Research on the Impact of Milk Tea Pricing Strategies on Consumer Purchase Intention and Behavior in the New Consumption Era

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Abstract: In recent years, the milk tea industry has developed rapidly and has become an important part of young consumers' daily consumption. In the increasingly fierce market competition, price has gradually become one of the important factors influencing consumers' choices. Different brands attract consumers through different pricing methods, and consumers' acceptance of prices also affects their purchase intentions and consumption behaviors. Therefore, studying the relationship between milk tea pricing strategies and consumer behavior has certain practical significance.

This paper takes consumers in the new era as the research object and collects relevant data through questionnaire surveys. It analyzes the relationship between price factors, consumption motives, and purchase behaviors. A total of 60 valid questionnaires were obtained in this survey. The survey results show that most consumers pay attention to price factors when purchasing milk tea, and promotional activities can significantly increase their purchase intentions. At the same time, friend recommendations, social media content, and brand image also affect consumers' acceptance of prices. For some consumers, even if the price is high, as long as the brand is attractive or can meet social needs, they are still willing to purchase.

The research results show that there is a clear connection between milk tea prices and consumers' purchase intentions; when milk tea prices increase, consumers tend to reduce their purchase frequency. Social consumption motives to some extent reduce consumers' sensitivity to prices. This paper hopes to provide references for milk tea brands in formulating pricing strategies and marketing plans through the analysis of related issues.

Keywords: Milk Tea; Pricing Strategy; Purchase Intention; Consumption Behavior; Consumers in the New Era

1. Introduction

1.1 Research Background

In recent years, milk tea has gradually become a common consumer product in the lives of young people. Whether in university campuses or in commercial centers, various milk tea brands are very common. From MiXue to HEYTEA and CHAGEE, different brands attract consumers through different product positioning and pricing strategies. With the continuous expansion of the market size, the competition among brands has become increasingly fierce [1].

In such a market environment, price has become an important reference factor for consumers when choosing products [2]. For some consumers, a high price may reduce the frequency of purchase; while for others, as long as the product quality, brand image or consumption experience are sufficiently attractive, they are willing to buy even at a higher price. Therefore, price is not the sole factor influencing purchasing behavior; instead, it works together with consumer psychology, consumption habits and consumption motives.

Meanwhile, the consumption concepts of consumers in the new era, especially the younger generation, are changing. More and more consumers obtain product information through platforms like Xiaohongshu (Little Red Book) and Douyin (the Chinese version of TikTok), and are also influenced by friends' recommendations and online reviews [3]. For them, purchasing milk tea is not only to satisfy the taste needs, but sometimes also has functions such as socializing, entertainment and emotional regulation. Therefore, studying how price factors affect consumers' purchasing decisions has certain reference value for understanding the current milk tea market.

1.2 Research Objectives

This study is about milk tea cost and how it affects consumption. It uses survey questions to assess customer price perception and how the level of varied consumption motivation impacts the decision to buy.

This study attempts to answer the following three questions:

Does the price of milk tea impact a purchase decision?

If a customer thinks the price is fair, will they buy milk tea more often?

Finally, do social consumption motivators affect how much a customer is willing to pay for milk tea?

These questions are meant to assist in evaluating the purchasing behavior of young customers and to help provide value-adding guidance for milk tea companies about their price-setting policies.

1.3 Research Hypotheses

According to the Theory of Planned Behavior, consumers' attitudes and perceptions can significantly influence their behavioral intentions [4]. Considering the research topic and the current studies, the following hypotheses are established:

H1: Milk tea prices impact consumers' purchase intentions.

H2a: Perceived price fairness increases consumers' purchase intention toward milk tea.

H2b: Higher milk tea prices reduce consumers' purchase frequency.

H3: Social consumption motivations cause a weaker price sensitivity among consumers and a greater willingness to buy more expensive milk tea.

2. Literature Review

2.1 Research on Consumer Behavior

The study of consumer behavior has been critical to the marketing discipline for many decades. Earlier literature considered consumers to be rational, meaning that in their buying decisions, they evaluated their needs and the benefits of the available products. That early description may have been adequate for the developing markets. However, researchers have since discovered that consumer buying decisions may not be completely rational [5]. In addition to cost and quality of items, consumers are also likely to buy with brand image, affiliations, and emotions in mind.

The purchasing behavior of consumers in the younger demographic is characterized by high levels of customization. Usually, this group has a preference for purchasing based on a particular experience, in addition to being subjected to online and social influence. Therefore, the study of the behavior of consumers of milk tea should consider psychological factors, as well as economic factors [6].

2.2 Research on Price Perception

Price perception describes customers' evaluations of product prices and their reasonableness. Research shows that price assessment is more detailed than simply the actual price. Consumers look at price in the context of the value they will receive [7].

Once consumers believe they are getting their money's worth, purchasing a product even at a high price is reasonable, but when they feel there is an imbalance of price and value, they will forgo the purchase even when they see the price as low. The influence that price perception has on purchasing decisions is greater than that of the actual price [8].

