

THE EFFECTS OF CONTEXTUAL CUES ON CONSUMERS' PERCEPTIONS
OF COMPARATIVE PRICE ADVERTISEMENTS

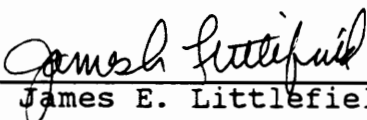
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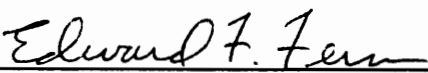
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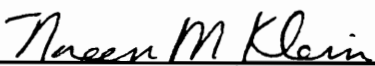
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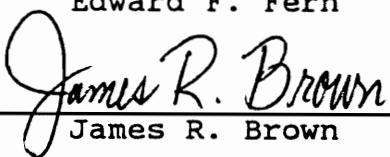
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(ABSTRACT)

The purpose of this study is to understand Korean consumers' perceptual processes induced by comparative price advertisements. While controlling for intrinsic product cue effects, this study examines the joint effects of extrinsic cues, such as comparative price (regular price /sale price), brand name, country-of-manufacture, and retailer name, on a consumer's perception of a product's price and quality.

In examining the effects of advertising contextual cues, this study incorporates consumer perceptual processes, the processes through which the external cues are perceived and compared to or moderated by other variables. The perceptual structure is based on relevant theories and accumulated knowledge from research in this area. Specially adapted theories for this study are the adaptation-level theory, the message learning theory, and the transaction utility theory.

In order to test the developed perceptual structure, an experimental design in a laboratory setting was used.

This study examines the effects of brand image and country-of-manufacture image on perceived quality and perceived benefit. Then, these perceptions are proposed to be related to perceived value. Particularly, the impact of country-of-manufacture image on various perceptions and behavioral intention implies the importance of developing a favorable country-of-manufacture image. Another significant finding of this study is that an implausibly high reference price does not have more favorable effects than a plausible reference price on perceived quality, perceived benefit, perceived value, or behavioral intentions. Therefore, in the Korean market, advertising an exaggerated reference price does not seem to be an effective strategy.

This research contributes to an understanding of how Korean consumers react to comparative price advertisements. This study (1) clarifies which comparative price advertisement contextual cues evoke which perceptions and (2) identifies perceptual paths that indicate antecedent and subsequent perceptions. In addition, this research also helps us understand how adaptation-level theory, message learning theory and transaction utility theory can be used to explain consumer price-related perceptions.

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Chapter 1: INTRODUCTION

The purpose of this study is to understand consumer perceptual processes induced by comparative price advertisements¹. Although the effects of advertised price and discount cues on consumer perceptions have been studied, few of the studies examined these effects in the presence of other extrinsic cues such as store name or brand name. However, previous researchers have called for investigations of consumer product price and discount perceptions in such multi-cue contexts. Not only are multi-cue contexts more realistic than single price cue or discount cue contexts for the actual consumer judgment process of a product purchase, but it also has been found that other extrinsic cues may enhance or diminish these price or discount cue effects. Therefore, while controlling for intrinsic product cue effects this study proposes to examine, in the context of comparative price advertisements, the joint effects of extrinsic cues such as comparative price cue (regular price/sale price), brand name, country-of-manufacture, and retailer name on consumers' perceptions of a product's price and quality.

¹ A comparative price advertisement is an advertisement in which different price cues are compared (e.g., regular price vs. sale price) to give promotional information to consumers.

For this study, the effects of intrinsic cues are not varied because we want to investigate how consumer perceptions of the advertised product differ due to different promotional contexts when the actual physical product characteristics are the same. Although most of the extrinsic cues in price comparative advertisements are focal cues, these cues are perceived in specific contexts. Therefore, in this study any extrinsic information which may influence consumer perceptions toward an advertisement will be called contextual cues of the comparative price advertisements. Specifically, the research goals are to determine (1) what contextual cues significantly influence consumer's price, discount, product and value perceptions, (2) which of these cues enhances the effect of the advertised reference price cue in those perceptions, (3) how value perceptions are influenced by the contextual cues and preceding perceptions such as price and product perceptions, and (4) whether the advertisement's contextual cues have a significant impact on behavioral intentions through the mediating effects of value perceptions. It was expected that the effects of the contextual cues would differ in their paths and magnitudes in the various sequences of perceptions and that the effects of the contextual cues would depend on which other cues were present.

In examining the effects of advertisements' contextual cues, this study incorporates consumer perceptual processes, the processes through which the contextual cues are perceived and compared to or moderated by other variables. The advertisement contextual cues studied are advertised comparative price (regular price/ sale price), brand name, retailer name, and country-of-manufacture. It was anticipated that there would be a perceptual structure in which (1) the paths of contextual cues and the relationships among perceptions are identified, and (2) causal relationships among the conceptual cues and perceptions are described with possible moderating variables. A perceptual structure is developed based on how consumers develop their perceptions toward comparative price advertisements, and it is grounded in theories relevant to consumer perceptions and in accumulated knowledge from research in this area. It is also an objective of this study to test the validity of this developed structure with empirical data.

A. Theoretical Bases for the Research

For the theoretical background for the perceptual structure, adaptation-level theory, message learning theory and transaction utility theory are used. Specifically, the

dynamic nature of internal reference prices are interpreted through adaptation-level theory. The impact of an internal reference price is perceived as significant because (1) consumers judge an advertised reference price by comparing it to internal standards, and (2) a consumer's internal reference price is influenced by an advertised reference price. To investigate this role of internal reference price on consumers' price-related perceptions, measuring internal reference price was necessary. Therefore, this study considers the measurement issues of internal reference price. In addition, empirical tests for price information processes were pursued in the comparative price advertisement contexts.

This study also examines how retailer image moderates perceptions of an advertised regular price. In this study, it was proposed that an advertised regular price must first be perceived, but that the perception of this price might vary depending on the degree to which it is accepted as true. The extent of advertised regular price acceptance was thought to be moderated by the retailer's image. For instance, a high regular price advertised by a retailer with a prestigious image would more likely be accepted as true than a high regular price advertised by a retailer with a less prestigious image. This moderating effect of retailer image is based on source credibility

effects as explained in message learning theory; a message endorsed by a credible source has more persuasive power than a message endorsed by a less credible source.

B. Perceptual Processes and Relationships

Furthermore, this research recognizes the need to study comprehensive perceptual dimensions related to the effects of comparative price advertisements. The comprehensive dimensions include product perceptions, value perceptions, and price-related perceptions. In examining the comprehensive perceptual processes, consumers' quality or value inferences from extrinsic cues in the advertisement were also identified. After valid measurements, accurate definitions, and appropriate conceptualizations were developed for closely related perceptual dimensions (e.g. perceived quality, perceived benefit and perceived value), the relations among these dimensions were studied. Finally, the relationships between these perceptions and their behavioral impact were investigated. Since studies of advertising's impact on behavioral intentions have not had consistent results, this study contributed to this stream of research by empirically testing the impact of comparative price advertising on behavioral intentions.

C. Covariate Consumer Characteristics

A consumer's familiarity with a product was one consumer characteristic expected to influence perceptions of comparative price advertisement. Much research suggests that consumer expertise or familiarity may mediate the effect of price on consumers' perceptions. Particularly, it has been argued that prior knowledge facilitates the acquisition of new information as well as the use of existing information. Accordingly, it was expected that product familiar consumers would differ in advertisement cue utilization and perceptual inferences from these cues as compared to unfamiliar consumers. In addition, consumers' confidence in their internal reference prices was thought to influence their price adaptation processes. It was expected that if consumers were confident about their internal reference prices, they would adapt less to new price information that differs from their pre-existing internal prices. As another consideration, consumers' product involvement was thought to influence consumers' perceptual responses. Therefore, consumers' product involvement was also examined to determine whether it was significant as a covariate for perceptual responses.

In particular, this study investigated Korean consumers' perceptions of foreign and domestic products

(products carrying an unknown brand name, Realistic, but made in Japan, U.S.A. and South Korea). Since foreign products threaten the U.S. market, it is important to study how country-of-manufacture influences perceptions of price, quality, and value and behavioral intentions. In addition, understanding Korean consumers' perceptions of foreign products can help business people targeting the Korean market.

D. Research Objectives

Consequently, the objectives of this study are: (1) to develop a perceptual structure that explains the effects of contextual cues, identifies structural paths among the variables, and indicates the interrelations among the perceptual variables, and (2) to test the developed perceptual structure with empirical data. Relevant literature is reviewed for theoretical explanations on how contextual cues affect consumers. Based on the review, specific research issues are raised and conceptual propositions incorporating those issues are developed.

E. Overview of the Conceptualization

In Chapter 4, a conceptual model of the effects of contextual cues on consumer perceptions of comparative price advertisements is proposed. The advertisement contextual cues investigated are comparative prices (regular price/sale price), brand name, country-of-manufacture, and retailer name. In order to understand consumers' perceptual processes when evaluating advertised deals, the effects of these contextual cues are examined. The proposed effects are based on a literature review and previous research. Furthermore, relationships between perceptual dimensions such as reference price perceptions, product-related perceptions, and value perceptions are defined in the conceptual model. The conceptual model explains how consumers evaluate an advertised deal. Briefly, the conceptual model developed suggests that comparative price cues (regular price/sale price) lead to reference price perceptions through a price comparison between externally provided reference price (advertised regular price) and an internal reference price. The perceived difference between the adapted internal reference price and advertised sale price indicates discount and the perceived discounted amounts are thought to directly influence perceptions of the merits of the transaction.

