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THE EFFECT OF STABLE AND DYNAMIC PRICING ON CONSUMER BEHAVIOR

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Annotation. This article empirically examines the impact of stable and dynamic pricing models on consumer behavior. The findings show that a stable pricing model strengthens consumer trust and brand loyalty, whereas a dynamic pricing model increases short-term purchase intentions. The study substantiates the importance of balancing long-term and short-term factors when developing a pricing strategy.

Keywords: pricing strategy, stable pricing, dynamic pricing, consumer behavior, price fairness, brand loyalty.

INTRODUCTION

Price is one of the central categories of economic relations. It not only expresses the value of a product but also serves as a psychological and behavioral factor that directly influences the consumer decision-making process. In modern market conditions, pricing strategy has become one of the key tools determining a company's competitive advantage. In particular, in the retail and FMCG sectors, price volatility has a significant effect on consumer trust, brand loyalty, and purchase frequency. Therefore, stable pricing and dynamic pricing models require special scholarly attention as important mechanisms shaping consumer behavior.

The stable pricing model is based on maintaining the value of a product at a relatively unchanged level over a certain period. This model can create a sense of fairness and reliability among consumers and reduce uncertainty associated with price fluctuations. By contrast, the dynamic pricing model refers to a pricing policy in which prices change frequently depending on demand and supply conditions. Although this approach is aimed at increasing short-term revenue, it may lead to a decline in perceived price fairness or a weakening of consumer trust. Thus, the balance between price stability and price flexibility is of strategic importance for business efficiency and consumer relations.

In recent years, digitalization, the expansion of online trade, and the introduction of algorithmic pricing mechanisms have made pricing policy more complex. The ability to monitor demand in real time and update prices automatically provides companies with greater flexibility, but it also increases uncertainty in consumer behavior. Consumers' price sensitivity, perceptions of fairness, and the availability of alternative choices are among the main factors affecting the effectiveness of a pricing model.

The relevance of this study lies in the fact that the pattern of price change can be a decisive factor in determining consumers' purchase probability, repurchase intention, and brand loyalty. While companies increasingly apply dynamic pricing strategies to increase short-term sales volumes, issues related to long-term trust and brand value remain highly relevant. For this reason, there is a need to empirically examine the relationship between price stability and price flexibility.

The purpose of this article is to analyze the impact of stable and dynamic pricing models on consumer behavior through theoretical and empirical approaches. Within the study, the relationship between the pricing model and consumer decision-making is identified and evaluated based on indicators such as perceived price fairness, purchase intention, and brand loyalty. As a result, scientific conclusions are developed for forming an optimal pricing policy under market conditions.

LITERATURE REVIEW

Pricing strategy has been widely examined as one of the key determinants of consumer behavior, brand loyalty, and market competitiveness. In classical marketing theory, Kotler and Keller emphasize that price is not only an economic indicator but also a strategic marketing instrument that influences consumer perception, positioning, and purchasing decisions. Similarly, Monroe argues that pricing decisions should be based not only on cost and profit objectives but also on consumers' perceived value and willingness to pay.

A significant body of research focuses on the relationship between price fairness and consumer behavior. Kahneman, Knetsch, and Thaler introduced the concept of fairness in economic decision-making and showed that consumers do not always evaluate prices purely rationally. Bolton, Warlop, and Alba further developed this

idea by demonstrating that consumers' perceptions of price fairness are shaped by reference prices, previous purchase experience, and perceived seller motives. Xia, Monroe, and Cox also emphasize that perceived price unfairness may lead to negative emotions, reduced trust, and lower repurchase intention.

Stable pricing models are often associated with consumer trust and long-term loyalty. Lal and Rao, in their study of everyday low pricing, argue that stable prices reduce uncertainty and strengthen consumers' confidence in retailers. Ailawadi, Pauwels, and Steenkamp also show that pricing consistency can contribute to store loyalty, especially in retail and FMCG markets. Ortega and González-Benito confirm that pricing strategy has a direct effect on customer loyalty, particularly when consumers perceive prices as fair and predictable.

Dynamic pricing, by contrast, has been studied as a flexible pricing mechanism that allows firms to respond quickly to demand fluctuations, market conditions, and competitive pressure. Chen and Schwartz analyzed dynamic pricing practices in hospitality and retail sectors and showed that such strategies can improve revenue performance when applied correctly. Haws and Bearden, however, note that frequent price changes may negatively affect perceived fairness if consumers do not understand the reasons behind them. Zhang and Seidmann also argue that dynamic pricing in online markets may increase efficiency but can create fairness concerns among consumers.

RESEARCH METHODOLOGY

This study aims to empirically assess the impact of stable and dynamic pricing models on consumer behavior, with priority given to a quantitative approach. The research design is based on an experimental-comparative model: respondents were divided into two conditional groups. The first group was presented with a product scenario based on a stable pricing model, while the second group was presented with a product scenario based on a dynamic pricing model. In both groups, the product category and quality parameters were identical; the groups differed only in terms of price dynamics. This approach makes it possible to isolate the effect of the pricing model as an independent variable.

