

Role of Price Bundling and Price Optimisation in Maximising Profits: An Empirical Study in the Context of FMCG Industry in India

¹Dr. Amit Kumar Bhanja, ²Dr. Vinesh, ³Dr. Vikas Saxena, ⁴Dr. Neeti Misra

¹Professor & Dean - Marketing,

Knowledge Park - II, Greater Noida, Uttar Pradesh

²Associate Professor,

IIMT College of Engineering, Greater Noida

³Professor

National Institute of Food Technology Entrepreneurship and Management (NIFTEM), Kundli, Sonapat, Haryana

⁴Assistant Professor, School of Business, UPES, Dehradun, 248007

Abstract

Price bundling and Price optimisation has appeared as a significant strategic tool for improving profitability in the FMGC sector in India. In an increasingly competitive and price-sensitive market environment, Indian FMGC companies are adopting innovative price mechanisms to influence consumer purchase behavior, improve sales volume, and maximise overall revenue. Price bundling involves offering multiple products together at a combined discounted price, encourage higher consumption, enhance perceived value, and increase customer retention. Simultaneously, price optimization enables firms to determine the most profitable price points by analysing demand patterns, customer preferences, competition, and market dynamics. This empirical study examines the role of price bundling and price optimization in maximization of profit. The focus is on understanding consumer response towards bundled offers, promotional pricing, and value perceptions across different FMCG categories. It is concluded that integrating price bundling with effective price optimization strategies significantly enhances sales performance, customer satisfaction, and organizational profitability in FMGC industry. A sample of 337 was collected to find the result of the study. The factors studying the Role of Price Bundling and Price Optimisation in Maximising Profits are Price Bundling Effectiveness, Price Optimization Strategy, Profitability and Sales Growth and Customer Satisfaction and Loyalty. The study concludes that there is significant impact of price bundling and price optimisation on maximising profits.

Keywords: Price bundling, price optimization, consumer buying behavior, pricing strategy, profit maximization

Price bundling is a common pricing technique, in which two or more products or services are sold together as a single package for a single, total price. Companies package goods and put forward a package deal that is more appealing to consumers. Price Bundling is useful in highly competitive markets where product differentiation is low and customer are price sensitive, it helps firms to achieve such objectives as increasing volume of sales, enhance customer value perceptions, and generate optimum revenues. The practice also enables companies to cope with demand volatility and take advantage of the variations in consumers' willingness to pay.

Price bundling is the combining of different items together and selling them together to increase the sales and maximize the profit. According to the user, a single item is expensive in purchasing rather than multiple items being purchased together. To make customer purchase items, companies provide bundled items so that both customers and companies can get the profit.

Price bundling is of two types: Pure Price Bundling (only bundled items), Mixed Price Bundling (bundled + solo items). In pure price bundling, only bundled items are sold i.e. only combined items are sold at a reasonable price. In mixed price bundling, bundled items including solo items are separately sold for maximum profit. For examples, McDonalds sells meals + items of meals separately for different customers.

Different ways in which price bundling enhances organizational revenue

If combos are made perfectly, and sell at a reasonable price, it is going to provide profit for the entire organization. If rewards and loyalty programs are provided to the customers who prefer combo items rather than purchasing single item, customer become loyal to the company whose products a consumer is using. Discounts are provided on bundled items, as the result consumer might want to purchase and thus help in increasing sales. Companies keep all the data of consumer behaviour i.e. for what product customers think. Hence, once companies understand the preference of consumers, they can combine those items together and sells them to the customer. This will help companies increase their sales and generate revenue and provide benefit to the customers. Gradually companies are investing in artificial intelligence to implement real time price bundling and supporting knowledge management with the same (Mittal et al., 2023)