Moreover, under the condition that intrinsic product features are constant, consumers' different quality perceptions are due to differently perceived brand image and country-of-origin or country-of-manufacture image. This study uses one unknown brand ('Realistic' brand) made in three different countries to differentiate country-of-manufacture image effects from effects due to brand image. (If we used three different brands made in three different countries, effects due to country-of-manufacture and to brand image would be confounded.) In addition, retailer image is also expected to influence perceived quality. Perceptions of quality are again proposed to lead to perceived benefits according to consumers' subjective intrinsic or additional values associated with specific brands. It is proposed that consumers' perceptions of acquisition value result from comparing the perceived benefits (what is given to a consumer) with the advertised sale price (what should be paid). Finally, the behavioral effects of comparative price advertisements are mediated by these perceptions of value. In particular, intentions to buy and intentions to search further are influenced by consumers' perceptions of acquisition value and transaction value.

F. The Research Methodology

To test the proposed conceptual model, an experiment in a laboratory setting was conducted. Specifically, this study investigates Korean people's perceptual processes by collecting data from Korean people. As a convenient sample, Yonsei University students were used for this experiment. Accordingly, the product used in the experiment, a mini-cassette tape player, is one for which the students are actual consumers. (The reason why this product was selected is explained in Chapter 5.) This experiment with Korean people was expected to reveal Korean-specific explanations for perceptual processes. One thing to be recognized is that in Korea, retailers' price advertisements are not yet as popular as in the U.S.A. However, since this study is to test a theoretical model, it is interesting to explore the boundaries of this conceptual model to determine if the Korean-specific situation reveals different results than the propositions based on the literature review and previous research with U.S.A. samples.

This experiment was conducted using a 3 x 2 x 3 mixed factorial design -- three levels of advertised regular price (plausibly low, plausibly high, and implausibly high), two levels of retailer type (department store and discount store), and three different countries-of-manufacture (Japan,

U.S.A., and South Korea) (Appendix 6). Regression analysis and LISREL (Linear Structural Relationships with the maximum likelihood estimation method (Joreskog and Sorbom 1981)) are used to derive and confirm the perceptual paths developed to explain consumers' perceptual processes in response to the comparative price advertisements. In addition, factor analysis and correlations are used to classify the perceptual dimensions. ANOVA, ANCOVA, multiple comparison, and T tests are also used to get additional analytical support and to obtain specific interpretations about the conceptual model.

G. Pretest and Experimental results

Four pretests were conducted prior to conducting the actual experiment. The objectives of the pretests were (1) to get manipulation levels for the advertised reference prices (Pretest 1), (2) to check measurement properties of question items, (3) to recheck the question items written in Korean because the actual experiment was conducted using questionnaires written in Korean, and (4) to check whether the manipulated advertised reference prices reveal expected effects. Based on the results from the four pretests and opinions from the proposal defense, the actual experiment instrument was developed.

The actual experiment confirms the proposed contextual cue effects on various perceptions. The contextual cue effects are discussed based on relevant theories (e.g., adaptation-level theory, message learning theory, and transaction utility theory). The proposed moderating effects of retailer image on price perception and of product knowledge on extrinsic cue utilization were also detected. Specifically, stepwise regression analyses confirms the hypotheses, which indicating relationships among perceptions. Lastly, LISREL analysis reveals that the conceptual model fit the data well.

H. Significance of the Research

This research contributes to an understanding of how consumers react to comparative price advertisements. Although previous research has investigated how reference prices in the advertisements influence consumers' economic evaluations, there has been a lack of research which examines price promotions in conjunction with extrinsic cues that may appear in such advertisements. By using advertisement contextual cues -- comparative prices (regular price/sale price), brand name, retailer, and country-of-manufacture -- in the experiment, the simultaneous influences of those cues on evaluations of price promotion

advertisements were tested. In addition, this study (1) clarifies which contextual cues from comparative price advertisements evoke which perceptions, and (2) identifies perceptual paths that indicate antecedent and subsequent perceptions.

This research also helps us understand how adaptation-level theory, message learning theory and transaction utility theory can be used to explain consumer price-related perceptions. First, shifts in consumers' internal reference prices based on adaptation-level theory were detected. This knowledge is useful in the many marketing areas where pricing policies must be developed as well as where comparative prices are advertised in the presence of a reference price. However, this study also reveals the negative effect of a low advertised sale price: consumers' internal reference prices adapt the low advertised sale price as well as the high advertised reference price. In fact, this study found that the adaptation effect due to the low advertised sale price is greater than that due to the advertised reference price. Consequently, the subjects' internal reference prices are shifted down after exposure to the comparative price advertisements. The shift-down effect due to the low advertised sale price is also reasonable based on adaptation-level theory. Therefore, this study warns against

the frequent use of comparative price advertising. Secondly, based on message learning theory, several advantages of positioning a retailer as a credible source were detected: (1) a credible retailer is related to prestigious retailer image, and (2) a prestigious retailer enhances the perceived quality of the advertised product and acceptance of the advertised reference price. Therefore, the proposed effects based on message learning theory will help retailers learn how to develop marketing strategies based on their current images.

For practical application of the effects of advertisement contextual cues, this study introduces the effects due to brand image and country-of-manufacture image on perceived quality and perceived benefit. Then, these perceptions are proposed to be related to perceived value. By revealing these proposed relationships, this research helps manufacturers developing their product image decide what to emphasize when they advertise their brands to enhance consumers' perceptions of value. Particularly, the impact of country-of-manufacture image on various perceptions and behavioral intentions implies the importance of developing a favorable country-of-manufacture image. Although enhancing country-of-manufacture image is a long term strategy in a specific product category, a seller

should try to develop a prestigious image by concentrating on developing high quality.

Another thing to be noted is that this study reveals that the implausibly high reference price did not have more favorable effects than the plausibly high reference price on perceived quality, perceived benefit, perceived value and behavioral intentions. This result implies that in the Korean market, advertising an exaggerated reference price is not an effective strategy, possibly because the message is not credible.

Consequently, the conceptually developed and empirically tested structural model contributes to the price-promotion research stream by providing understanding about consumers' perceptions of comparative price advertisements. This study's examination of the effects of comparative price cue will guide manufacturers or retailers into strategies to enhance consumers' perceptions of their products' value and to heighten intentions to buy. Lastly, the measurement scales developed by this study for each of the conceptual constructs will facilitate subsequent research and provide a basis for refining or further developing of the measurement scales.

Chapter 2: THEORETICAL BACKGROUND

In explaining consumer responses toward comparative price advertisements, several theories have been employed. For price-related perceptions, adaptation-level theory has frequently been applied, and for value perceptions, transaction utility theory has been used. In addition, message learning theory seems to have potential for explaining advertised cue acceptance.

The above mentioned theories address how consumers perceive sales promotions, how incoming price cues are categorized and accepted, and how promotions may affect short-term and long-term price sensitivity. Therefore, the ways these theories can be applied to comparative price advertisements will be reviewed to provide the conceptual structure for this study.

A. Adaptation-Level Theory (AL theory)

Many pricing researchers have applied Helson's (1964) adaptation-level theory to price perceptions. According to adaptation-level theory, perceptual judgments of a stimulus depend on the relationship between the physical value of that stimulus and the physical value of the current adaptation level (Monroe 1973). The adaptation

level for an issue is made through pooling and integration of stimuli relevant to the issue. The stimuli can be internal if previous stimuli were stored and retrieved or external if they are provided by sources other than the perceiver. The stimuli are also classified into focal, contextual, and organic cues. Focal cues are the stimuli the individual is directly responding to and contextual cues are all other stimuli in the behavioral situation that provide the context within which the focal cues are operative. Organic cues are internal to the individual. These three classes of cues interact so the effects of these cues are pooled and integrated to determine the adaptation level. Therefore, an incoming stimulus is judged by comparing its perceived value to the adaptation level.

Buyers' perceptions of a specific price are formed by comparing the specific price to an adaptation-level price. The adaptation-level depends on the characteristics of the prevailing comparison prices to which buyers are exposed. The characteristics of price stimuli can be represented by the geometric mean, the median, or the end prices. Initial price stimuli anchor buyers' perceptions and influence their judgment of subsequent prices. These subsequent prices then lead to a new adaptation level to which a subsequent price cue is compared and judged.

If consumers are exposed to a series of prices for a product, they may have internal reference prices for the product as their adaptation levels. The internal reference prices are subject to change if new price cues are encountered in the marketplace and the adaptation-levels shift toward the levels of these subsequent prices.

In support of the adaptation-level price hypothesis, previous price research has suggested the existence of reference prices that affect price judgments (Monroe 1973). Initially, Scitovszky (1945) suggested that buyers consider a past price for a product as "normal" or "fair." This price is compared to the product's actual price. When the two prices differ, the product is judged to be either cheap or expensive. Olander (1970) suggested that a buyer's price judgment is influenced by his perception of prevailing market prices and his perception of the price most frequently charged. Uhl (1970) observed that consumers use the range of prices last paid as a reference point when judging a price change. Kamen and Toman (1970) advanced the notion that consumers have in mind a fair price for a given item. Alexis et al. (1970) discovered that the consumer goes shopping with a "target price" in mind around which there is an acceptable deviation.

