Understanding Value Perceptions in Consumer Relationships: a Look At the Role of Self-Esteem

Sylvia Long-Tolbert, University of Toledo, Toledo, OH, USA
Raj Suri, Drexel University, Philadelphia, PA, USA

Abstract Value creation is essential to building customer loyalty. There are numerous factors that potentially influence consumer perceptions of value in a relational setting. In this research, we investigate the relationship between price (a strategic factor), self-esteem (an individual difference factor) and types of consumer relationships (a situational factor) to provide empirical evidence of their joint influence on the value perceptions of relational customers. An experiment was conducted to examine the relationships among these diverse factors in a retailing context. The results indicate that self-esteem moderates the relationship between price and relationship type, significantly affecting value perceptions and customer loyalty.

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Sylvia Long-Tolbert, University of Toledo, USA
Raj Suri, Drexel University, USA

Introduction

Value is essential in today’s world of marketing. Levere (1992) argues that, “when it comes to value, today’s consumers want to know precisely what kind of bang they are getting for their bucks” (p.18). Additionally value has been touted as the central driver of customer satisfaction (Woodruff 1997), Lichtenstein et al. (1990) argue that consumer seek the “lowest priced product that meets his or her specific quality requirements” (p. 56). While these convergent viewpoints suggest that consumers seek low prices, previous research indicates that even though firms might provide a high quality product at an appropriate price, individual differences could influence consumers’ processing of product attributes and lead to different perceptions of value (Rao and Monroe 1988; Inman et al. 1997). This affect of individual differences in consumers’ evaluation of products raises an issue for firms that decide to compete on offering superior customer value (i.e., lowering prices).

The notion of receiving good value is always welcomed news to consumers. This point has not been lost on behavioral scientists, who have proposed that there is a fundamental human tendency for people to seek positive or self-enhancing feedback (Swann et al 1990). For example, consumers generally feel good when they receive great value from their market choices and will attribute such favorable outcomes perhaps to their decision making capacity or ability to recognize a good deal. However, it has been established that not all people are equally motivated to self-enhance or to feel as confident about generating positive outcomes.

Individual differences in self-esteem, that is, one’s global self evaluation is a key factor in explaining how people perceive and construe their own behavior and performance (Baumeister 1982). Furthermore, consumer perceptions of value might vary depending on the type of relationship between consumers and a firm (Woodruff 1997). The extent to which individual differences such as self-esteem and the nature of consumer relationships with retailers impacts value perceptions is the focus of this research.

Theoretical Background

The Role of Self Esteem in Value Perceptions

Self-esteem is known to play a key role in determining a buyer’s susceptibility to marketing communications (Maile and Kizilbash 1977). For instance, consumers with low self-esteem tend to be influenced by less credible than the more credible communications whereas consumers with high self-esteem tend to be persuaded by marketing messages only when communications is deemed credible. Those with high self-esteem hold high expectations about outcomes and expect to excel at whatever task they undertake (Tice 1993). As a result, they exert maximal effort towards processing information and are willing to take risks to stand out in self-enhancing ways (Baumeister 1982). Those with positive self views tend to process information deeply even when faced with uncertainties (Swann et al. 1990). In contrast, people with low self-esteem lack confidence to form judgments and are thus not inclined to extensively consider information to form independent judgments that might call attention to their perceived deficiencies (Baumeister 1982; Baumeister and Tice 1985).

The degree of confidence that consumers have in their price knowledge relates to their purchase experience and their attitudes towards the company making the offer. In situations where consumers have established, loyal relationships with a company, their trust and confidence in the company’s practices could potentially enhance customer loyalty (Siredeshmuh, Singh and Sabol 2002). Furthermore, Suri and Monroe (2003) showed that when consumers spend cognitive resources to process information they use price more to determine the perceived sacrifice associated with the purchase of a product and consequently its value (i.e., low price represents low sacrifice and high value). On the other hand, when cognitive resources are limited, price is processed more in its role to evaluate a product’s quality and value (i.e., low price represents low quality and low value).

