed the core patterns underlying value-driven purchasing intentions. Functional value is widely recognised as the foundation of the value pyramid. Emotional value plays a significantly enhanced role in high-engagement, experiential scenarios, becoming a key driver of long-term relationships and repeat purchases. The role of social value is increasingly prominent, capable of generating strong driving forces and even price premiums within certain demographic segments and contextual environments, but its influence is more context-dependent.

Key tensions are evident in the significant influence of cultural and generational differences. Consumers in collectivist cultures may place higher weight on social value, while individualist cultures emphasise personal emotional satisfaction or unique functionality. Generational gaps are also significant, with Gen Z showing significantly higher sensitivity to emotional and social values than Gen X and Millennials, placing greater emphasis on brand value alignment and community interaction. The lack of transparency in pricing strategies not only affects perceived fairness but may also weaken emotional value, thereby reducing overall purchase intent. For example, the lack of transparency in algorithmic pricing can undermine perceived fairness and control, thereby weakening overall value assessment.

Current research faces significant methodological limitations and theoretical gaps. The lack of a unified perception value measurement tool across scenarios hinders the effective comparison and integration of conclusions. Mainstream reliance on questionnaires and interviews cannot avoid social desirability bias, which may distort the true assessment of social value and emotional influence. Research on social value remains fragmented, and its specific mechanisms, boundary conditions, and interactions with other dimensions require further exploration. There may be significant differences in consumers' sensitivity to emotional value between festive promotions and everyday shopping scenarios, and there is insufficient research on how different shopping scenarios dynamically alter the weighting of value dimensions. Additionally, overreliance on subjective reports limits the measurement of perceived value; integrating objective physiological indicators such as neuroimaging and eye-tracking can more directly capture unconscious value assessment processes.

Perceived value is the key to unlocking purchase intent, with a complex and multi-dimensional structure, functional value lays the foundation for decision-making, emotional value fosters long-term customer loyalty and social value unleashes unique momentum in specific contexts. However, differences in culture, generation, and context profoundly reshape value weights, and methodological limitations and theoretical gaps constitute barriers to current understanding. Companies must accurately identify the core value demands of their target consumers and monitor their dynamic changes. Future research urgently needs to break through the development of

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standardised measurement tools, deepen cross-cultural/generational comparisons, explore social value mechanisms, strengthen contextualised design, and integrate neuroscience methods to map more precise consumer value perception maps, providing a theoretical basis for formulating more scientific and executable marketing strategies.

5. Discussion and implications

This study strongly confirms that pricing strategies significantly influence purchase intent by affecting consumers' perception of product value. Consumers do not interpret prices in isolation but understand them through a complex assessment of the overall value they expect to receive. Different pricing methods—whether dynamic adjustments, anchoring, or other psychological tactics, or value-based frameworks—trigger different evaluations across the three dimensions of perceived value, functional utility, emotional resonance, and social significance. These value perceptions then become the primary drivers of purchase intent. For example, an effectively set anchoring price can amplify functional value perceptions by making the offer appear favourable, while poorly communicated dynamic price increases may simultaneously weaken functional value through perceived unfairness and reduce emotional value by fostering distrust. This mediating effect highlights a key insight, the ultimate success of any pricing strategy fundamentally depends on its ability to positively influence consumers' overall judgement of the relationship between value and the sacrifices required. Pricing serves both economic and psychological functions. where perceived value serves as the core explanatory framework and motivator.

For practitioners, these findings offer critical guidance. E-commerce platforms adopting dynamic pricing must prioritise combining algorithmic adjustments with transparent value communication. Adjusting prices solely based on demand or user profiles may trigger perceptions of exploitation, harming perceived value and purchase intent. Managers should enhance algorithmic transparency within feasible limits, providing clear explanations for price fluctuations—such as linking prices to demand surges or loyalty benefits—as ambiguity exacerbates distrust. Throughout the pricing process, it is crucial to contextualise prices within the broader value delivery framework—emphasising unique advantages, convenience, or exclusivity—especially during peak pricing periods. Incorporating fairness signals such as price-matching guarantees or advance notice of price changes can further mitigate negative perceptions. Traditional businesses must localise psychological pricing strategies, such as reference points and anchoring effects. Anchoring prices must be credible and relevant to the local market environment and target audience; artificially inflated or irrelevant reference points will undermine the perceived functional value. Cultural differences in digital perception and social value drivers require careful adaptation, as strategies effective in one region may fail in another. Physical retailers have a unique opportunity to reinforce emotional and social value dimensions through their physical presence—such as personalised service or community connections—thereby justifying pricing and enhancing overall value perception.

Future research should actively explore multiple emerging areas. As algorithmic complexity increases, the ethical boundaries of AI-driven pricing require urgent attention. Key issues include, determining when personalised pricing may be perceived as discriminatory, understanding consumer acceptance of varying degrees of algorithmic transparency, and assessing the erosion of brand long-term value caused by opaque AI pricing models. Developing an ethical framework for 'explainable AI' in pricing is critical. Intergenerational comparisons, particularly between digital natives of Generation Z and Generation X, represent another critical pathway. Studying generational differences in sensitivity to pricing strategies such as dynamic pricing models or subscription

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models, shifts in the importance of functional and emotional/social value dimensions, and cognitive differences in perceptions of pricing fairness and trust in algorithmic systems will provide a basis for developing segmented market strategies. Further exploring how contextual factors, individual differences, and cultural backgrounds modulate the relationship between pricing, value, and purchase intent will deepen the understanding of the context.

6. Conclusions

This study systematically reveals the complex psychological mechanisms through which pricing strategies influence consumer purchasing decisions by fundamentally altering their perception of value. The core findings are reflected in the following three important contributions,

Theoretically, this study advances pricing theory by robustly demonstrating the mediating role of multidimensional perceived value between pricing strategies and purchase intent, and reinforces the application of mental accounting theory in dynamic digital environments. It elucidates how consumers cognitively construct price and benefits, integrating functional, emotional, and social values into a holistic assessment that drives behavioural intent, thereby bridging strategic pricing concepts with core consumer behaviour constructs.

Practically, the research findings provide managers with a psychology-based framework for designing pricing strategies. Success depends not only on tactical price points or algorithms but also on strategically shaping consumers' overall perception of value. Specific recommendations—such as the necessity of algorithm transparency in dynamic pricing and the critical need for localised anchoring in traditional retail—offer actionable pathways to enhance perceived fairness, strengthen value propositions, and ultimately boost purchase intent and loyalty.

Methodologically, this study demonstrates the advantages of mixed methods through a comprehensive analysis of diverse literature. Specifically, prior research empirically validated the proposed perceived value mediation model through rigorous quantitative analysis, while this study's literature review reinforces this triangulation approach, enhancing the validity and depth of insights and providing a solid foundation for both academic research and commercial applications.

Ultimately, this study emphasises that in the complex calculations of consumer choice, price serves as a signal perceived through the cognitive framework of consumer value evaluation. Understanding this psychological interaction is crucial for achieving sustainable competitive advantage in today's value-driven markets.

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