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Dissertation proposal

Title: The Impact of Green Premium Pricing and Price Sensitivity on Consumer Purchase Decisions: A Comparative Study of the Retail Industry in the United Kingdom and India

Lecturer: Akshay Narayan

Student name: Preeti Antroliya

Student ID number: 2412455

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Introduction

The rise of global sustainability concerns has reshaped how companies price and position their products. Firms are increasingly expected to balance profitability with environmental and social responsibility—a tension reflected directly in their pricing strategies. **Green premium pricing** incorporates environmental and social costs into product pricing, while **price sensitivity** emphasises consumer affordability and competitive pricing. In developed markets such as the United Kingdom (UK), consumers tend to be more aware of sustainability issues and are therefore more willing to pay a premium for eco-friendly products (Laroche et al., 2001). In contrast, in developing economies such as India, price sensitivity plays a more dominant role in purchase decisions (Gupta and Ogden, 2009).

This study compares how green premium pricing and price sensitivity influence consumer purchase decisions in the UK and India. By exploring cultural, economic, and social differences between the two markets, the research aims to help global marketers design pricing strategies that balance ethical considerations with consumer affordability.

Research Rationale

Green premium pricing is increasingly central to marketing as ethical accountability rises (Peattie and Belz, 2010). However, limited research addresses the pricing dimension, which directly shapes purchase behaviour and brand perception (Kotler, 2011). **Green premium pricing** raises costs through ethical sourcing, while **price sensitivity** remains crucial in emerging markets (Biswas and Roy, 2015). Comparing the UK and India reveals how economic context moderates this balance. This study fills a research gap by exploring how marketers can align **Green premium** with **price sensitivity** across diverse income groups.

Research Significance

This study enhances understanding of how **willingness to pay a green premium** and **price sensitivity** influence consumer behaviour across different economic contexts. It offers academic insights into how consumers balance environmental values with financial considerations. The findings will help businesses develop pricing strategies that make eco-friendly products accessible without reducing profitability. Additionally, the study provides useful guidance for policymakers seeking to encourage sustainable consumption in a way that is realistic and affordable, supporting progress toward global environmental goals.

Research Gap

Although numerous studies have explored green consumer behaviour and sustainable marketing, limited research has compared how **willingness to pay a green premium** and **price sensitivity** jointly influence purchase decisions across different economic contexts. Much of the existing literature examines these factors separately or focuses on a single country, which does not capture how consumers weigh environmental values against financial limitations. Therefore, there is a clear gap in understanding how consumers in developed and emerging markets—specifically the United Kingdom and India—negotiate the trade-off between supporting environmentally friendly products and managing affordability when making purchase decisions.

Research Aim and Objectives

Aim:

To evaluate and compare the impact of **green premium** versus **price sensitivity** on consumer purchase decisions in the United Kingdom and India.

Objectives:

1. To explain what **green premium** and **price sensitivity** mean in consumer buying behaviour.
2. To understand the factors that influence consumers' willingness to pay extra for eco-friendly products.
3. To identify how price sensitivity affects consumer choices in the UK and India.
4. To compare consumer behaviour in both countries to see how **economic and cultural differences** play a role.
5. To suggest pricing strategies that balance **environmental friendliness** and **affordability**.

Research Questions

1. What influences consumers' willingness to pay a **green premium**?
2. How does **price sensitivity** affect consumer purchase decisions?
3. Are UK consumers more willing to pay extra for eco-friendly products compared to Indian consumers?
4. How do economic and cultural factors shape these behaviours in both countries?

Literature Review Overview

The relationship between pricing strategies and consumer purchase behaviour has evolved as sustainability and ethical consumption gain prominence in global retail markets. Green premium pricing, rooted in the Triple Bottom Line framework (Elkington, 1998), emphasises economic, environmental, and social value creation, encouraging firms to adopt practices that support long-term ecological and societal welfare (Svensson et al., 2016). In contrast, price sensitivity prioritises affordability and consumer accessibility, remaining a dominant factor in emerging economies such as India, where purchasing decisions are heavily shaped by financial constraints (Biswas and Roy, 2015).

Sustainable marketing theory positions pricing as a key mechanism through which consumer welfare and environmental responsibility can be aligned (Peattie and Belz, 2010; Belz and Peattie, 2012). Research indicates that consumers increasingly demonstrate willingness to pay a green premium for environmentally friendly products (Laroche, Bergeron and Barbaro-Forleo, 2001; Sun and Yoon, 2022). However, this willingness is moderated by factors such as income levels, awareness, and perceived product value (Gupta and Ogden, 2009; Shao et al., 2022). The Theory of Planned Behaviour (Ajzen, 1991) explains that while attitudes and subjective norms may encourage sustainable purchasing, price remains a significant barrier that limits perceived behavioural control, particularly in lower-income contexts (Ajzen, 2020; Stern, 2000).

In developed markets such as the UK, higher environmental awareness and stronger corporate social responsibility engagement have contributed to greater acceptance of green premium pricing (Haws, Winterich and Naylor, 2014; White, Habib and Hardisty, 2019). Nonetheless, intention-behaviour gaps persist, as consumers often fail to purchase sustainably when green products are priced above conventional alternatives (Carrington, Neville and Whitwell, 2014). Conversely, in India, price sensitivity remains the primary determinant of purchase behaviour, especially in price-conscious retail sectors (Nair and Little, 2016). Price promotions, transparency, and perceived fairness have been shown to enhance satisfaction, trust, and purchase intention across markets (Pan, Han and Li, 2019; Zhao et al., 2021; Sholihuddin, Rivai and Saragih, 2020; Niu et al., 2024).