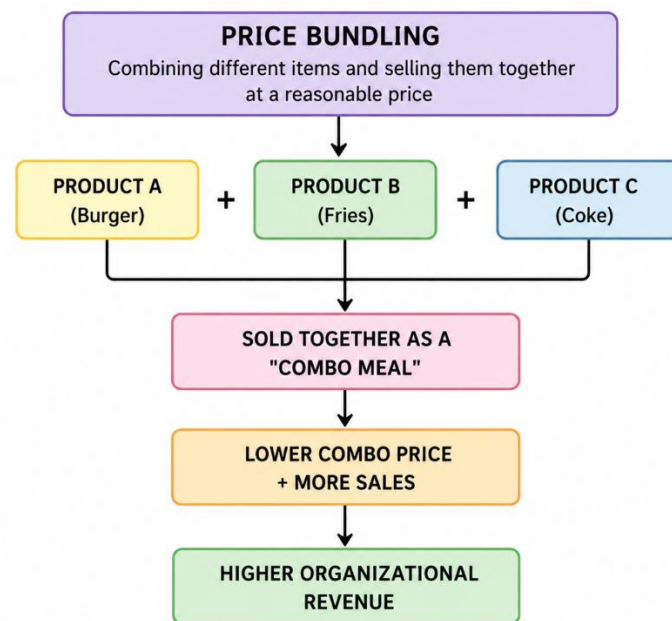


Figure 1 Mechanism of Price Bundling

Price bundling is the need of hour for all companies. Figure 1 explains that if McDonalds selling Coke + Fries + Burger → as a “Meal” at a reasonable price. Obviously, the price of all three will be lesser than the sum of the price individual products.

Hence, it becomes very important to make the right selection of the products for the bundling and selling them at reasonable pricing to make customers happy and satisfied from the bundled item. Price bundling also requires help from the marketing mix and analytics modelling specially the price optimization. Optimisation is the process of finding the best price that benefits both company and consumer. Company wish to generate maximum profit, however, for consumer, it should feel reasonable to them so that they can purchase the product at that price. So, price optimization is to find the best price that satisfies both at the same time. It is average price b/w them so as to satisfy both. Company should keep this in mind that companies get more profit per unit but has less sales. However, companies get lesser profit but has high sales. So, price optimization is to find the average price b/w higher price and lower price.

Suppose a company is selling product A at different price let’s consider that another company B is selling similar product A at lower price. Both companies are having different issues in which resultant is to understand whether this advertisement is giving positive or negative feedback, to make the right decision for someone questioning.

Social Media and Price Optimisations:

Social media analytics helps companies tell companies whether combination A is better than B which combination has more likes, shares and social mentions in a positive way. Social media analytics helps companies to design campaigns and advertisements in the same manner as it should be liked by the viewers. Social media is effective because it spreads the information from many to many in a viral way (Kudeshia & Mittal, 2015). It helps companies to understand which is working for them and is attracting maximum no. of consumers to the company. It helps companies to understand what type of content company should post on their social media page to get maximum approval from the viewers who are watching the content. A third company enters i.e. company C and understands the patterns of pricing of both companies A and B after proper analyzation of the pricing strategies; company finds out the optimum price for that similar product A and after continuing decides to launch that product A with optimum pricing.

Literature Review:

The concept of price bundling has become a vital pricing and promotion tactic in today's marketing. It is the activity of offering two or more products/services together at a single price. Bundling is a strategy employed by organizations in various industries, including retail, e-commerce, telecommunications, hospitality, and food and beverage (FMCG), to boost sales, enhance customer satisfaction, generate higher profits, and promote repeat business. Price bundling is particularly important in the FMCG sector, as the consumers often buy complementary products together with their routine use products. The recent works in literature have pointed out the importance of consumer psychology, value perception, buying intention, competitive positioning, and organizational revenue generation caused by bundling.

Hähnchen and Baumgartner (2020) have recently investigated the effects of different bundle discount formats on customer assessment of bundled products. The research identified the differences in evaluation of products that customers receive in a bundle offer according to the means of communication. The more clearly and attractively the bundle discounts were presented, the greater the consumers' willingness to pay was. The study also found that the wrong use of framing can have a detrimental impact on product evaluation following promotion periods. In competitive supply chains, product-bundling and advertising strategies have been examined by Jena and Ghadge (2020). They found that in the case of appropriate advertising and pricing, bundling strategies have a positive impact on the profits of the organizations. The authors highlighted the importance of the complementary approach for companies to enhance their competitiveness and customer attraction in the market. The research also indicated that there is a need to have balance in the promotional expenses and customer value perception when using bundle pricing (Jena & Ghadge, 2020).

In 2020, researchers uncovered how important bundling and unbundling is through their study of green supply chains, which influenced both consumer demand and the profitability of the businesses. The study revealed that complementary product retailers can get hold of environmentally concerned customers more easily if they align their pricing policies with green marketing goals. The study showed that bundling is a tool that can boost sales as well as operational efficiency at the same time (Shan et al, 2020).

Wilkins and Ireland (2020) have explored how consumers make the price, quality and quantity trade-offs in FMCGs. Their results indicated that product improvement quality and pricing strategies are highly sensitive to consumers. The ability to use a combination of strategic pricing, combo pricing and bundle packaging enabled FMCG companies to sustain customer preference and profitability better than those companies that were using individual product pricing only.