Adaptation-level theory further suggests that judgments of price cues are context dependent. Under the

theory, the judgment that a given price for a specified product is acceptable or unacceptable reflects the buyer's evaluation of the entire set of variables which determine a specific adaptation-level for the product in a specific purchase situation. In a price-comparison advertisement, the ad claim involves focal and contextual cues. The focal stimuli include comparative prices (regular price / sale price), brand name, and retailer image, cues which are directly related to the advertised product. The contextual variables include the comparative price format retailers use, the consistency with which they make reference price claims, and the distinctiveness of their pricing strategy relative to that of other firms. The focal cues and contextual cues interact to produce buyers' perceptions of the advertised "deal."

In this study, we investigate extrinsic cues which may influence consumer perceptions of comparative price advertisements: comparative price cues, retailer image, brand name, and country-of-manufacture. Although they are focal stimuli because they are directly related to the advertised product, they will be defined as contextual cues in this study because they comprise the specific context of a comparative advertisement.

Examining the effects of multiple cues rather than single cues in comparative price advertisements is desirable

because the joint effects of these cues determine the adaptation level and influence the resulting perceptions. Early multi-cue studies showed that price may not be the dominant cue in quality perceptions when price was presented with other quality cues (Enis and Stafford 1969; Jacoby et al. 1971; Monroe 1973). However, two recent meta-analyses have shown that when price is presented with cues such as brand name or store image, the price cues interact with the brand name and have a stronger effect (Monroe and Krishnan 1985; Rao and Monroe 1989). Therefore, perceptual responses, including reference price perceptions, are expected to depend upon the context in which claims occur as well as upon the specific advertised price level (Jacoby and Olson 1977; Monroe 1973, 1977, 1979; Della Bitta, Monroe and McGinnis 1981).

Previous research on adaptation-level theory in a pricing context has produced several implications: (1) Price perceptions are relative to other prices, such as the individual's reference price or adaptation level, which may be objective or subjective (Monroe 1973, 1979, 1990). That is, consumers evaluate subsequent price cues by comparing them with their adaptation-level or reference prices and judge the new prices to be too high, too low or acceptable. (2) The acceptability of a price is a function of its relation to buyers' reference prices. Particularly, price

acceptability has been regarded as a comparison of the price cue to a range of acceptable prices stored in memory (Lichtenstein, Block and Black 1988). (3) Buyers do not judge prices individually but rather compare the prices to one another. Price information that may be used to compare or evaluate other price cues are the perceived normal or usual price, lowest price, internal reference price, and acceptable price range, to name a few. This information is expected to influence price adaptation levels (i.e., internal reference prices). Therefore, it is believed that consumer product and purchase evaluations are based on comparisons of offering prices to consumers' internal reference price range (i.e., joint effects from offering prices and reference prices).

B. A Discounting Hypothesis

A discounting hypothesis, suggested by Urbany, Bearden and Weilbaker (1988), explains the situation when an advertised reference price judged to be outside the expected price range (exaggerated reference price or implausible reference price) also has positive effects on subjects' estimates of the advertiser's regular price and offer value. Similarly, previous research by Liefeld and Heslop (1985) also implied that consumers discount suggested price cues

and arrive at reasonable perceptions of the true ordinary price when there is a substantial gap between the manufacturer's suggested list price and the regular price or the sale price.

Urbany, Bearden and Weilbaker (1988) hypothesized that an exaggerated reference price is not rejected but is discounted to a level regarded as more reasonable for the product because consumers doubt the credibility of the advertised reference price. The argument that consumers may question the believability of an advertised reference price is inferred from previous findings which reveal consumer skepticism toward advertised price offers (Fry and McDougall 1974; Sewell and Goldstein 1979; Blair and Landon 1981; Liefeld and Helsop 1985). However, even those people who are skeptical about the exaggerated reference price still appear to assimilate that reference price into price and value judgments (Urbany, Bearden and Weilbaker 1988). This finding contradicts the prediction based on assimilation-contrast theory; a contrast effect was expected for price cues outside the latitude of acceptance. Actually, this finding is consistent with adaptation-level theory. Therefore, an exaggerated reference price might be discounted because it is not believable, but still result in upward shifts of internal reference price. This hypothesis proposes alternative explanations for the effects of exaggerated

reference price, explanations that are consistent with adaptation-level theory rather than assimilation-contrast theory.

C. Transaction Utility Theory

Past research on deals has examined the impact of deals on first trial, brand switching, and repeat purchase behavior (Doob et al. 1969; Scott 1976; Dodson et al. 1978; Raju and Hastak 1979). Cognitive dissonance theory and self-perception theory have been utilized to explain the effect of deals and deal retraction on repeat purchase, and economic utility theory has been used to explain the impact of deals on brand switching. Particularly, economic utility theory seems to have potential to explain consumer behavior in response to sales promotions suggesting economic incentives.

In order to interpret the interaction between deals and economic utility, Raju and Hastak (1979) provided a cognitive approach. In this approach, a deal is interpreted as being a monetary incentive offered at the point of purchase. For the pre-trial influence of deals, consumers evaluate the monetary value of the deal; the consumer examines whether the deal represented provides a monetary gain. As a next step, consumers evaluate the quality of the

brand in a deal, then make a purchase choice by comparing perceived gain in monetary value due to the deal with perceived loss in quality due to buying the dealt brand. For deals to be successful post-trial, the dealt brand should be evaluated significantly higher than the consumer's preferred brand. Consequently, the monetary gain attached to the deal seems to influence consumers' perceptions and purchase behaviors. This economic utility (or perceived monetary gain) due to a deal is referred to as transaction utility by Thaler (1985).

Thaler(1985) postulates two types of utility associated with consumer purchasing, acquisition utility and transaction utility. Acquisition utility is equivalent to the amount by which the consumer's utility of the purchased good exceeds the utility of the price paid for that good. Transaction utility represents the perceived value of the difference between a product's price and the consumer's internal reference price.² Purchases in which internal reference prices exceed actual prices result in positive transaction utility.

The notion of transaction utility is particularly relevant to the study of price discount claims. If the consumer's internal reference price could be increased by an

² Transaction utility is the value of paying a particular price when the buyer's reference price is different from that price (Thaler 1985, p205).

adaptation effect due to a high advertised reference price, the offering price would appear more favorable because of increased transaction utility (Lichtenstein and Bearden 1988). In a comparative price advertising context, therefore, transaction utility was proposed to be increased by the adaptation effect of a higher advertised reference price on internal reference price. The increased transaction utility is subsequently expected to increase overall perceived value of the offer, reduce the perceived benefits of search, and increase the likelihood of direct patronage (Urbany, Bearden and Weilbaker 1988).

D. Message Learning Theory

According to message-learning theory, persuasive contexts attract recipients' attention, persuade them through message, source, and channel factors, and then influence recipients to change initial attitudes and adopt new attitudes through message learning and belief change (Petty and Cacioppo 1981). First, several empirical studies demonstrate that a communication's persuasive power is in part dependent upon the characteristics of the source of the message (Hass 1981; Sternthal, Phillips, and Dholakia 1978). The researched source characteristic has been credibility, which includes expertise, objectivity, and trustworthiness.

Most of the research on source credibility has focused on the expertise and trustworthiness of the communicator. Expertise refers to the extent to which the source of a communication is perceived to have the relevant skills to make correct assertions, whereas trustworthiness refers to the degree to which an audience perceives that the communicator's assertions are valid (Hovland, Janis, and Kelly 1953). Research on source credibility incorporating expertise and trustworthiness dimensions supports the hypothesis that a highly credible source is more persuasive than a source that rates low in credibility when issue involvement is low (Petty and Cacioppo 1981). Another finding is that source expertise can act as a central cue under certain conditions (i.e., print media), emphasizing the importance of source credibility in message persuasion. In general, it is accepted that source credibility mediates consumer beliefs, attitudes and behavior changes; thus, there is a positive relationship between source credibility and message persuasion.

Other important research evidence relevant to source credibility suggests that: (1) there is a positive relationship between credibility of a source and the extent of attitude change, but that this relationship is confounded by the receiver's initial attitude; (2) source credibility is influenced by the sequence in which the credible

information is presented; (3) source credibility largely affects belief but is not critical to persuasion (Percy 1983); and (4) influencing attitudes is easier when the source of the message is viewed as highly credible by the target market (Hawkins et al. 1983). Similarly, research found that an advertiser with high credibility would be more effective in achieving acceptance of his/her advertising message and, as a result, would induce greater attitude change, particularly in brand specific advertising (Goldberg and Hartwick 1989). It was also found that subjects given commercial product descriptions made by a highly credible advertiser produced more supportive statements concerning the commercial claims and also produced positive comments toward the company image itself. Therefore, retailers who build high credibility through their prestigious images or past performances can enhance consumer advertisement believability through the effect of a highly credible source on message acceptance. Specifically, advertised price and discount cues in the advertisement (what the regular price is, at what price the advertised product has been sold, or how much is it discounted) are more likely to be perceived true or may be discounted less when the advertisement is endorsed by credible retailers than by less credible retailers. However, because the interests of marketers or advertising retailers (profit) may conflict with the

interests of consumers (a good buy), a message endorsed by marketers or retailers may lack source credibility or believability.

In comparative price advertising, the influences of retail stores have been investigated as source credibility effects (Fry and McDougall 1974; Barnes 1975; Bearden, Lichtenstein and Teel 1984). From these studies, it has been suggested that trust in the advertising store affected price perceptions. Besides the retailer image as a variable in source credibility, brand image and country-of-origin image are thought to influence message acceptance because these images incorporate producer credibility. Therefore, an advertisement of a product made by a credible producer is expected to have greater message acceptance, especially quality acceptance, than that of a product made by an unknown producer.