Integrating the role of self-esteem and customer loyalty, we expect that consumers with high self-esteem will spend cognitive effort to process information and associate low (high) prices with high (low) perceived value. Because they process information thoroughly and are also tolerant of risk, high self-esteem consumers are prone to draw on their prior knowledge about market prices and likely to utilize internal rather than external reference prices in brand choice decisions even when evaluating price information in uncertain situations (Mazumdar and Papatla 1995). Consumers with low self-esteem, however, want to avoid risky outcomes (Baumeister 1982). To reduce the possibility of making a bad decision, they are apt to trust external information (e.g., provided by retailers) rather than their own prior price knowledge (Brockner 1984) but are likely to feel at a loss when engaged in relationships with multiple retailers. This conceptualization leads to the following hypotheses:

H1: High self-esteem individuals will perceive low (high) price as high (low) in perceived value irrespective of the consumer relationship with a retailer.

H2a: Low self-esteem individuals will perceive low (high) price to be high (low) in perceived value when they maintain a relationship with a single retailer (exclusive loyalty).

H2b: Low self-esteem individuals will not perceive differences in value between low and high prices when they maintain relationships with multiple retailers (divided loyalty).

Methodology

This exploratory study included 196 undergraduate students enrolled in an introductory business course. Participants were randomly assigned to one of the conditions in a 2 (price: high and low) X 2 (customer relationship: single- versus multi-store loyalty) between subjects conditions in a 2 (price: high and low) X 2 (customer relationship: single- versus multi-store loyalty) between subjects.
Participants read a hypothetical scenario describing a customer’s relationship with one or two retailers who specialized in selling denim apparel. This scenario was followed by the presentation of price and other attribute information for a pair of Levi blue jeans, available at the focal retailer for either a low price or high price. Participants completed a number of perceptual and attitudinal measures about price including perceived value, loyalty and behavioral intentions. They also completed the Rosenberg (1965) self-esteem scale a week prior to completing the main study.

**Preliminary Results**

Based on a median split of participants’ score on the Rosenberg self-esteem scale, support was obtained for all hypotheses. Consistent with predictions of H1, high self-esteem individuals reported differences in value perceptions between the low- and high-price jeans in both the relationship conditions, with the low price jeans being associated with high perceptions of value and purchase intentions than the high-price jeans. Support was also obtained for H2a and H2b. The results showed that low self-esteem individuals associated high perceived value with the low-price jeans under conditions of exclusive loyalty, but under conditions of divided loyalty low self-esteem individuals found no difference in value between low- and high-price jeans. Additional analyses indicated that self-esteem was a better predictor of the patterns of value perceptions in the relational setting used in this study compared to individual differences in value consciousness (see Lichtenstein et al. 1990).

**Conclusion**

The results show that not all consumers seek low prices in today’s relational environments. It appears that the confluence of strategic (i.e., pricing strategy), situational (relationship type) and individual factors (self-esteem) can have significantly different consequences on how consumers cognitively process price information and the construction of value perceptions. Based on the findings of this exploratory study, the role of value perceptions in consumer relationships warrants further investigation.

**References**


**Perceived Fairness: Conceptual Framework and Scale Development**

Sooyeon Nikki Lee-Wingate, Rutgers University, USA  
Barbara B. Stern, Rutgers University, USA