The concept of bundle evaluation and consumer purchase intention has become more significant because of the increasing popularity of e-commerce platforms. Research carried out in the era of e-retail growth showed that bundled products are seen as being more convenient and value for money than their single counterparts from a user perspective. The study in digital marketplaces showed that bundle offers boost impulse buying and customer loyalty since customers think that they are getting better value for money (Rahmanita & Muhammad, 2026).

A typical way to bundle in the FMCG category is by family packs, combo offers, “buy one get one” offers, and festive packaging. FMCG companies have employed bundling to boost their sales volume, unloading their stocks, marketing low selling products and enhance market penetration. Recent studies indicate that users tend to like the bundled FMCG product because they feel the product is of value to them, cuts down on efforts to buy, and is perceived as a cost saving. A 2022 study on consumer preference learning from bundle sales revealed that consumer transaction data is useful for firms to take decisions about bundling and to make the price more efficient. AI and predictive analytics can aid organizations in understanding the preference for cross-selling products, the study indicated. This is especially helpful for e-commerce businesses and FMCG retailers that rely on personalised recommendation systems (Chen et al., 2022).

Another key area in recent literature is on omnichannel retailing in the FMCG industry. In the FMCG industry, omnichannel consumer behaviour was studied by Sharmila and Bibiyana (2026), who determined that the perceived value has a significant impact on continuance behaviour in both online and offline channels. The study recommended that the integration of retail strategies such as the use of multiple channels and a bundle of promotions has a positive effect on customer satisfaction and customer loyalty.

The study of complementary products and competitive markets in 2025-2026 also showed that mixed bundling offers a competitive advantage to the firms. They found that companies that supply both bundled products and individual products can reach multiple customer segments. The mixed bundling was shown to be more profitable for the organization, as the consumers with different willingness-to-pay levels can choose the offers as per their preference (Sangari & Bansal, 2026).

Recent research on bundling strategies in ICT and digital markets brought to the fore that consumers are particularly responsive to ‘free’ bundled products. They found that zero-price bundle promotions can have a strong impact on customer buying behavior as customers tend to value free products more than products when they are part of the bundle. The insights gained are increasingly relevant in FMCG and online grocery retailing if free items are often included to encourage customers' interest (Koo et al., 2026).

Research in the field of popularity estimation and bundle generation indicates that machine learning algorithms and recommendation systems can guide organizations to improve their product combinations based on customer purchasing habits. The technological developments give the FMCG companies the chance to enhance their customer experience, as well as maximize their sales and profitability.

Social media commerce and TikTok e-commerce research showed that promotions bundled together have a tremendous impact on consumers' decisions to purchase. The customers made the bundled products synonymous with the low price, convenience and higher value perception. The study found that price bundling has become a needed digital marketing strategy to boost online sales and consumer engagement (Rahmanita & Muhammad, 2026).

During 2025, the studies were carried out at organized FMCG markets that revealed that three pricing strategies, namely discount pricing, competitive pricing, and bundle pricing, have a significant effect on consumer buying behavior. While the effectiveness of bundle pricing differs by product category, researchers found that the well-designed bundle pricing tool is effective in attracting customers and enhancing the competitive position in FMCG retailing (Khanal, 2025).

Objective

1. To identify the role of price bundling and price optimisation in maximising profits.
2. To know the impact of price bundling and price optimisation on maximising profits.

Methodology

337 participants were surveyed from participants using different FMCG Category. The method of sampling was “Random sampling” for collection of data and examination was done by “Explanatory Factor Analysis” for results.

Findings

Table 1 demonstrates demographic details, it shows that 59.35% are Male, 40.65% are female. Looking at the age, 35.31% are between 30 to 35 years of age, 30.56% are between 35 to 40 years of age, and 34.13% are above 40 years of age. With regards to the FMCG Category, Food & Beverages are 35.91%, Personal Care are 32.34%, and Home Care are 31.75%.