Consumer Value Theory further explains that consumers will pay a green premium only when they perceive meaningful environmental or emotional value (Sheth, Newman and Gross, 1991; Aydin, 2022). Overall, the literature suggests that while green premium pricing can strengthen

brand equity in developed markets, price sensitivity continues to shape consumer choice in emerging economies. Understanding how consumers balance environmental benefit and affordability remains essential for multinational retailers operating across diverse socio-economic contexts such as the UK and India.

Research Methodology

This study adopts a **comparative quantitative research design** to investigate consumer attitudes toward **Green Premium pricing and price sensitivity** within the retail industries of the **United Kingdom (UK)** and **India**. A quantitative approach is appropriate because it enables the collection of **measurable and statistically analysable data**, allowing for the identification of patterns, relationships, and differences between key variables across distinct socio-economic contexts (Creswell, 2014). The comparative dimension provides valuable cross-national insights into how consumers from developed (UK) and emerging (India) economies perceive and respond to sustainable and low-cost pricing strategies.

The study relies primarily on **primary data** collected through a **structured questionnaire survey** administered to **80 participants—40 respondents from the UK** and **40 from India**. Respondents are selected using a **convenience sampling** technique, targeting individuals who actively purchase from retail outlets or e-commerce platforms. The questionnaire comprises both **closed-ended and Likert-scale questions** designed to measure consumer awareness, attitudes, and purchase intentions related to sustainable and affordable pricing. The quantitative data will be analysed using **descriptive statistics** (mean, frequency, percentage) and **inferential analysis** (e.g., correlation or regression) to determine the relationship between pricing perception and purchase decision.

Ethical considerations, including informed consent and respondent anonymity, will be strictly maintained. Data will be collected online to ensure accessibility and to enhance the cross-national comparison. The findings are expected to contribute to understanding how pricing strategies influence consumer purchasing behaviour in diverse cultural and economic contexts.

Data Collection

Data will be collected through a structured online questionnaire designed using Google Forms or Qualtrics. The survey will include three main sections:

1. Demographics (age, gender, education, income, and country of residence).

2. Perceptions of sustainable versus affordable pricing, measured using a 5-point Likert scale ranging from “strongly disagree” to “strongly agree.”
3. Willingness to pay (WTP) and actual purchase behaviour, capturing both attitudinal and behavioural dimensions.

The questionnaire will be pilot-tested with 5 respondents to assess clarity, reliability, and internal consistency.

Data Analysis

Collected data will be coded and analysed using SPSS (Statistical Package for the Social Sciences). Descriptive statistics (means, frequencies, and standard deviations) will summarize demographic patterns and overall perceptions. Pearson correlation will assess relationships between variables such as perception of pricing and willingness to pay. Multiple regression analysis will identify predictors of sustainable purchasing behaviour, while independent-sample t-tests will compare mean differences between the UK and Indian respondents.

Ethical Considerations

All ethical guidelines will be strictly followed. Participants will receive full disclosure about the study’s aims, their right to withdraw at any stage, and data confidentiality. No personally identifiable information will be collected. Responses will be stored securely and used solely for academic research, in accordance with university ethical standards and GDPR (2018) data protection requirements.

Expected Outcomes

The study expects to find that sustainable pricing exerts a stronger positive effect on purchasing in the UK, where consumers possess greater awareness and purchasing power, whereas affordable pricing has a greater influence in India. However, growing middle-class and environmentally conscious segments in India may also value sustainability if prices remain accessible.

Findings will guide marketers in creating pricing strategies that merge ethical integrity with market viability, supporting global progress toward sustainable yet inclusive consumption.

Limitations

This study is limited by its relatively small sample size of 80 respondents (40 from the UK and 40 from India), which may affect how widely the results can be generalised. The use of convenience sampling may also introduce selection bias, as the participants may not fully represent the broader consumer population in either country. Because the data is collected through self-reported online questionnaires, responses may be influenced by social desirability, where participants claim they are more environmentally responsible than they actually behave. Additionally, the study focuses on quantitative data, which is useful for identifying relationships between **green premium willingness** and **price sensitivity**, but may not fully capture the deeper cultural or emotional reasons behind consumer decision-making. Future research could benefit from larger and more diverse samples, as well as qualitative methods such as interviews or focus groups to gain richer insights into how and why consumers balance environmental values with affordability.

Gantt chart

Timeline (Weeks)	1	2	3	4	5	6	7	8	9	10	11	12	13
Literature Review	×	×											
Data Collection			×	×	×								
Data Analysis						×	×						
Interpretation of Results & Drafting Findings								×	×				
Writing Dissertation Chapters										×	×		
Revision & Supervisor Feedback												×	
Proofreading & Final Submission													×

Conclusion

This study highlights how green premium pricing and price sensitivity influence consumer purchase decisions differently in the UK and India. Consumers in the UK show a greater willingness to pay a premium for environmentally friendly products due to higher awareness and purchasing power. In contrast, Indian consumers prioritise affordability, making price sensitivity the dominant factor in purchasing behaviour. However, rising environmental consciousness in urban India suggests growing potential for sustainable products if pricing remains accessible. Overall, retailers must balance sustainability with affordability, adapting pricing strategies to economic and cultural conditions to effectively serve diverse consumer markets.

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