In the food and beverage sector, things like discounts, added-value, paid memberships, and time-sensitive offers are all techniques used to encourage customers to buy more. Value perception vs. the actual price is of utmost importance when it comes to making purchase decisions.

2.3 Research on Milk Tea Consumption Behavior

In the last several years, the new-style tea beverage industry has expanded rapidly and drawn the attention of academic research [9]. Previous studies indicate that the consumption of milk tea does not merely quench thirst. Instead, its consumption has a growing association with social and emotional elements.

More and more consumers, who include a large number of youths, purchase milk tea for consumption at social gatherings, study breaks, and leisure activities. Social media has formed an even greater influence for milk tea. Consumers usually know about new products on Xiaohongshu and Douyin and are affected by online recommendations and postings [10].

Through the lens of pricing, various brands use diverse pricing strategies as a result of their market positioning. A higher price point for an upper market brand is usually the result of brand equity and the customer experience. Other brands, placing a priority on the mass market, utilize a

lower pricing point with a focus on cost and quality. Nevertheless, the literature that has studied the correlation between pricing strategies and the intention to purchase milk tea is scant. This is even more the case when the aim of the study is to investigate the motivation for consumption.

2.4 Literature Review Summary

A review of the studies related to consumer behavior, pricing psychology, and milk tea consumption reveals the following: a. most studies focus on brand image or product quality, and the pricing strategy-consumer behavior nexus has been the least studied, b. consumption patterns among youngsters have changed due to the influence of social media, and most studies do not account for this, and c. not many studies have explored the nexus of price, consumption motivation, and buying behavior in the milk tea industry.

Hence, this study aims to analyze the nexus of price perception and consumption motivation on consumers' buying intentions and consumption behavior by using survey questionnaires and existing theories. It is believed that the study will help in understanding consumer behavior in the milk tea market.

3. Research Methodology

3.1 Research Framework

To investigate the impact of milk tea pricing strategies on consumer purchase intention and consumption behavior, this study adopts a questionnaire survey as the primary research method and combines the findings with relevant literature.

The study focuses on three main variables: price perception, consumption motivation, and purchase intention. Price perception is treated as the key influencing factor, while consumption motivation serves as a supporting factor. Purchase intention and consumption behavior are considered the main outcomes of the study.

3.2 Questionnaire Design

This study used a five-section questionnaire. The sections ordered from one to five are as follows:

- Collecting gender, age, occupation, and monthly disposable income (Demographic Information).
- Milk tea consumption behavior.
- Evaluating perception of pricing.
- Factors including word of mouth, social media, and marketing that influence consumption of milk tea.
- Future purchasing plans and perception of pricing.

3.3 Data Collection

The survey was carried out online, where 60 total responses were collected and analyzed in the final data.

The sample predominantly consisted of young consumers. Of the total responses, 98.33% of the respondents were in the age range of 18–22. The sample shows that 78.33% of the respondents were females, and 93.33% of the respondents were students.

These demographics tend to match the demographics of the current milk tea consumers. In the milk tea consumer segments, young consumers and particularly university students, make up a majority of the customer segments as well. Given this age structure, the sample has the potential to offer insights into the defining consumption behaviors of the demographic this study focuses on.

4. Data Analysis and Discussion

4.1 Demographic Analysis of Respondents

Based on the survey results, female consumers comprised 78.33% of the sample as opposed to 21.67% male respondents. Female consumers are thus an important group of customers in the milk tea market.

Almost all the respondents (98.33%) were in the 18–22 years category. This indicates the milk tea market is focused on a younger age group that comprises mostly of university students.

Approximately 66.67% of respondents had a monthly disposable income of between RMB 1,000 and RMB 3,000. These respondents thus reflected a constraint in their disposable income. Consequently, the price of milk tea highly influenced respondents.

4.2 Analysis of Milk Tea Consumption Behavior

The survey indicated that milk tea drinkers comprise the majority of respondents. Most of these respondents purchase milk tea one to three times a week.

For pricing, respondents thought a price range of RMB 10 to RMB 20 reflected their preference. This shows that milk tea consumers have clear price expectations.

If milk tea prices are over RMB 25, consumers are less likely to purchase that milk tea. Though consumers like to purchase milk tea for the brand and product quality, they have a limit for how much they will spend.

For brands, the respondents predominantly purchased Chagee, Mixue, ChaPanda, and Heytea. These brands span diverse market segments from budget to premium.

4.3 The Impact of Pricing on Purchase Intention and Purchase Frequency

Hypothesis testing was conducted by linking questionnaire items to each hypothesis.

H1 was assessed through the item "The price of milk tea influences my purchasing decisions."

H2a was assessed through the item "Price discounts increase my purchase intention."

H2b was assessed through the item "When milk tea prices increase, I reduce my purchase frequency."