Table. 1 Respondent’s Details

Variables	Participants	Percentage
Gender		
Male	200	59.35%
Female	137	40.65%
Total	337	100
Ages in years		
30 to 35	119	35.31%
35 to 40	103	30.56%
Above 40	115	34.13%
Total	337	100
FMCG Category		
Food & Beverages	121	35.91%
Personal Care	109	32.34%
Home Care	107	31.75%
Total	337	100

“Factor Analysis”

“KMO and Bartlett's Test”

Table 2 “Kaiser-Meyer-Olkin Measure of Sampling Adequacy”

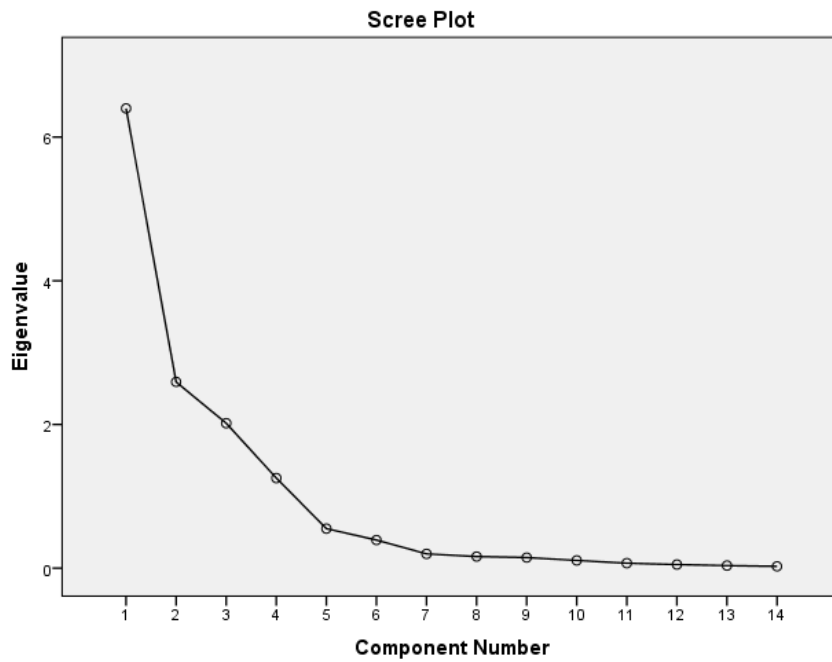
“Kaiser-Meyer-Olkin Measure of Sampling Adequacy”		.756
“Bartlett's Test of Sphericity”	“Approx. Chi-Square”	5973.841
	df	91
	Significance	.000

“KMO and Bartlett's Test”, value of KMO is .756 (Table 2).

Table 3 “Total Variance Explained”

“Component”	“Initial Eigenvalues”			“Rotation Sums of Squared Loadings”		
	“Total”	“% Of Variance”	“Cumulative %”	“Total”	“% Of Variance”	“Cumulative %”
1.	6.399	45.706	45.706	3.881	27.723	27.723
2.	2.592	18.516	64.222	3.635	25.968	53.691
3.	2.017	14.408	78.630	2.396	17.116	70.806
4.	1.254	8.958	87.589	2.350	16.782	87.589
5.	.551	3.933	91.522			
6.	.391	2.795	94.317			
7.	.199	1.418	95.735			
8.	.162	1.158	96.893			
9.	.148	1.055	97.948			
10.	.108	.770	98.718			
11.	.069	.493	99.211			
12.	.050	.357	99.568			
13.	.036	.255	99.823			
14.	.025	.177	100.000			

The four factors contribute towards explaining total 87.589% of variance. Variance explained by Price Bundling Effectiveness is 27.723%, Price Optimization Strategy is 25.968%, Profitability and Sales Growth is 17.116%, and Customer Satisfaction and Loyalty is 16.782%.



“Scree Plot”

Table. 4 “Rotated Component Matrix”

S. No.	Statements	Factor Loading	Factor Reliability
	Price Bundling Effectiveness		.949
1.	Bundled FMGC products provide better value for money	.953	
2.	Customers prefer purchasing products offered in combo products	.902	
3.	Price bundling encourages customers to buy more products at once	.850	
4.	Combo pricing influences buying decisions positively	.840	
	Price Optimization Strategy		.961
1.	Reasonable pricing increases the preference for FMGC products	.962	
2.	Optimized pricing improves customer loyalty towards the brand	.903	
3.	Dynamic pricing help companies to remain competitive	.897	

4.	Appropriate pricing strategies influence repeat purchasing	.872	
	Profitability and Sales Growth		.862
1.	Price bundling helps increase product sales volume	.913	
2.	Effective pricing strategies improve company profitability	.840	
3.	Promotional pricing contributes to higher revenue generation	.744	
	Customer Satisfaction and Loyalty		.842
1.	Fair pricing increases trust of customers in FMCG products	.935	
2.	Attractive bundle offers improved customer satisfaction	.929	
3.	Customer remain loyal to brands that provide value-based pricing	.639	