Like source credibility, message arguments influence belief and attitude. Cues contained within the incoming information rather than cues generated by the receiver himself are of primary importance in shaping attitudes. Researchers have investigated the primary processes that mediate acceptance of the incoming message, especially the advertising message. It was expected that (1) a receiver would attempt to compare the external information with his existing structure of beliefs and values, and (2)

this comparing would generate spontaneous cognitive responses or critical thoughts, which were suggested as primary mediators of message acceptance (Wright 1973). Possible modes of cognitive responses are counterargument, source derogation, and support argument. A counterargument is activated when incoming information is compared to the existing belief system and a discrepancy is noted. The spontaneous thought that is activated is assumed to neutralize or counter the message evidence. The source derogating response may serve as a substitute for counterargument and may be used quite frequently in situations where the source is easily viewed as biased. For example, the individual may derogate specific spokesmen or advertising retailers by saying, "they are disregarding consumers' intelligence." As a favorable cognitive response, the receiver may discover congruent associations or supports for the message argument in already entrenched beliefs. That favorable cognitive response is a support argument. Of all these arguments, counterargument is the most important mediator and occurred as a cue after the incoming information has actually been compared to what was already known. Support arguments, on the other hand, can occur when comparison between incoming information and already internally stored information is not made, and also occur following such a comparison process.

In addition, message arguments are expected to motivate attitude change by the incentives they provide. Messages including rewards are more powerful when the rewards are administered immediately (Petty and Cacioppo 1981). This notion implies that price advertising which offers temporary price discounts as a reward can effectively motivate immediate responses to the "deal." As related findings for message credibility effects, Barnes (1975) suggested that consumers are likely to be skeptical of attempts to persuade them of bargains through the use of ambiguous phrases regarding the extent of savings or the previous price of the product. In addition, MacKenzie (1986) defined the concreteness of advertisement copy as the degree of detail and specificity about objects, outcomes, action, and situational context. And he found that concrete advertising copy is more influential than copy phrased in abstract or general terms. Recently, Mobley, Bearden and Teel (1988) confirmed this result by detecting that tensile claims (e.g. save up to 50 %) has less effect on consumer perceptions toward advertisements than non-tensile claims.

E. Summary

This chapter introduces theories applied in this study and explains how these theories help explain the

phenomena of interest. In adaptation-level theory, buyers' perceptions of a specific price are thought to be formed by comparing the specific price to an adaptation-level price. Consumers are assumed to have internal reference prices for the product as their adaptation levels. Then, internal reference prices are again subject to change if new price cues are encountered in the market place and the adaptation-levels shift toward the levels of these subsequent relevant prices. Consequently, consumer product and purchase evaluations are based on a comparison of offering prices to a range of internal reference prices (i.e., joint effects from offering prices and reference prices).

Adaptation-level theory further suggests that judgments of price cues are context dependent. The judgment that a given price for a specified product is acceptable or unacceptable is relative to the entire set of purchase decision variables which determine a specific adaptation-level for the product in a specific purchase situation. Therefore, understanding multiple cue effects in comparative price advertising context rather than single cue effects seems desirable, because the joint effects of these cues determine the adaptation level and influence the resulting perceptions. Therefore, this study will investigate the context-dependent adaptation effects using advertising contextual cues such as comparative prices (regular

price/sale price), retailer name, brand name, and country-of-origin or country-of-manufacture.

On the other hand, transaction utility theory explains how consumers arrive at perceived transactional merits and thus are motivated to purchase products. Transaction utility represents the monetary gain attached to a deal and is expressed by the difference between a monetary price and the consumer's internal reference price. Purchases in which an internal reference price exceeds a monetary price results in positive transactional utility -- that is transactional merits. Particularly, in comparative price advertising, transaction utility is proposed to be increased by the adaptation effect of internal reference price toward a higher advertised reference price.

Lastly, message learning theory explains perceptual advantages due to established credibility of a message source or a producer. In other words, source credibility is the result of two factors: the retailer's image as an advertiser and the brand image and country-of-origin or country-of-manufacture image as a producer. The contents of advertisements including advertised price cues, are more likely to be believed as true when the advertisement is endorsed by a credible retailer than by a less credible retailer. On the other hand, an advertisement for a product which has a positive brand image or country-of-origin or

country-of-manufacture image is thought to produce more intentions to buy because products made by credible producers enhance consumers' perceived quality and perceived benefit. In addition, message arguments influence message acceptance by affecting beliefs and attitudes. -

Chapter 3: LITERATURE REVIEW

In the previous chapter, theories relevant to consumers' perceptual processes in response to comparative price advertisements were introduced. Previous research that has investigated the effects of contextual cues in comparative price advertisements were reviewed. Therefore, this chapter will include explanations based on those theories and the results of empirical research. This literature review will be helpful not only to understand consumers' perceptual processes but also to develop the conceptual model to be tested in this study.

A. The Effects of Contextual Cues

1) The Effects of an External Reference Price

An external reference price is a price that is not initially held in the buyer's memory, but is used to evaluate other prices. Examples of external reference prices are a manufacturer's suggested list price, a previous or original price, and a competitor's price. An external reference price is one of the most important contextual cues; because consumers' price perceptions are formed by comparing incoming price cues (external price cues, e.g.,

advertised reference price, advertised sale price, actual price to be paid for the item when it is not on sale) with their internal reference prices. That is, price evaluation is a comparative process in which buyers evaluate the product's actual price relative to an internal reference price (Monroe and Petroschius 1981). An external reference price can influence discount perceptions since different regular prices for a sale price produce different discount levels. Previous research on discount perception has found that the probability of accepting the advertised regular prices increases when an advertisement is from an advertiser perceived to be more trustworthy and employs the lower discount size (experimental discount sizes were 25% off vs. 50% off) and that a larger discount combined with a less trustworthy retailer produces a higher probability of accepting the advertised sale price as the lowest price (Fry and McDougall 1974). Additionally, the advertised discount level is not perceived as true (Fry and McDougall 1974). However, a larger discount produces more favorable consumer responses in terms of price acceptability, perceived worth, perceived savings, and value for money for convenience products (Walton, Berkowitz and Buchholz 1978b).

In addition, a comparative price format (or semantic cue) is thought to influence the effects of an external reference price. A comparative price format (or

semantic cue) includes the specific price promotional phrases used to present the contextual cues, especially advertised reference price, advertised sale price, or discount level. In general, the promotional phrases used in the advertisement influence 1) the advertised offer's believability, 2) the consumer's perception of the value of the purchase offer, and 3) the degree to which a consumer is motivated to act after having seen the "sale" advertisement. These effects were enhanced when regular prices and sale prices specifically appeared in the advertisement together (Barnes 1975; Keiser and Krum 1976; Berkowitz and Buchholtz 1978b). In another study the effects on consumer behavioral perspectives of eight ways of presenting comparative price information were compared (Della Bitta, Monroe, and McGinnis 1981). For perceptions of savings, the sale information format that presents the regular price and dollar amount off is rated significantly higher than the sale price only format. The higher rated format in terms of willingness to purchase was the one presenting the regular price, sale price, and the percentage off.

It has also been suggested that high reference prices may enhance perceived product quality since a positive price-quality relationship exists (Chapman 1987; Monroe and Krishnan 1985; Rao and Monroe 1989). Another issue is the possibility of deceptive reference price cues

(Blair and Landon 1981). An exaggerated reference price which falls outside the acceptable price range has been found to have generally the same positive effects on consumer perceptions as a plausible reference price contrary to the proposed contrast effects (Urbany, Bearden and Weilbaker 1988).

From these findings, we know that the presence of a reference price enhances message acceptance, favorable price-related perceptions, discount perceptions, quality perceptions, and subsequent value perceptions as well as behavioral intentions. However, further research is needed to examine how much the presence of a reference price impacts on value perceptions and behavioral intentions, directly or indirectly, as well as on price and quality perceptions. For instance, in a multi-cue context price was found to be more influential when presented with brand name (Rao and Monroe 1989).

Therefore, it is important to interpret reference price effects in a multi-cue situation and to investigate the interactions of reference price and other contextual cues. Examine how an external reference price influences specific price perceptions based on adaptation-level or assimilation-contrast theories is also required. The message-learning theory aids in an investigation of the

effects of a reference price. In addition, other theories aid in investigating.

The following list summarizes questions regarding the effects of external reference price:

- (1) Is the two-price version (presence of reference price) more effective than the one-price version (absence of reference price)?
- (2) How significant is the impact of an external reference price on price-related perceptions, value perceptions and attitudes toward advertisements ?
- (3) Does a plausible reference price enhance message credibility ?
- (4) What are the positive and negative effects of an exaggerated reference price ?
- (5) When a reference price is perceived to be too high to be believable, what is the effect on price-related perceptions, value perceptions and attitude toward advertisements ?
- (6) How do reference prices influence behavioral intentions (e.g., willingness to buy or a need for further search)?

2) The Effect of Retailer Image

The influence of retail store image has been examined based on source credibility effects (Fry and McDougall 1974; Barnes 1975; Berkowitz and Walton 1980; Bearden, Lichtenstein and Teel 1984). It was assumed that a store that used price advertising extensively would be regarded by consumers as less credible (trustworthy) than a store that seldom engaged in price promotions. The retailer image was found to have an impact on price acceptance through its interaction with discount level; the probability of accepting the regular prices increases when the advertisement is from the more trustworthy advertiser with a lower discount. Furthermore, consumer overall reactions such as belief in the advertised purchase offer, perception of the value for the money, and motivation to buy the advertised product are significantly higher when subjects are shown the high-prestige department store's advertisement than when they are shown advertisements sponsored by the low-prestige discount store (Fry and McDougall 1974).

