The Effect of Product Familiarity on Price Discount Framing

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Consumer knowledge of prices plays an important role in price management since it not only determines how prices are perceived and valued but also influences consumers’ purchase decisions. Previous research has demonstrated that our cognitive judgments are indeed influenced by the way decision problems are framed. Thus, the purpose of this study was to investigate whether degrees of perceptual saving of consumers with different product familiarity are influenced by the presentation form of the price discount. Moreover, the findings demonstrate that for the low-price product category conditions, consumers that are less familiar with the product perceived that there was a more significant difference in price reduction when it was presented in percentage terms than presented in dollar terms. However, when people have a higher level of product familiarity, no matter the price discount information is presented in dollar or percentage terms, there is no significant difference in their perceptual saving.

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=12.31 vs. 21.87; F(1, 95)=18.81, p<.01) when anxiety levels were high. Differences in the actual brand chosen, however, failed to reach significance.

Study 2: Ninety-two students participated in a study identical to Study 1 except that we also measured differences in individuals’ confidence in their abilities as they pertained to the product at hand (adapted from Bearden et al.’s self-confidence measure; 2001). We predicted that individuals high in self-confidence would be less likely to rely on the trivial attribute as a means to reduce goal-related anxiety. Results replicated findings from Study 1: there was a significant main effect of the anxiety manipulation on perceived importance of the trivial attribute (F(1, 88)=3.84, p<.059). This effect was further replicated on the overall evaluation of brand–consumers evaluated the brand with the higher level of the trivial attribute (counterbalanced across brands) more positively when anxiety was high (F(1, 88)=7.36, p=.01). Although the predicted interaction did not reach significance in either case, the direction of means did suggest that the effect was primarily driven by consumers low in self-confidence (ps=.057 and .045 vs. ps>.50 and .08 for high self-confidence). It is important to note that high self-confidence participants did not experience less anxiety as a result of the manipulation. In other words, the effects of self-confidence were not caused through a reduction in anxiety, but rather perceptions of consumers’ ability to fulfill their goals.

To summarize, existing work on trivial attributes has highlighted a number of ways in which such attributes can influence product evaluation. Our research contributes to this literature by demonstrating that the role of trivial attributes is importantly influenced by contextually activated goals—goals that are not related to the core functions of a product but nevertheless can exert an important influence on the way in which consumers interpret the products’ attributes. More generally, this suggests that the specific goals activated in any particular product evaluation context are likely to exert an important influence on how each attribute is interpreted and its influence on overall product evaluation and choice.

**References**


**Washing Away Your (Good or Bad) Luck: Superstition, Embodiment, and Gambling Behavior**

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Observations of superstitious behavior suggest that gamblers and athletes change their physical appearance after a streak of bad luck, but avoid doing so after a streak of good luck. We test the metaphorical link between changes in physical status and changes in luck in a gambling situation, using hand washing as a manipulation of physical status. Participants who encountered a winning streak bet less in a subsequent round after having than after not having washed their hands. Conversely, participants who encountered a losing streak bet more in a subsequent round after having than after not having washed their hands.

**The Effect of Product Familiarity on Price Discount Framing**

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Consumer knowledge of prices plays an important role in price management since it not only determines how prices are perceived and valued but also influences consumers’ purchase decisions (Binkely and Bejnarowicz, 2003; Monroe, 1973, 1992; Simon, 1989; Turley and Cabaniss, 1995). Consumer response to price stimuli may involve cognitive processes such as attention, comprehension, retention and recall, as well as behavioral processes such as the formation of purchase intentions and actual purchase behaviors (Olson and Jacoby 1977).
Product Familiarity

Familiarity has been the focus of recent empirical studies in consumer research that examine information acquisition (Bettman and Park 1980), reactions to advertising (Anderson and Jolson 1980; Edell and Mitchell 1978; Marks and Olson 1981), and the choice of decision rules by consumers (Park 1976).