Factors of the study and its related variables

The first factor of the study is Price Bundling Effectiveness, the variables it includes are Bundled FMGC products provide better value for money, Customers prefer purchasing products offered in combo products, Price bundling encourages customers to buy more products at once and Combo pricing influences buying decisions positively. Price Optimization Strategy is the second factor of the study, its variables are Reasonable pricing increases the preference for FMGC products, Optimized pricing improves customer loyalty towards the brand, Dynamic pricing help companies to remain competitive and Appropriate pricing strategies influence repeat purchasing. Profitability and Sales Growth is the third factor, it includes variables like Price bundling helps increase product sales volume, Effective pricing strategies improve company profitability and Promotional pricing contributes to higher revenue generation. Last and fourth factor is Customer Satisfaction and Loyalty, its variables are Fair pricing increases trust of customers in FMCG products, Attractive bundle offers improved customer satisfaction and Customer remain loyal to brands that provide value-based pricing.

Table 5 “Reliability Statistics”

“Cronbach's Alpha”	“Number of Items”
.898	14

Total reliability of 14 items that includes variables for the Role of Price Bundling and Price Optimisation in Maximising Profits” is 0.898 (Table 5).

“Table 6 Model Summary”

“Model”	“R”	“R Square”	“Adjusted R Square”	“Std. Error of the Estimate”
1	.857 ^a	.735	.732	.39401
Predictors: (Constant), Price Bundling Effectiveness, Price Optimization, Strategy Profitability and Sales Growth, and Customer Satisfaction and Loyalty				

The adjusted R-squared value is 0.732 with approximately 73% of the variation.

“Table 7 ANOVA”

“Model”	“Sum of Squares”	“df”	“Mean Square”	“F”	“Sig.”	
1	“Regression”	143.101	4	35.775	230.448	.000 ^b
	Residual	51.540	332	.155		
	Total	194.641	336			
a. Dependent Variable: Overall impact of price bundling and price optimisation on maximising profits						
b. Predictors: (Constant), Price Bundling Effectiveness, Price Optimization, Strategy Profitability and Sales Growth, and Customer Satisfaction and Loyalty						

Value under significant column indicates a significant relationship between “Price Bundling Effectiveness, Price Optimization, Strategy Profitability and Sales Growth, and Customer Satisfaction and Loyalty” and Maximising profits.

“Table 8 Coefficients”

“Model”	“Un standardized Coefficients”		“Standardized Coefficients”	“t”	“Sig.”
	“B”	“Std. Error”	“Beta”		
(Constant)	3.967	.021		184.847	.000
Price Bundling Effectiveness	.343	.021	.451	15.972	.000
Price Optimization Strategy	.064	.021	.084	2.970	.003
Profitability and Sales Growth	.260	.021	.341	12.081	.000
Customer Satisfaction and Loyalty	.486	.021	.639	22.626	.000
DV: Overall impact of price bundling and price optimisation on maximising profits					

All the factors Price Bundling Effectiveness, Price Optimization, Strategy Profitability and Sales Growth, and Customer Satisfaction and Loyalty are showing significant impact on maximising profits. Highest impact is shown by Customer Satisfaction and Loyalty with beta value .639 followed by Price Bundling Effectiveness (.451), Profitability and Sales Growth (.341), and Price Optimization Strategy (.084).

Conclusion:

So, in the end, it may be said that company making consumers happy and generate maximum profit for the same product and enjoy its growth. Thus, it becomes very important to find optimum pricing for a product for the

maximum benefit of both company and consumer. Future studies may be conducted on role of artificial intelligence in knowledge management for price bundling as well as ethical use of artificial intelligence while offering best suitable or bundled products to the customers (Mittal et al, 2024). Overall, price bundling is a successful tactic to boost organizational value, customer perceived value, competitive edge, and consumer purchase habits. Bundling strategy is particularly significant in the FMCG sector since the consumers often buy complementary and daily use products together. In recent studies, the importance of digital technology, AI-based recommendation systems, omnichannel retailing, and consumer analytics to enhance the effectiveness of bundling strategies is also underscored. Hence, price bundling will remain one of the most powerful pricing tactics both in conventional and online food retailing.

The factors studying the Role of Price Bundling and Price Optimisation in Maximising Profits are Price Bundling Effectiveness, Price Optimization Strategy, Profitability and Sales Growth and Customer Satisfaction and Loyalty. The study concludes that there is significant impact of price bundling and price optimisation on maximising profits.

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