The Role of Consumers’ Attributions During Price Promotions

Igor Makienko, University of Nevada at Reno, USA

Prior research showed that offering excessive value during price promotions may be perceived as a violation of the common sense of selling and may motivate consumers to engage in attributional thinking. We develop a model of consumers’ attributions and suggest that the type of attributions will depend on a reference price level. Price promotions with plausible reference prices will be attributed to inferior product quality, while price promotions with implausibly high reference prices will be attributed to the desire of a retailer to enhance perceived value of the deal. Consumers’ attributions about retailer’s motives will adversely affect consumers’ perceptions of price promotions.

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continued through the choice task, however, they were expected to revise their utility for the featured brand’s products downward by a greater magnitude compared to those respondents who were not exposed to product placement. This is what occurred.

Thus, though product placement may spark initial interest in the featured product, suggesting a probably accessibility effect. However, one a realistic on-line choice task is commenced, with different ways of sorting, accessibility is swamped by much more involved on-line (in the cognitive sensed) choice. Simply put, branded entertainment or placement yields a first preference, but is a weak and ephemeral effect once actual choice comes into play. This suggests that product placement is best for low-involvement products for which accessibility and quick decisions are the norm.

**Selected References**


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Prior research provided strong evidence that attributions play an important role in the price-promotion context (c.f. Kardes, Posavac, and Cronley, 2004). Consumers, however, are not likely to engage in attributional thinking unless they are motivated to expend their effort to process incoming information systematically (Maheswaran and Chaiken, 1991).

Typical price promotions offering typical benefits may not raise any questions. When incoming information is in line with individual’s established beliefs, its cognition may proceed almost automatically—through activation of well-developed schemata (Olson, 1977). On the other hand, when observed retailer’s behavior deviates from regular business practice it can ‘create enough cognitive unrest’ (Lichtenstein and Bearden, 1986, p.295) to motivate consumers to find plausible explanation behind such behavior (Brown and Krishna, 2004; Main, Dahl and Darke, 2007).

In price promotion context offering excessive value may be perceived as a violation of the common sense of selling. Consumers know that marketers cannot cross the point after which they will experience losses (Raghunir, 2004). Therefore, they will try to find alternative explanation for such generosity. Prior research shows that bigger discounts may not always be associated with greater value because they may signal low quality (Bagwell and Riordan, 1991; Friesland and Wright, 1994). Consumers’ attributions about inferior product quality in such situations will ‘restore’ the common sense of selling.

Discount is not the only element of price promotion that may be questioned by consumers. Reference price shows original ‘pre-sale’ price of a product and may also be manipulated by a retailer. Urbany et al. (1988) found that exaggerated reference prices increased consumers’ deal evaluations, estimates of regular product price and decreased search intentions. The authors concluded that consumers may be skeptical of reference prices and at the same time be influenced by them.

In our research we develop a model of consumers’ attributions during price promotions offering excessive value and suggest that the type of attributions depends on a reference price level. When suspiciously high discount is presented along with a plausible reference price consumers are likely to generate attributions about inferior product quality. Alternatively, when identical discount is presented along with implausibly high reference price consumers are likely to generate attributions about the manipulative intent to enhance perceived value of the deal (by first inflating regular price and then offering an attractive discount). In the latter situation product quality will not be a concern because high discount will push sales price down into the expected sales price range. At the same time, in both situations consumers will generate negative attributions about retailer’s manipulative tactics.

**Methodology**

A 2 (implausibly high discount vs. typical discount) by 2 (implausibly high reference price vs. plausible reference price) incomplete factorial design was employed to investigate the effects of discount and the reference price on consumers’ perceptions of price promotions. Implausibly high reference price in the context of regular discount was excluded from the experiment because it did not reflect price promotion practice. Eighty four respondents were exposed to mock print advertising of a digital camera with a blocked out brand name and were asked to answer questions that followed. Combinations of discount and reference price used in the experiment were as follows: $150/30% off regular price, $150/80% off regular price and $600/80% off regular price.

**Preliminary Data Analysis**

Manipulation check showed that respondents perceived 30% discount as significantly lower than 80% discount regardless of the level of reference price. “$150/30%” price promotion was evaluated as significantly more believable than two other conditions that were not perceived as significantly different. However, the mean in the ‘least believable’ conditions were still higher than 3.6 points on a 7 point scale. Means of respondents’ product knowledge, usage level and their involvement with a stimulus were higher than 4 points on a 7 point
scale and were not significantly different across all three conditions. Additionally, respondents did not question the typicality of the advertised digital camera. Overall, preliminary findings indicate that respondents perceived stimuli as intended, were familiar with digital cameras and exhibited higher than average level of involvement during evaluation process.

**Major Findings**

Results of a one-way ANOVA showed significant differences among groups in terms of retailer credibility (F=4.14, p=0.019), brand attitude (F=4.70, p=0.012), product quality (F=5.6, p=0.005) and deal evaluations (F=4.55, p=0.013). At the same time respondents’ purchase intentions were not different across the three conditions (p=0.301).

Our results provide additional support to findings by Urbany et al. (1988). When exposed to exaggerated reference price respondents did not believe that the amount of advertised price reduction was a truthful claim. However, their deal evaluations were significantly higher than those in a typical “$150/30%” price promotion condition.

In line with our hypotheses respondents’ quality perceptions in a “$150/80%” condition were significantly lower than those in two other conditions. However, neutral assessment of product quality in a “$600/80%” condition did not improve respondents’ perceptions of retailer credibility. Retailer credibility in this condition was not significantly different from that in a “$150/80%” condition and both were significantly lower than retailer credibility in a typical price promotion condition ($150/30%).

Additionally, brand evaluations in both atypical price promotion conditions were significantly lower than those in a typical price promotion condition.

Overall, our results support our suggestion that consumers will generate different attributions during price promotions offering excessive value. The type of attributions depends on a reference price level. Price promotions with plausible reference prices will be attributed to inferior product quality, while price promotions with implausibly high reference prices will be attributed to the desire of a retailer to enhance perceived value of the deal. Despite respondents’ high evaluations of the monetary value of a deal in atypical price promotion conditions, consumers’ attributions about retailer’s motives adversely affected consumers’ brand perceptions in both atypical price promotion conditions. Absence of significant differences in purchase intentions may be explained by the fact that almost 97% of respondents already owned digital cameras and were not going to purchase it in the next six months.

**References**


**Artisan Cheese: Pursuing Authentic Consumables in a Mass-Production World**

Kathleen Micken, Roger Williams University, USA
Scott Roberts, St Edwards University, USA
W. Brett McKenzie, Roger Williams University, USA

Writers have recently focused on consumers seeking authenticity in their choices. Specific to the consumables area, some have studied tea (Gould 1998) and high-end wine (Beverland 2006). To better understand the complex concept of authenticity, we surveyed knowledgeable consumers about the characteristics of artisan cheese using Beverland’s authenticity attributes as a framework. Statistical analysis of our highly involved consumers’ responses revealed two overarching dimensions: seeking an authentic product (e.g., inputs are hormone and cruelty free) and preferring an authentic production process (e.g., made by hand, with passion and expertise).

**Conceptualization**

Recently, many writers (c.f., Chalmers and Price 2009) have focused on consumers seeking authenticity in their choices. Researchers have examined authenticity in a diversity of areas, such as promotion and branding (Gustafsson 2006; Kozinets, et al. 2008), tourism and