Berkowitz and Walton (1980) detected the differential effects of retailer image on different price-related perceptions. Perceived savings are larger for the price-oriented store, whereas perceived worth and price acceptability are greater for the non price-oriented store.

One interesting recent finding is that a discount store, in comparison with a non-discount store, shows larger increases in shopping intention when external reference prices are used. Furthermore, implausible reference prices (exaggerated reference prices) associated with discount stores, even though discounted more than plausible reference prices, can result in much higher perceived saving and increased shopping intentions than plausible reference prices or than implausible reference prices associated with non-discount stores (Biswas and Blair 1991). Accordingly, there seems to be a retailer $\times$ reference price interaction on perceived savings and shopping intentions.

In addition, although source credibility and source image may be confounded, trust in the source of the advertisement (as a main composite of source credibility) affects price perceptions, while overall store image seems to influence attitudes and intentions regarding purchase. Dodds and Monroe (1985) found that store name influences buyers' perception of quality through an interaction with price. Similarly, Wheatly and Chiu (1977) found that, like price cues and the physical attributes of products, store image has significant main effects on perceived quality. However, a meta-analysis by Rao and Monroe (1989) suggested that the positive effect of store name on perceived quality is small and not statistically significant.

From previous research, we know that retailer image influences consumer price perceptions in terms of two different dimensions, credibility and price competitiveness. Specifically, a highly credible retailer enhances price acceptance through its credibility, but its offered price is regarded as less competitive compared to that of a retailer who uses discounting frequently. In addition, retailer image interacts with discounting level or reference price level in influencing price acceptance, perceived savings and shopping intentions. Therefore, research issues that need to be examined are:

- (1) What are the underlying distinctive dimensions of retailer image (e.g. retailer credibility, price competitiveness, or prestige, etc.)?
- (2) How does each dimension of retailer image influence perceptions of various price advertising?
- (3) Which contextual cues have significant interactions with retailer image ?
- (4) Does a previous shopping experience in the advertising store have a moderating effect on consumer perceptions of the retailer's comparative price advertisement?

- (5) Does retailer image also influence perception of quality, both directly and through interactions with price?

3) The Effect of Brand Image

Brand image, as mediated by brand name, is expected to affect perceptions of quality (Jacoby, Olson, and Haddock 1971; Dodds and Monroe 1985; Rao and Monroe 1989). Consistent with this notion, these researchers found that, especially for established products and knowledgeable subjects, knowing only the brand name provides more information than simply knowing the price, although the price-brand name distinction is somewhat confounded. Blair and Landon (1981) found that (1) brand effect is related to product type, and (2) compared to a major brand a fictitious brand is discounted more heavily on the perception of actual saving, although rates of discounting are not significantly different between the major brands and fictitious brands. As for differential effects due to brand categories (generic, private, and national), intentions to buy are greatest for the national brand groups but price perceptions are most favorable for the generic brand when it is the lower-priced product (Bearden, Lichtenstein, and Teel 1984).

Similarly, consumers appear to be more aware of and favorably disposed toward national brands and more likely to purchase them. Furthermore, brand name, interacting with price, influences buyers' perceptions of quality, revealing a positive and significant relationship between brand name and perceived quality. (Dodds and Monroe 1985; Rao and Monroe 1989). In addition, branded products do have a greater impact on individual price thresholds than do unbranded products. That is, the lower and upper price limits were greater for the branded products than for their unbranded counterparts. The study suggests that brand name is one source of market information that may affect price limits and acceptable price ranges, at least for some products (Kosenko and Rahtz 1988).

Based on this review of previous research, several issues need to be investigated.

- (1) Does brand awareness mediate the effect of brand image ?
- (2) Which perceptions, besides quality perception, does brand image influence?
- (3) Does brand image interact with price to influence price and product-related perceptions?
- (4) Does the effect of brand image differ according to product type?

- (5) According to brand categories (generic, private, and national), do perceptions of price and product differ?

4) The Effect of Country-of-Origin

Expectations about a stimuli are often based on its membership in a category (Hong and Wyer 1990). For consumer products, a category is often activated by a brand name or country-of-origin. Knowledge that a product was made in a particular country can directly influence judgments of the product. Thus, a country-of-origin cue may influence the way that descriptions of the products' attributes are interpreted.

The country of origin concept has been studied since the mid 1960's. Research on the "Made in" issue was launched by Schooler (1965, 1971), who was followed by many other scholars (Schooler and Wildt 1968; Dornoff, Tankersley, and White 1974; Khera and Wise 1985; Schleifer and Dunn 1968; Dunn 1976). According to the results from these studies, consumers form stereotypical images of foreign product. These images are sensitive to variations in elements of the marketing mix, such as price and promotion.

How consumers view foreign products was examined by a cross-cultural study (Papadopoulos, Heslop and Avlonitis 1987). Although consumers in different countries respond differently to country-of-origin cues, Japanese goods and American goods were rated favorably by consumers in all countries (Cordell 1991; Papadopoulos, Heslop and Avlonitis 1987). These findings imply that marketing strategies that stress country of origin can be beneficial for products from countries which have a favorable image.

A study by Samiee et al. (1990) examined what cognitive structures are associated with country-of-origin in the minds of consumers. Relevant structures include global evaluations of the country and specific evaluations of such things as the quality level of the country's products and their fashion, styling, craftsmanship, R & D, and technology. Recently, it was found (1) that information on country-of-origin affects quality assessments more than price or brand information (Wall, Liefeld and Heslop 1991), and (2) that consumers are less likely to choose products made in less developed countries, especially when the financial risk is high. However, for many consumers the effects of bias can be offset by price concessions; as the prices of well regarded domestic goods (in these studies, goods made in U.S.A.) were increased relative to the foreign good (goods made in less developed countries), more

consumers switched to the foreign goods despite evident bias (Schooler and Wildt 1968).

Moreover, country images change over time. An unfavorable image may change for the better if the quality of goods improves. The best known example is Japan's successful drive to change the image of its products from cheap to high quality. A more recent case is South Korea, whose products have a much more favorable image today than in the early 1980s. But country-of-origin effects are product dimension-specific; the degree to which individual dimensions are subject to the country-of-origin effects is not equal across the dimensions (Han and Terpstra 1987).

In theoretical studies the country-of-origin not only had a direct influence on product evaluations, but also appeared to stimulate subjects to think more extensively about other information on product attributes (Hong and Wyer 1989). Furthermore, it was suggested that a country's image serves as a halo from which consumers infer a brand's attributes, especially when consumers are not familiar with a country's products. In contrast, as consumers become familiar with a country's products, a country's image may become a construct that summarizes consumers' beliefs about product attributes and directly affects their attitude toward the brand (Han, C. Min 1989).

Recently, it has been found that a product's country-of-origin has a positive influence on interpreting ambiguous attributes. This effect is partly ascribed to the mediating influence of country-of-origin on the interpretation of the ambiguous attribute descriptions as well as to subjects' use of country-of-origin as a direct, informational basis for judgment. The effect of country-of-origin cue on product evaluations was greater when the product's country-of-origin was known some time before, rather than either immediately before or after the product's attribute information was provided (Hong and Wyer 1990).

On the other hand, as companies separate the location of a product's manufacture or assembly from the country with which a firm is associated, a distinction between country-of-origin and country-of-manufacture becomes necessary. Country-of-origin refers to the country with which the firm is associated, that is, the home country for a company or where the headquarters are located. In contrast country-of-manufacture refers to the country in which a product is manufactured or assembled. Country-of-manufacture can be the same as the country-of-origin or it may be different (Ozsomer, Aysegul and Cavusgil 1991). Han and Terpstra (1987) categorized products into uni-national and bi-national (1987). For uni-national products, the country-of-origin is the same as the country-of-manufacture.

However, bi-national products involve two countries-of-origin, one where the products are made and one where the company has its home (e.g., General Electric TV made in Taiwan, Sony products made in Southeast Asian countries, and Honda Civic made in the U.S.A.): These bi-national products are popular as a way of circumventing an unfavorable image associated with foreign products or lesser developed countries.

As a methodological issue, it has been argued that the effects of country-of-origin or country-of-manufacture should be investigated in multi-attribute contexts because the effects may differ depending on which other product attributes are available when consumers evaluate products. (Johansson, Douglas and Nonaka 1985; Papadopoulos, Heslop and Avlonitis 1987; Ozsomer and Cavusgil 1991; Wall, Liefeld and Heslop 1991). Consequently, it has been shown that (1) country-of- origin effects exist and influence interpretation of other product attributes; (2) this country-of-origin image can be changed, and image stereotypes vary across specific attributes; (3) as companies manufacture their products in foreign countries, country-of-manufacture is differentiated from country-of-origin; (4) other product attributes may affect the country-of-origin influence in interpreting the product

attributes and in product evaluations. Accordingly, research issues that need to be investigated are:

- (1) Do consumers have two different country images (country-of-origin and country-of-manufacture) for bi-national products?
- (2) When the images of the country-of-origin and the country-of-manufacture are quite different, how does each image influence price and product related perceptions?
- (3) Can a favorable country-of-origin image compensate for a less favorable country-of-manufacture image for a bi-national product? For instance, when a world-wide, prestigious brand product is made in lesser developed countries, how is the advertisement for the bi-national product perceived? (e.g., Sony made in Taiwan, Singapore, Philippines, etc.)

The effects of other advertisement contextual cues which have been investigated in previous research (advertisement distinctiveness and consistency, and message extremity) are introduced in APPENDIX 1.