*Fairness* is a concept that first entered the English language about 1460 as a referent to “equitableness, fair dealing, honesty, impartiality, uprightness” (Oxford English Dictionary Online, 2004, 3). From the outset, the concept was associated with morality, commerce, and public life, for its first recorded use is in the line, “it is best that we treat him with fairness,” found in religious plays (Townley Mysteries, c. 1460, Cawley 1963) put on for townspeople by medieval craft guilds such as cloth merchants or tanners. The definition has remained remarkably unchanged in six centuries of use, and is now a cardinal concept in social science and marketing research, referring to an individual’s social judgment about what is “just” or “deserved.” Its importance lies in its influence on an individual’s feelings, attitudes, and behaviors in interactions with others (Campbell 1999; Feinberg, Krishna, and Zhang 2001; Tyler and
Smith 1998), for perceptions of fairness have been found to have significant psychological consequences such as associations with feelings of anger (Montada and Schneider 1989), envy (Smith, Spears, and Oyen 1994), psychological depression (Walker and Mann 1987), and self-esteem (Koper, Van Knippenberg, Bouhuys, Vermunt, and Wilke 1993). Perceived perception has also been found to have significant marketing consequences in reference to consumer satisfaction and repeat purchase intentions (Oliver 1993, 1997; Oliver and Swan 1989a, b). Yet despite the concept’s presence across research domains, there is a lack of threaded discourse attributable to the conflation of cognitive and affective elements and the failure to distinguish between antecedents and consequences.

To disentangle the elements and establish hierarchical order, we begin by revisiting the cognitive and affective dimensions in terms of theories of equity (Adams 1965; Austin 1977), relative deprivation (Crosby 1982, 1984), and consumer satisfaction (Oliver 1997). Even though most theorists consider fairness to have a cognitive core, there is no consensus about the presence or nature of a causal relationship between cognition and affect. The reason seems to be that the treatment of fairness as a concept in its own right has been taken second place to treatments of it in reference to positive emotional responses such as satisfaction and/or negative ones such as anger and guilt. In consequence, different studies and researchers yield different lists of antecedents and consequences, and controversy abounds. For example, social psychologists do not agree about whether an individual’s degree of satisfaction with a purchase is an antecedent or consequence of his or her perception of fairness (Messick and Sentis 1983). Further, emotion/cognition confounding is perpetuated in recent study findings (van den Bos 2003) that even unrelated moods influence fairness perceptions (van den Bos 2003). Despite efforts to identify satisfaction and fairness as separate concepts in social science research, with satisfaction influenced by one’s personal history of outcomes, and fairness influenced by one’s comparison of personal outcomes to those of relevant others (Blau 1964; Austin, McGinn, and Susmilch 1980; van den Bos, Wilke, Lind and Vermunt 1998), the issue of hierarchical order remains unclear. Even though satisfaction theorists in marketing generally consider fairness an antecedent to satisfaction (Oliver 1993, 1997; Szymanksi and Henard 2001), the order may well be the reverse, depending on how one defines both concepts.

Another problem that arises in studies of fairness vis-à-vis unfairness and negative affect is exacerbated confounding of cognitive and affective antecedents and consequences. Whereas classic accounts of the relationship between judgments of injustice and negative emotional consequences (Adams 1965; Homans, 1961; Walster, Berscheid, and Walster 1978) suggest that cognition of injustice precedes negative affect, later accounts claim (O’Malley and Davies 1984; Scher and Heise 1993; Sinclair and Mark 1991) that in some situations, negative affect may precede and/or influence cognitive ones. Admittedly, limitations are built into these studies, for the virtual simultaneity of unfairness perceptions and negative emotional consequences makes hierarchical ordering difficult. Further, unfairness is an ambiguous state that can be triggered either by receiving less than is fair (anger or resentment) or more than is fair (guilt or fear of retaliation), with the dominant effect of the latter especially difficult to identify. But notwithstanding the limitations, closer study of fairness in relation to similar concepts is required to clarify its attributes, measurement, and outcomes.