Familiarity is defined as the number of product-related experiences that have been accumulated by a consumer (Abla and Hutchinson 1987). A consumer’s familiarity with a product or brand plays a critical role in his/her information processing and brand evaluation (Abla and Hutchinson 1987; Fazio 1986; Johnson & Russo 1984).

Price Discount Framing

Monroe, Grewal and Compeau (1991, p. 13) noted that “research on the issue of reference price must consider the extent that individuals have different degrees of familiarity with the product category and with the different prices charged for various product alternatives.” Similarly, Zeithaml (1988) argued that the price-quality relationship is influenced by consumer price awareness and the ability to detect quality variation in a product class.

Consumers who are more knowledgeable about product and price may make different decisions than consumers who are less knowledgeable. Specifically, those who are knowledgeable should be less willing to pay prices that do not reflect the quality of the product compared to those who lack that knowledge (Rao and Sieben, 1992). Hence, this study examined how consumers with different levels of product familiarity generate different perceptual savings under varied price discount framing presentation forms. As advanced in the previous section, the following hypotheses are offered:

**H1:** For low-price products, the less familiar consumers are with a product, the higher the likelihood that they will perceive the price reduction when the price reduction is framed in percentage terms instead of dollars.

Study 1 demonstrates that under the low-price product condition, consumers that are more familiar with the product perceive no significant difference in the price reduction whether they are presented in dollar terms or in percentage terms. Furthermore, consumers that are less familiar with the product perceive a more significant difference in the price reduction when it is presented in percentage terms than when it is presented in dollar terms.

**Manipulation of Familiarity**

The notebook computer was the stimuli. Three indicators were used to measure familiarity, one for the product and the others for the two attributes presented in each product category (Sheng, Parker, & Nakamoto, 2005).

**Procedure**

The experiment was conducted in a classroom setting. Paper and pencil method was adopted in this study. In the beginning of the experiment, the notebook was adopted to measure the product familiarity of the 166 participants.’

For the notebook computer situation, two price discount scenarios (A and B) with different price discount presentation forms (dollar versus percentage) were used to measure the participants’ perceptions of the price discount promotions respectively.

A. Imagine that you had received a direct mail advertisement from your credit card company, offering a NTD 6,250 discount on the purchase of a brand A AMD Mobile Sempron 3400+ notebook computer regularly priced at NTD 25,000. What degree of perceptual saving does this product bring?

B. Imagine that you had received a direct mail advertisement from your credit card company, offering a 25% discount on the purchase of a brand A, AMD Mobile Sempron 3400+ notebook computer regularly priced at NTD 25,000. What degree of perceptual saving does this product bring?

**Results**

**Measurement of product familiarity**

In this experiment, three indicators were used to measure the participants’ familiarity with a notebook computer. The median score (M=4) was adopted to set the level of high and low familiarity. Under the notebook computer condition, 115 among the 166 participants were in the high familiarity group, while 51 were in the low familiarity group.

**Perceived significance of saving**

A two-way factorial ANOVA was employed to test the participants’ perceptions of the savings. The main effect of the framing price promotion message on the low price notebook computer condition was significant (F(1,162)=4.301, p <.05). The participants perceived a price reduction presented in percentage terms (M=4.47) as more significant than the same price reduction presented in dollar terms (M=3.37). There was an interaction effect between product familiarity and presentation form on the participants’ perceptions of the price promotions (F(1,162)=8.768, p <.05).

Under the low-price computer condition, consumers who were more familiar with the product perceived no significant price reduction, whether it was presented in dollar terms (M=4.58) or in percentage terms (M=4.36) t(113)=0.77, p > .1. On the other hand, consumers with a lower level of product familiarity with the product perceived a more significant price reduction when it was presented in percentage terms (M=4.00) compared to being presented in dollar terms (M=2.77) t(49)=-3.38, p <.001. These results support H1.