B. Moderating Effects

1) Internal Reference Price

a) Formation of Reference Price

Researchers recognize that a standard price or fair price exists in the memory of consumers (internal reference price) and that consumers do not evaluate prices singly, but rather evaluate prices in reference to standards that may be objective or subjective (Monroe 1973). Reference prices can be defined as any prices which "other price cues are seen in relation to" (Klein and Oglethorpe 1987). An external reference price, which is not initially held in the buyer's memory but is given by external sources, may also be used to evaluate other prices (e.g., manufacturer's suggested list price, previous or original price, and a competitor's price).

Since reference prices play an important role in framing consumers' judgments and decisions, researchers need to know how reference prices are developed (Rowe and Puto 1987). These normal price standards will, in part, determine the acceptability of prices. Helson's (1964) adaptation-level theory has been used to explain how reference points are formed. Researchers hypothesize that an

adaptation level (or reference point) will be used as a basis for price evaluations and is an average of all previous prices encountered by the consumer. Monroe (1979) has suggested that the internal reference price (or adaptation level) may not correspond to any single price, but rather may be based on some average price of similar products.

According to Klein and Oglethorpe (1987), an internal reference price varies according to which reference point was used previously and any subsequent differences in information received. In addition, the frame (or context) used to represent the purchase task will elicit different reference points (Thaler 1985). For instance, a price for a particular offering may be evaluated as unacceptably high for an item for personal use, but reasonable for a gift. Klein and Oglethorpe (1987) classified three possible bases for the formations of a reference price.

(1) Aspiration prices

The price I would like to pay

The price I would consider a "good buy"

The level at which I would like to buy (Klein and Oglethorpe 1987)

A reasonable price or a fair price; a satisfactory level (Kamen and Tomen 1970; Monroe 1973)

(2) Market prices

The average retail price (Emory 1970)

A particular price I have seen or heard

(3) Historical prices

The average price I pay; the typical level at which
I buy (Gabor and Granger 1970)

The last price I paid; last level at which I bought
(Uhl 1970; Monroe 1973)

The most or least I would ever pay

The price I usually pay

The price most frequently charged (Olander 1970;
Gabor and Granger 1961; Olander 1970)

These operationalizations imply that consumers may have adequate knowledge to evaluate prices. However, according to a study by Zeithaml and Graham (1983) respondents were relatively uncertain about their knowledge of prices for professional services. Apparently consumers inexperienced with these services do not store actual reference prices in memory. Therefore, they can not accurately reflect the real prices of these services.

Similarly, research conducted in the last twenty years suggests that consumers generally have poor memories for grocery product prices, even immediately after having purchased a product (Urbany and Dickson 1990). Furthermore,

price expectations for many product categories appear to be uncertain (Urbany and Dickson 1988, 1990). Uncertainty about specific prices should be common, since price information processing typically happens through a low-involvement process for consumers (Dickson and Sawyer 1986; Gabor and Granger 1970). Therefore, consumers are likely to use new price information to supplement their uncertain expectations. Also, consumer internal price standards may exist in ranges rather than points because consumers are uncertain about what prices to expect and have quality and budget limits for acceptable prices. Furthermore, consumers may not be sensitive to some price changes because they are unsure what prices generally are.

In addition, prices perceived to be low are not always acceptable, and prices perceived to be high are not always unacceptable. This result implies that the price acceptance level of consumers is not absolute but relative, varying with consumers and situations. A price cue will be judged to be acceptable or unacceptable based on consumers' internal reference prices, the degree of quality inferred from price and other cues (e.g., brand name, country-of-origin, etc.), or specific purchase situations (e.g., purchase for a gift, purchase in or out of season, etc.). Thus, while a judgment of whether or not a price is normal involves only one dimension (price), a judgment of

whether or not to purchase at that price is multidimensional. The latter judgment involves consideration of utility obtained from the product as a function of the price (i.e. value for the money (Monroe 1979)), as well as situational factors that may prevent the purchase of a product in spite of a price that is perceived to be low.

Recently, Urbany and Dickson (1991) empirically showed that actual market prices serve as reasonable surrogates of consumers' internal reference prices for frequently purchased products. Their study also shows that consumers' internal reference prices exist and are used in judging incoming price cues.

b) The Influence of Internal Reference Price

The impact of an internal reference price (IRP) is believed to be significant since consumers may use this internal reference price to categorize other observed prices. In comparative price advertising consumers judge an advertised reference price by comparing it to internal standards (as described by adaptation-level theory), and a consumer's internal reference price is influenced by an advertised reference price (as described by adaptation-level theory and assimilation-contrast theory) (Monroe and Chapman 1987; Thaler 1985). Furthermore, it is believed that an

advertised reference price that raises the consumer's internal reference price will make the lower advertised sale price appear more attractive. Additionally, Biswas and Blair (1991) discussed how (1) consumers' price beliefs change in response to external reference prices, (2) the direction of belief change is determined by whether the external reference price is above or below consumers' previous estimates of that price (i.e., internal reference price), and (3) the amount of change in price belief is mediated (a) by the size of the discrepancy between the reference price and prior beliefs (i.e. the discrepancy between advertised reference price and internal reference price), (b) by factors that influence consumers' confidence in prior beliefs (including brand familiarity), and (c) by factors that affect the meaningfulness of the reference price (including store type).

In addition, the role of internal reference price has also been explained by prospect theory. In prospect theory, Kahneman and Tversky (1979) propose that decision makers (1) evaluate decision alternatives by expressing their outcomes as either gains or losses compared with a specific reference point, and (2) tend to be risk averse for choices involving gains and risk taking for choices involving losses.

Empirical analyses of internal and external reference prices have indicated that (1) both internal and external reference prices are significant in influencing purchase decisions or purchase probabilities, suggesting that the two types of reference prices are not merely different operationalizations of the same underlying construct; (2) buyers' willingness to pay the current price is also influenced by both the judgment of whether or not the current price is normal and the expectation of future price (Urbany and Dickson 1990); (3) consumers act as if the price of each brand is compared with multiple reference prices. In other words, new prices are judged against and, in turn, affect internal price standards (Urbany and Dickson 1988; Mayhew and Winer 1992).

In this study, in addition to internal reference price, a consumer's acceptable price range is also considered one indicator of internal price standards. According to Lichtenstein and Bearden (1989), the range of normal prices, range of lowest prices a consumer perceives to exist in the market place, and acceptable price range, represent internal price standards that have theoretical implications for perceptions of reference prices. While an internal reference price may be the price standard with which consumers evaluate offering prices, the acceptable price range may act as another internal standard that

consumers use to judge offering prices. Buyers have lower and upper price thresholds, that is range of acceptable prices for a purchase. Previous research has confirmed the existence of a range of prices buyers are willing to pay (Monroe 1990). Therefore, an acceptable price range is defined as those prices that buyers are willing to pay for a good or service and is bounded by lower and upper price limits.

In light of these findings, specific issues that need to be investigated are:

- (1) Which specific price perceptions are moderated by the internal reference price or acceptable price range?
- (2) Do these two different internal price standards (internal reference price and acceptable price range) moderate price perceptions differently?
- (3) Do these moderating effects conform adaptation-level theory?
- (4) Are these moderating effects explained by theories other than adaptation-level theory (e.g. assimilation-contrast theory, message learning theory, and transaction utility theory)?

2) Product Knowledge

a) The Effect of Product Knowledge

Several researchers have suggested that consumer product knowledge (product expertise or product familiarity) may moderate the effect of price on perceptions of quality (Jacoby, Olson and Haddock 1971; Rao 1971; Scitovszky 1945; Shapiro 1968). Consumer knowledge is suggested to have two components: familiarity and expertise (Alba and Hutchinson 1987). [Russell (1948) classified knowledge into different categories - (1) knowledge by description (i.e., information from indirect representations such as verbal description, depiction or modelling) and (2) knowledge by acquaintance (i.e., knowledge obtained by first hand or direct experience).] Familiarity is defined as the number of product-related experiences accumulated by a consumer. Expertise is the ability to perform product-related tasks successfully.

Recently, Alba and Hutchinson (1987) suggested that "familiarity" serves as an umbrella term and is related, though not perfectly, to other constructs such as consumer expertise, prior knowledge, and strength of belief. Familiarity is necessary, though not sufficient, for the development of expertise, the ability to perform

product-related tasks successfully (Hoch and Deighton 1989). In general, consumers with greater familiarity have a richer store of prior knowledge. In measuring prior knowledge, experience with the product, subjective knowledge measures, and objective knowledge measures have been used. However, Spreng and Olshavsky (1990) argue that researchers' past use of subjective knowledge as a measure of prior knowledge is problematic and that subjective knowledge and prior knowledge should be treated as separate constructs, each with their own measures.

Prior knowledge is conceptualized as the actual contents of long term memory with respect to the product domain. Accordingly, prior knowledge should also be measured objectively. Subjective knowledge is conceptualized as the belief a person has about his/her prior knowledge; subjective knowledge should thus be measured with self-assessment scales. The differential impact of these constructs on other behaviors requires further investigation.

The moderating effect of consumer product knowledge is based on the role of prior knowledge in memory and judgment. Prior knowledge of a product is expected to facilitate the acquisition of new information as well as the use of existing information (Park and Lessig 1981). Product experts tend to have both more content knowledge in memory

and more associations within that organized content knowledge (Chi, Glaser, and Rees 1982). Srull (1983) argued that high familiar subjects often recall more information than low familiar subjects due to more elaborate knowledge structures that permit the use of much more active organizational strategies.