Lack of clarity has led to random definitions of fairness with different researchers relying on different ad hoc scales. Some are single-item, and thus lacking in validity and reliability (e.g., Austin, McGinn and Susmilch 1980; Greenberg 1987; Messe and Watts 1983; Seligman and Schwartz 1997; van den Bos et al. 1998). Even though some multiple-item scales have been devised in the social sciences, insofar as their focus is on affective responses, they do not contribute to the understanding of fairness as a multidimensional concept (Scher 1997). In the business disciplines, the study of fairness in organizations is also beset by non-comparable definitions and measures (Blader and Tyler 2003). In marketing research, where the tendency to use ad hoc scales also exists, the dominant focus on price fairness (Darke and Dahl 2003) or service fairness (Clemmer 1993) does not seem sufficiently rich to capture the broad dimensionality of consumer perceptions of fairness. Thus, we find that a theoretically sound scale of fairness in the consumer context has yet to be developed, and to do so, we must first construct a comprehensive framework suited to study consumer perceptions.

Our paper will present a multi-item fairness scale designed specifically for use in consumer research and tested empirically to provide evidence of its construct, internal, and external validity and reliability. Following the fairness research literature, we will conduct experimental studies to develop a new scale that encourages an integrated expansion of fairness perception research. Study findings and the new scale will be finished in time for presentation at the ACR 2006 Conference.

References


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**Effect of Mood on Information Processing Style and Consequent Purchasing Decisions**

Kang-Ning Xia, National Chengchi University, Taiwan

**Extended Abstract**

Moods are a transient and slight mental state; they are different from emotions, which are strong and long lasting feelings (Peterson and Sauber 1983). Moods occur and fade away, any time, any place. Small environmental cues, for example, a piece of music, a store display, a smile sign, or some smells can elicit good or bad moods (Schwarz and Clore 1983). Therefore, it is feasible to suggest that moods may be manipulated through advertisements, level of service, shopping contexts and marketing tools. Thus the purpose of this study is to explore the effects of mood arousal by these methods on consumers’ cognition of product attributes.

Previous research has shown that people in different moods may be inclined to adopt different information processing styles (e.g.: Mackie and Worth 1989; Gardner and Hill 1988; Kuykendall and Keating 1990). The primary mechanism behind the above is that people in a good mood have the motivation to maintain their good mood, so their cognitive resources are relatively lower than those of neutral or bad moods (Forest, Clark, Mills, and Isen 1979). In other words, due to the instinct to maximize reward and minimize punishment, people in a good mood will exert, consciously or unconsciously, an effect on prolonging happiness; hence, most of their attention and cognitive resources are employed to retain the good mood, and they don’t have the capacity and willing to contemplate things in a systematical way. When using the heuristic–systematic model (HSM) (Bohner, Moskowitz, and Chaiken 1995; Bohner, Ruder, and Erb 2002) to classify
information processing styles, a good mood will lead to the heuristic thinking approach, because people with a heuristic thinking approach evaluate events based on available and applicable heuristics and employ less cognitive effort and capacity. On the contrary, a bad mood will lead to the systematic thinking approach, and people with a systematic thinking approach process information in a more analytical style; they analyze events more rationally and don’t give judgments based solely on environmental cues.

Furthermore, people with different information processing styles will exhibit varied responses to marketing messages. This study suggests that people with different information processing styles pay attention to different product attributes, meaning that when shopping in a store or making purchasing decisions, the importance and attractiveness of the product attributes will change as the consumers’ information processing styles change. Product attributes have been dichotomized into intrinsic and extrinsic cues (Olson and Jacoby 1972): intrinsic attributes are the physical composition of the product, for example, color, texture and size. Extrinsic attributes are external to the product, such as brand name, advertising, and brand image (Olson and Jacoby 1972). Obviously, the evaluation and comparison of intrinsic attributes among several products requires more cognitive labor, while using extrinsic attributes, for example, brand reputation, to determine which to buy requires less cognitive resources. Therefore, it is proposed that the consumers who employ heuristic thinking tend to pay more attention to extrinsic attributes, while the consumers who employ systematic thinking tend to be concerned more with intrinsic attributes.