A hypothesis was considered supported when the majority of respondents selected "Agree" or "Strongly Agree" for the corresponding questionnaire item. For the statement "The price of milk tea influences my purchasing decisions," 66.67% of respondents chose "Agree" or "Strongly Agree," while only a few chose one of the two options that signal disagreement. This shows that the price of a product is still one of the primary factors that influence a purchasing decision.

Also, 80% of respondents answered positively to the statement "Discounts or promotions (temporary price reduction) would make me more likely to buy milk tea." This finding supports H2a, indicating that price discounts can increase consumers' purchase intention.

For H1, 66.67% of respondents agreed that the price of milk tea influences their purchasing decisions. Therefore, H1 is supported.

For H2a, 61.67% of respondents agreed or strongly agreed that price discounts increase their purchase intention. Therefore, H2a is supported.

For H2b, 80% of respondents agreed or strongly agreed that they would reduce their purchase frequency when milk tea prices increase. Therefore, H2b is supported.

4.4 The Influence of Consumption Motivation on Price Acceptance

H3 was assessed through questionnaire items related to social influence, including the effects of friends' recommendations, social media exposure, and brand image on consumers' acceptance of milk tea prices.

The hypothesis was considered supported when the majority of respondents indicated that these social factors influenced their willingness to purchase milk tea despite higher prices.

Besides price, other factors can also impact consumer behavior, such as motivation for consumption. Survey results showed 93.33 % of respondents said friend referrals affected their purchase of milk tea. 88.33 % said they were affected by social media, such as Xiaohongshu and Douyin, when buying milk tea.

Furthermore, 80 % of respondents believed a strong brand image affected their acceptance of the price of milk tea. With this, we can say buying milk tea for a lot of young consumers is more than quenching their thirst or consuming something they like. It is also about the mixed experience of socializing, entertainment, and consumption.

Hence, a well marketed and popular milk tea brand on social media will get consumers who will try that brand, even if its price is higher than other brands. Also, during get-togethers with friends, consumers are generally less price sensitive. Thus, it can also be seen that consumption motivation has an effect on respondents' acceptance of milk tea prices. Therefore, the findings support H3. Social consumption motivations appear to reduce consumers' price sensitivity and increase their willingness to purchase milk tea despite higher prices.

4.5 Discussion of Findings

Milk tea has dramatically transformed from simply a purchase of a drink.

In addition to price, there are other components to a purchase. These include brand image, social media, and friend recommendations.

Price is still a major concern for consumers and more so a concern for university students, as their budgets tend to be more limited. For consumers who are more focused on the brand and their experience with the drink, higher prices are more aligned with what the consumer was expecting.

Milk tea brands must realize that price has no true meaning in the industry on its own. Combining higher prices with customer experience and brand building will create a more valued product.

5. Conclusion and Recommendations

5.1 Conclusion

This inquiry used 60 valid questionnaires to assess how milk tea price settings affect purchase intentions and consumption behavior.

The findings support H2b by showing that increases in milk tea prices are associated with a lower purchase frequency among consumers.

The results showed that behavior is not solely determined by price. Consumers' acceptance of milk tea prices is influenced by the recommendations of friends, social media, and brand image. For some consumers, price becomes remote if they feel social and emotional needs are being met.

The milk tea market behavior stems from the intersection of price and consumption and brand considerations. The results of this study support all four proposed hypotheses (H1, H2a, H2b and H3).

5.2 Recommendations

There are several suggestions for milk tea brands considering the results of this study. Therefore, first, brands must devise prices according to the characteristics of their consumers. For those in the student or younger consumer category, prices should be kept at an affordable range to avoid decreasing the rate of consumption.

In greater extent, use of sales promotions, membership programs, discount coupons, or coupons for limited time offers must be increased. These are proven to inflate the intention of the customer to make a purchase and/or even enhance the frequency of purchases.

Additionally, a high level of regard for the customer, combined with pricing flexibility, is also a concern of the brands. Strong brands facilitate high prices as a result of consumer trust and a direct impact on customer loyalty.

Lastly, milk tea brands should have social media make direct communication with consumers. When followers or potential customers are pleased with the communication, the best brand advertisement is achieved. The Communication captivates the crowd and the firm commands a competitive advantage.

5.3 Limitations and Future Research

Though there are certainly benefits to studying consumer behaviors in the milk tea market, there are notable limitations which must be considered. Firstly, only 60 valid survey responses were collected, meaning the sample size was small. Additionally, the majority of survey participants were 18 to 22-year old university students. Because of this, the younger consumer demographic was heavily targeted, rendering this survey considerably less effective for other consumer demographics.

Secondly, the majority of this study dealt with price factors. Other factors, such as flavor, product/store/service innovation, and overall customer experience, were largely absent from this survey.

This study could benefit from an increased sample size. Inclusion of other consumer demographics and pricing experiences will contribute significantly to research in this area.

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