Recently, Rao and Monroe (1988) showed how prior knowledge moderates product quality perceptions through price cues. This study found that familiarity with the product may influence how consumers use knowledge in assessing product quality. As consumers proceed along the familiarity continuum from low to moderate, they develop the ability to relate intrinsic cues to product quality. As consumers achieve even higher familiarity, the ability to relate intrinsic cues to quality is augmented by the ability to relate surrogates (such as price) to product attributes, and thus to quality. Subjects with low familiarity select extrinsic information such as brand name as the only product attribute of significance, but subjects with the high familiarity need only brand information to generate a complex schema that includes other product attributes.

In sum, consumer familiarity with products will be a potential moderator on their perceptions toward comparative price advertisements because consumer familiarity (1) influences the extent to which consumers

perceive price cues as true or not, (2) determines the extent to which they utilize price information to evaluate advertised prices, product quality, and subsequently an advertised deal, and (3) is closely related to search for additional information.

Using these product knowledge effects, Alba (1983) discusses the effects of product familiarity within the context of advertisements. Subjects were required to evaluate the advertising copy and the product on a variety of dimensions prior to a surprise recall test. With respect to the advertising copy, the most important finding involves comprehensibility. The relationship between recall and comprehension is more than correlational. Also, high-knowledge people found the information to be more useful. However, interestingly, high-knowledge people found the information to be marginally less believable. When choice is determined by the quantity and quality of retrieved information, high-knowledge consumers will be at a distinct advantage. A high-knowledge individual will recall more information, especially more sophisticated and perhaps more important information.

Product knowledge is also significant because advertising may be most persuasive when it presents brand information that "matches" consumers' prior knowledge about products. Beattie (1983) discusses how the interaction

between consumers' prior knowledge and the type of copy used to advertise a particular brand can influence attention to advertisements, interpretation of advertising information, and responses to advertised brands. It was proposed that (1) experience-oriented advertising, focusing on what it feels like to use a product, may be most persuasive for consumers who have considerable experience using a product, but little product attribute information stored in memory (product novices), and (2) information-oriented advertising, focusing on the quality of product attributes, may better persuade consumers who have extensive knowledge of product attribute/performance relationships (product experts).

Two different responses to advertised brands have been shown to affect brand attitudes: beliefs formed about specific brands and feelings towards the advertisement itself. Experience-oriented advertising would influence product novices. In contrast, information-oriented advertising influences product familiar consumers to evaluate and form beliefs about brands. Moreover, increased product familiarity enables the consumer to differentiate brands according to more veridical criteria (Alba and Hutchinson 1987; Johnson 1984). Particularly, brand familiarity is likely to (1) enhance identification of a brand, (2) increase the probability of inclusion of the brand in an evoked set, (3) generate positive feelings

toward the brand, and (4) motivate purchase behavior (Herr 1989).

Recently, Maheswaran and Sternthal (1990) investigated the effects of knowledge on advertisement message processing. This study confirms that experts and novices differ in the types of information that prompt them to process a message in detail; experts are more likely to process a message by using attribute information, while novices are more likely to use benefit information (Conover 1982; Johnson and Sathi 1984; Walker, Celsi, and Olson 1987). Furthermore, in a study by Herr (1989), the country-of origin cue is used as a mental "short-cut," a way of avoiding unnecessary information processing. Product familiarity and use of the country-of-origin cue is relatively high and significantly positive. The correlation reflects the increased confidence that people with product familiarity have in the information value of the cue. Yet for products that typically require low involvement for purchase decision making, product familiarity has almost no impact on perceptual structures (Herr 1989).

b) The Effect of Price Knowledge

As a subcategory of product knowledge, price knowledge is especially important in this study. Whether

consumers have a priori price knowledge for an advertised product will have an impact on their perceptions of the deal. However, consumers often are not certain about prices of products they have purchased (Gabor and Granger 1970; Monroe et al. 1985; Dickson and Sawyer 1986; Urbany and Dickson 1985, 1990; Zeithaml and Graham 1983). Particularly, according to research by Dickson and Sawyer (1990), more than half of the respondents can not correctly recall the price of the item they have just placed in the shopping cart. Further, more than half of the shoppers who purchase an item on special are unaware that the price is reduced, contrary to marketing researchers' implicit assumption that shoppers are aware of both price and any temporary price reduction. On the other hand, some consumers are knowledgeable with and can correctly recall the product prices they pay.

For price knowledge effects, more knowledgeable individuals should be familiar with available prices and have less variability but higher price limits in their range of acceptable prices. This prediction is supported by Kosenko and Rahtz (1988) whose research reveals that more price knowledgeable consumers possess a narrower range of acceptable prices than subjects with little or no knowledge of market prices. In this study, the lower price limit is actually greater for price knowledgeable subjects than for

subjects with little or no price knowledge. In sum, market price knowledge does influence the lower and upper price limits and the acceptable price range as hypothesized. However, the hypothesized reduction in the variability in the price limits was supported only in the upper price limit.

Other consumer characteristics such as shopping experience or demographics as moderating variables have also been examined in previous research. Findings about the effects of those consumer characteristics are described in APPENDIX 1.

C. Perceptual Dimensions

In this section, previous studies of consumers' responses to advertising and of the effect of external stimuli such as price, brand name, retailer name, or country-of-origin on subsequent perceptions and behaviors are reviewed. Previous research relative to perceptual dimensions of comparative price advertisement is summarized in APPENDIX 2. The purposes of this section are to examine how contextual variables (or stimuli) in comparative price advertisements affect perceptions and behaviors and to explain these effects using price-related theories.

1) Perceptual Processes

Promotions serve as information or cues that require processing by consumers (Cotton and Babb 1978). External stimuli indicating a deal will be attended to and utilized as information by consumers, thereby affecting their perceptions of the deal. In particular, cues contained within the incoming information (external stimuli), rather than those generated by the receiver himself, are thought to be of primary importance in shaping acceptance (Fishbein and Ajzen 1972).

For example, a consumer may attend to a product's price, assign to it some symbol (i.e., encode price), and thus acquire price information as a cognitive element (perceived price) in either short-term memory or long-term memory. Then, the perceived price (the cognitive symbol) may affect consumer behavior through its mediating effects on consumers' judgments and decisions. Therefore, price information affects product evaluations (e.g., perceived quality) or product choice and purchase decisions (Jacoby and Olson 1977).

In the basic paradigm, the output of consumer information processing—judgments or evaluations—is stored either in memory for future use or is used as immediate inputs to product choice (Johnson and Puto 1987). Judgments

imply the forming of opinions and estimates, whereas choice implies a commitment to action or inaction. Constrained primarily by processing limitations and information availability, judgments are also affected by changes in the surrounding context and the nature of the judgment task (Johnson and Puto 1987). While they are affected by these influences on judgments, product choices are also affected by economic constraints. Therefore, consumers' preferences or choices depend, in part, on how they judge the benefits to be received from a product relative to the sacrifice inherent in the price (Chapman and Monroe 1990). In earlier information processing research, Haines (1974) and Bettman (1979) reported that price was a means of initially screening purchase alternatives for acceptable or unacceptable choices. The specific way that price will influence buyers' information processing and decision making varies depending on the purchase context (Monroe 1973).

In their use of product information, consumers are selective. They tend to base their evaluations primarily on high value information (Cox 1967). When they perceive high risks in a product category, consumers are especially likely to seek information that reduces their risks. Consumers will follow a predictable process, using information that best reduces the amount of perceived risk. Therefore, the question arises as to how consumers distinguish high from

low value information. Evaluations may be based on relatively few bits of information. Consequently, the level of perceived risk can be strongly associated with (1) information acquisition (the source, amount, and nature of information acquired), (2) information processing (the evaluation, use, and storage of acquired information), (3) information transmission (the amount, nature, audience, and initiative in word of mouth communications), and (4) brand loyalty and brand trial (product adoption) (Cox 1967). Therefore, in the context of comparative price advertisements, consumers may seek to reduce risk by basing purchase intentions on brand or country-of-origin cues. When financial risk is high, they may be especially brand loyal to products made in countries which are thought to produce quality products.

Consumer behavior researchers, especially pricing researchers, have tried to investigate (1) consumers' price information processes and (2) influences of the information processes on price-related perceptions and behaviors. Price-related perceptions are thought to be determined by the cognitive processes through which consumers acquire information on objective product prices, then transform these stimuli into perceptions which are further evaluated and integrated with such product information as quality, brand, packaging, pre-existing attitudes towards a product,

its advertising, and use. Cognitive responses are units of information pertaining to objects or issues that are the result of information-processing. In the cognitive process, perception is an intermediate output produced through the processing of stimuli. Perceptions also lead to consumer beliefs, attitudes, and behaviors. Empirical evidence supports the view that cognitive response mediates attitude change. However, attitudes also influence cognition (Cacioppo et al. 1981).

Within this information processing perspective, it is not the physical price, per se, but the consumers' perception and interpretation of this price that affects behavior toward the product. That is, price is one of many objective characteristics of a product. The "perceived" price may be the same as the "objective" price, but it is possible that the "perceived" price could be cognitively represented in terms of monetary symbols, product quality, value for money, verbal labels such as "cheap" or "expensive," or even strength of preference. Clearly, perceptions of the same objective price stimulus may vary considerably among consumers and, within one consumer, across products, purchase situations, and times (Jacoby and Olson 1977). This cognitive process implies that external stimuli do not exert direct effects upon behavior, only indirect effects. Stimuli must first be perceived and

interpreted before they can affect decision processes and overt behavior. Furthermore, it has been argued that knowledge of external stimuli (such as price) and internal states (such as attitude) is insufficient for understanding and predicting consumer response; dynamic processes which relate internal states to external stimuli and responses must also be considered (Jacoby and Olson 1977).