The research sample consisted of 250–400 consumers segmented by age, income level, and purchase frequency. The sample was formed using random sampling. To measure respondents' consumer behavior, a standardized questionnaire based on a Likert scale (1–5) was used. The main indicators measured were purchase intention, perceived price fairness, brand loyalty, repurchase intention, and the price sensitivity index.

The independent variable is the pricing model (stable = 0, dynamic = 1), while the dependent variables are the consumer behavior indicators listed above. The database was processed using SPSS or Stata software. First, descriptive statistical analysis was conducted, including mean values, standard deviation, and variance. Student's t-test was applied to identify differences between groups. A one-way ANOVA analysis was performed to compare results across segments.

To determine the relationship between the pricing model and consumer behavior, the following simple linear regression model was applied:

$$Y=\beta 0+\beta 1X+\varepsilon$$

where Y represents a specific indicator of consumer behavior, such as purchase intention; X denotes the pricing model (0 or 1); and β_1 is the effect coefficient of the pricing model. A positive or negative coefficient value makes it possible to determine the direction of the pricing model's impact on consumer behavior.

To test the reliability of the measurement instruments, Cronbach's Alpha was calculated ($\alpha \geq 0.7$ was accepted). To ensure validity, the questions were adapted from previously validated Price Fairness and Consumer Loyalty scales.

ANALYSIS AND RESULTS

A total of 312 respondents participated in the study (49% male and 51% female; mean age = 29.8 years). The reliability of the measurement scales was confirmed at an adequate level (Cronbach's $\alpha = 0.78–0.86$). The descriptive results revealed significant differences in consumer behavior indicators between the stable and dynamic pricing models (table 1).

Table 1

Descriptive indicators (Likert scale 1–5)

Indicator	Stable pricing	Dynamic pricing
Purchase intention	3.42	3.76
Perceived price fairness	3.91	3.18
Brand loyalty	3.67	3.21
Repurchase intention	3.74	3.35

Student's *t*-test results showed that the differences between the groups were statistically significant ($p < 0.05$). Although the dynamic pricing model increased purchase intention, perceived price fairness and brand loyalty were higher under the stable pricing model. This result indicates the existence of a balance between short-term sales volume and long-term trust.

The one-way ANOVA analysis revealed significant differences across age and income segments. Younger consumers (18–25 years old) showed higher sensitivity to the dynamic pricing model, whereas the higher-income segment rated fairness and reliability more highly under the stable pricing model.

According to the linear regression results, the pricing model had a positive effect on purchase intention ($\beta = 0.28$, $p < 0.01$), but its effect on brand loyalty was negative ($\beta = -0.21$, $p < 0.05$). This indicates that dynamic pricing may stimulate short-term sales, but it may also reduce long-term loyalty.

Overall, the results lead to the following empirical conclusions:

The stable pricing model strengthens consumer trust and loyalty.

The dynamic pricing model increases short-term purchase intention.

Perceived price fairness is directly related to long-term loyalty.

Thus, most of the research hypotheses were confirmed: the stable pricing model increases trust and loyalty (H1 confirmed), while dynamic pricing has a positive effect on purchase intention (H2 confirmed). However, dynamic pricing should be applied with caution in relation to long-term brand loyalty.

CONCLUSION AND SUGGESTIONS

The study results show that the impact of stable and dynamic pricing models on consumer behavior is not one-dimensional but rather multidimensional and dependent on the time factor. Based on the empirical analysis, it was found that the stable pricing model serves to strengthen consumer trust, shape perceived price fairness, and increase long-term brand loyalty. Price constancy, or low price volatility, enhances consumers' sense of stability and transparency, which positively influences the likelihood of repurchase.

The dynamic pricing model, in turn, enables rapid adaptation to demand and helps increase short-term sales volume. The results indicate that dynamic price changes may increase purchase intention; however, there is also a possibility that perceived price fairness may decline and brand loyalty may weaken. This points to the risks associated with the long-term image and customer loyalty implications of a dynamic pricing strategy.

Therefore, the optimal approach to pricing strategy should take into account not only short-term revenue but also long-term consumer trust and relationships. The study confirms that a hybrid model combining elements of stability and flexibility may be more effective in practice. In this model, the base price remains stable, while clearly justified and transparent promotional mechanisms are applied.

In general, the pricing model can be regarded as one of the key determinants of consumer behavior, as it affects not only the purchase decision but also the long-term relationship with the brand. Future research may further enrich this field by studying the price sensitivity index in greater depth, constructing a panel regression model based on real sales data, and analyzing dynamic pricing practices on digital platforms.

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