In this study, the influences of mood on the consumers’ cognition of product attributes are examined. All the 60 respondents were randomly assigned to the three experimental conditions: good, bad, and neutral mood. Short films were then applied to elicit good, bad, and neutral moods. After seeing the 2 minutes short movies, all respondents were told to complete questionnaires about their favorite movie styles and movie-watching behaviors as the experimental filler—the purpose of the filler was to avoid the respondents guessing the objective of this study. When the questionnaires were completed the experimenter asked them to help with an “unrelated survey”—the digital camera purchasing decision survey. In the questionnaire, several intrinsic and extrinsic attributes were listed, and respondents were asked to evaluate the importance of every attribute to their purchasing decisions.

The data of this research show that the consumers in a good mood are inclined to focus on extrinsic attributes more than intrinsic attributes ($t=2.21, p=0.0453$); the consumers in a bad mood are inclined to pay more attention to intrinsic attributes ($t=-2.33, p=0.0352$). For the neutral mood respondents, there is no difference between the intrinsic and extrinsic attributes in their decision weight ($t=-0.12, p=0.9401$).

Therefore, this study shows that moods do indeed influence the cognition of product attributes via differing information processing approaches. A good mood results in concerns about extrinsic attributes, whereas a bad mood results in a focus on the intrinsic attributes. This is a meaningful and useful result that can be extended to advertising and market research, for example, the effect of retail settings, the service quality of waiters, or the advertisement context on mood and attitude.

### Measuring the Antecedents of Impulsive Buying Behavior on the WWW

Arne Floh, WU Wien, Austria  
Maria Madlberger, WU Wien, Austria

**Introduction**

Marketing practitioners have long realized the importance of impulsive consumer actions and use new technologies like collaborative filtering to enhance unplanned cross- and upselling. Amazon.com, for example, generated 23% of its sales from purchases made by suggesting customers’ products which “similar” customers had already bought (Economist, 2000).

However, marketing scholars have not spent much attention on this research topic. Madhavaram and Laverie (2004) state a significant deficit in conceptual and empirical research concerning online impulsive buying behavior. This gap is surprising giving the fact that online shopping is an easily mode for making unplanned purchases (Donthu & Garcia 1999).

The purpose of this paper is to: (1) review and analyze existing research (2) broaden and adopt the concept of impulsive buying to the online shopping environment (3) discuss different antecedents of unplanned purchases on the internet and (4) present exploratory research findings of a pilot study.

**Conceptual Framework**

Impulsive buying is defined as a purchase decision made within the store without an explicit recognition of a need for this purchase before entering the store (Abratt & Goodey, 1990; Bellenger, Robertson, & Hirschmann, 1978). Basically, the four main factors can be distinguished to have a direct or indirect influence on impulsive buying behavior. Most of them have been subject to thorough analysis in store-based retailing (Kollat & Willet 1967; Rook 1987; Youn & Faber 2000), but have not been validated in an online shopping context:

The relevance of in-store marketing stimuli for unplanned purchases is evident (Belk, 1975; Kollat & Willet 1969; Rook 1987). Possible stimuli of an e-retailer are banners, pop-ups and newsletters. We add electronic marketing stimuli to our model and suggest a positive effect of banners, pop-ups etc. on impulsive buying behavior. [H1]

**Situational factors** are environmental conditions that surround the buying process and may hinder or favor unplanned purchases (Stern, 1962). Situational factors are diverse constraints at the time of the purchase as well as the individual’s current mood (Dholakia, 2000). The authors suggest a negative influence of constraints on impulsive buying behavior and differ between technical (registration, online payment systems) and other constraints (time, money). [H2]

**Personal factors:** In their article from 1986, Cobb and Hoyer pointed out that early impulsive buying research had widely neglected the role of consumer characteristics. In social sciences research, impulsivity trait has been identified as an appropriate dimension of impulsive behavior (Plutchik & van Praag, 1995). We suppose a positive effect of impulsive trait on impulsive buying behavior. [H3]