**General Discussion**

Study 1 demonstrated that under the low-price product condition, those consumers that were more familiar with the product perceived no significant difference in the price reduction whether it was presented in dollar terms or in percentage terms. More importantly, consumers that were less familiar with the product perceived a more significant difference in the price reduction when it was presented in percentage terms compared to being presented in dollar terms. These results supported H1.
Our results show that for the low-price product category conditions, consumers that are less familiar with the product perceived that there was a more significant difference in price reduction when it was presented in percentage terms than presented in dollar terms. Marketers often target their communication efforts to audiences with varying levels of product category familiarity. When forming intentions to purchase, consumers with a high level of product familiarity access and process the different price discount framings. On the other hand, consumers with a low product familiarity rely on fewer but salient price cues to make product judgments and purchase intentions. Hence, marketers must tailor their promotion strategies to affect different familiarity groups.

References

Best Before/Consume More-A Consumer Cultural Exploration into Freshness and Regulations of Contemporary Food Consumption
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Freshness remains a largely unexamined product attribute within consumer research. “Best before dates” printed on products influences food acceptance and has an impact on consumption through subjects’ perceptions of freshness and disposal tendencies thereof. This research analyzes this issue by problematizing the relation between discourse constituting subjects’ perceptions of freshness in perishable products and subjects’ tendencies to dispose these objects. Further, this research should be of interest to both producers and retailers of the food industry as well as regulators.

Introduction and method
Consumer preferences and purchase decisions concerning perishable food products are highly influenced by characteristics concerning price and freshness (International Food Information Council (IFIC) Foundation 2007; Lennernäs et al. 1997; Nordic Council of Ministers 2001). Whilst being a highly individual and perceived characteristic, a most evident source of information intervening with peoples’ perceptions of freshness is the “best before” date. Within the European Union, the best-before date label (e.g. best before 01-01-09) is by far the most used and vital source of package information concerning freshness and it is required by federal law to be present on all food products on the market. In Sweden, where this research is conducted, this has been the issue since 1972, creating a peculiar and interesting research environment.

The best before date, communicating freshness, remains a largely unexamined product attribute. In the domains of food science there has been much research conducted on the date label’s effects on food quality and nutrition content. In our field—the Journal of Consumer Research community—outside the domains of food science, some scholars, with Brian Wansink as vanguard, have briefly touched upon the psychological and economic impact of freshness dating and expiration dates (Kerley et al. 2008; Wansink and Wright 2006). Shortly put, these scholars have rather briefly illustrated (in controlled environments) that the date label bias human senses by producing stigma and, thus, directly influences consumer perception (Wansink and Wright 2006). In a recent JCR article, also, Sen and Block (2009) problematize the issue concerning the freshness date and describe subjects’ willingness to consume products past their freshness dates and how this willingness changes with ownership; in their study, consumers are more likely to consume products out-of-date when they own the products compared to other situations (Sen and Block 2009). While research of this kind focuses largely on the behavioral aspects of the consumer subject concerning their relation to the product attribute, the understanding of discourse intervening with and shaping our perception of freshness in the first place remains quite unclear.

Besides the article by Sen and Block and the brief efforts by Wansink et al to problematize the date label’s influence on consumer culture there are no efforts made to explore freshness and its impact on food consumption in a larger, social perspective and as powerful control mechanism—organizer of, not only consumption but also production.

Conceptualization and aim
Reasonably, consumers prefer fresh over less fresh food. This research problematizes the relation between discourse constituting subjects’ perceptions of freshness in perishable products and subjects’ tendencies to dispose these objects. Traditionally, consumer research and marketing have focused largely on product acquisition and value creation processes, as contradictory to peoples’ disposal tendencies. It is argued here that by analyzing food product disposal practices among not only consumers, but among different actor groups on the market (such as consumers, producers, retailers), a better understanding is gained of socio-cultural, institutional instruments that