2) Perceptions Toward Advertisements

a) The Influence of Advertisement on Cognitive Processing

Most previously experimental research on advertising has been concerned with the persuasiveness of the advertising messages, examining how factors like source credibility and message variables directly influence the persuasiveness of an appeal. Some recent research (Deighton 1984; Hoch and Ha 1988) has focused on the indirect effects of advertising, examining the influence of advertising on consumers' interpretation of objective evidence about product quality. In this stream of research, Ha and Hoch (1989) showed that advertising can shape consumers' interpretation of ambiguous product evidence: there is a significant advertising-by-ambiguity interaction such that

ambiguous advertisements increase perceived quality. Thus, advertising can favorably influence consumers' product evaluations or purchase decisions. This study will investigate, in particular, the ways in which price comparison advertisements help consumers to recognize an advertised "deal" (i.e., economic benefits) and to develop favorable perceptions toward the "deals."

One interesting issue relevant to deal evaluation is the effect of promotional signals appearing in comparative price advertising. Inman, McAlister, and Hoyer (1990) have found that some consumers react to promotion signals without considering relative price information. In their signal-only promotion condition, the signal mounted on the brand display presented a promotional price which was actually identical to the usual price. Low-need-for-cognition individuals nevertheless reacted to the presence of a promotion signal. High-need-for-cognition individuals, on the other hand, reacted to a promotion signal only when it was accompanied by a substantial price reduction (actual promotion condition).

This study suggests that consumers traveling the peripheral route to attitude change are affected by the mere presence of a promotional signal. Petty and Cacioppo's (1981) elaboration likelihood model proposes that there are two basic routes to attitude change: the central route is

taken when persuasion results from thinking about the issue or arguments under consideration; the peripheral route is taken when persuasion results from non-issue-relevant concerns such as impression management, the attractiveness of the message's source, or one's social role. Two factors, motivation and ability, are thought to determine whether or not a person will think about a persuasive message and, therefore, the extent to which elaboration occurs.

The elaboration-likelihood model indicates that it is quite difficult to produce an enduring attitude change by exposing people to a persuasive communication, because peoples' thoughts will be guided more by their pre-existing attitudes than by others' arguments. The most obvious peripheral route is to associate the advocated position with an expert, an attractive or powerful spokesperson, or with things like food or money that the target audience already feels positively towards. If the message does not have much personal relevance, the peripheral approach may have some possibly short-lived success. Therefore, a peripheral use of promotional signals may attract consumers to promotional deals. If consumers (1) are not involved with an advertised product, (2) do not have prior knowledge of the advertised products (including price knowledge), and (3), therefore, are not able to evaluate advertised messages, a peripheral approach using promotional signals may be appropriate to

attract them to promotional deals. Furthermore, low need-for-cognition consumers may minimize cognitive processing without necessarily inferring that the price has been discounted. This assumption implies that for some consumers—those who meet the above-mentioned conditions—promotional signals in comparative price advertising may be sufficient to create favorable "deal" perceptions and subsequent increased sales regardless of the actual amount of discounts.

It has been proposed that consumers' attitudes toward advertisements are another antecedent of brand attitude (Mitchell and Olson 1981; Shimp 1981; Mittal 1990). An advertising copy is often intended to enhance the attractiveness of the brand to the audience.

In sum, current research deals with people's perceptions of advertising. What is needed is a way of measuring those aspects of advertising that influence consumers' responses. In this study, advertisement believability is of particular interest because it is held to influence consumers' acceptance of deal-related messages, the persuasiveness of discount promotions and, therefore, buying intentions.

b) Advertisement Believability

Advertisement believability has been examined in various ways. The probability of an advertised reference price being accepted is influenced by discount size. Smaller discounts are more likely to be accepted as real discounts (Fry and McDougall 1974). However, in this study, the advertised discount level was, in general, not accepted. An experiment with a shopping product has shown that the trustworthiness of information also varies according to semantic cues (Walton, Berkowitz and Buchholz 1978); the most trusted semantic cue was "total value-sale price." In their experiment with tensile claims (e.g. "save up to 50%"), Mobley, Bearden, and Teel (1988) showed that ambiguous message claims reduce the specificity and usefulness of information; thus, an ambiguous message may reduce the trustworthiness of advertised cues.

Since the perceived truthfulness of advertised price cues is an important factor determining advertisement believability, advertisement believability may be closely related to price acceptability. Measures of price acceptability have generally involved consumers' evaluations of whether the stated retail prices are accurate or fair (Zeithaml 1984). Ahmed and Gulas (1982) found that when asked how much they would save at a store, 60% of consumers who provided a definite answer thought they would save the list price minus the store price. They trusted the list

price stated in an advertisement and accepted the price cues. These results were inconsistent with the results of previous research.

The following hypotheses on advertisement believability are grounded in previous research. First, consumers discount reference price advertisements, particularly advertisements which offer seemingly exaggerated savings claims (Blair and Landon 1981; Liefeld and Heslop 1985). Second, consumers judge the believability of an advertised reference price against the highest price they expect to observe in the market (Urbany et al. 1988). Third, advertisement believability can be explained based on message learning theory, which posits a positive relationship between source or message credibility and the extent of attitude change. This relationship is confounded by the receiver's initial attitude (Percy 1983).

Consistent with this notion, two factors—advertiser credibility and the extremity of the advertising claim (or discrepancy between the advertising claim and initial consumer opinion)—may be considered important determinants of advertising effectiveness (Lutz 1985). Lichtenstein and Bearden (1988) measured message credibility by nine bi-polar adjective scales reflecting the dimensions of sincerity, honesty, dependability, trustworthiness, and credibility. These dimensions are believed to be relevant to

advertisement believability; for these dimensions, the plausible high-reference-price condition (mean and modal value of consumers' estimates of the highest amount they would accept as a valid list price) resulted in significantly higher scores in message credibility than did the implausible high-reference-price condition (a price chosen to reflect prices which were outside the perceived range of normal prices). Recently, Goldberg and Hartwick (1989) found that advertiser credibility (source credibility) influenced cognitive responses toward advertisements. Respondents given an advertisement endorsed by a more credible source produced more supportive arguments about advertised claims and more positive comments on the advertising company. They evaluated the advertisement as more honest and professional.

Message learning theory makes it clear that advertisement believability is influenced by two different dimensions: (a) the source credibility embedded in retailer image, brand image, or country-of-origin image, (b) the message credibility embedded in reference price, discount level, or semantic cues. Also, it is clear that advertisement believability is closely related to message acceptance, including price acceptance. It is, therefore, important to learn (1) how contextual cues act on advertisement believability in terms of source credibility

or message credibility, and (2) how acceptance of the advertised message (e.g., advertised reference price advertised discount level), is related to the advertisement's believability.

3) Price and Discount Perceptions

Since the purpose of comparative price advertisements is to attract consumers and motivate them to purchase products by claiming reduced prices, it is important to learn how consumers perceive the reduced price or discount claims. Previous studies have dealt with consumers' perceptions of advertised price and discount cues. Examining the impact of price and discount information on the outcomes of product evaluations (i.e., perceived quality), product choice, and purchase decisions confirmed the mediating effects of price and discount perceptions (Jacoby et al. 1971, Bearden et al. 1984, and Urbany et al. 1988). They have shown that price and discount perceptions have mediating effects on the consumers' deal evaluations and purchase decisions. They have also shown that evaluations of advertised price and discount cues—an antecedent step for evaluating the offer—is a comparative process in which buyers evaluate the advertised sale or reference prices relative to their internal reference prices

(Monroe and Petroschius 1981; Urbany, Bearden and Weilbaker 1988). Similarly, it has been suggested that consumer responses depend not only on the advertised retail prices, but also on consumers' comparison of retail prices with their reservation prices or perceived reference prices (Della Bitta and Monroe 1974; Emory 1970; Monroe 1973).

Price perception research also suggests that consumers respond to relative, not absolute differences in prices (Monroe 1973; Monroe and Petroschius 1981). In other words, responses to deals depend on the percentage a sale price is discounted from an original price and not on the absolute amount of money discounted. It is reasonable that a \$20 discount on a \$50 price will be perceived as greater than the same \$20 discount on a \$500 price. Lastly, price perception research also suggests that contextual variables which accompany price or discount cues should be examined in order to understand how these contextual cues affect the perception and use of price or discount cues (Monroe 1973; Monroe 1977). Studies have shown that price acceptability and perceived savings are influenced by retailer image (perceived trustworthiness and price/non-price orientation and comparative price format (Fry and McDougall 1974; Walton, Berkowitz and Buchholz 1978; Berkowitz and Walton 1980; Bearden, Lichtenstein and Teel 1984). The influence of

these factors differs across experimental products (Berkowitz and Walton 1980).

Urbany and Bearden (1988) have shown that internal reference prices reflect standards which consumers use to judge advertised prices. Given a higher sale price and lower reference price, the reference price does not significantly increase estimates of the retailer's normal price because the price to be adapted (a lower reference price) is not high. This finding explains why retailers may exaggerate reference prices (Urbany and Bearden 1988); by doing so, they can induce consumers to adapt to the new, exaggerated reference prices. Similarly, Urbany, Bearden and Weilbaker (1988) have found that the presence of a reference price can increase estimates of average market price and the advertised product's normal price. In another study, Lichtenstein, Bloch and Black (1988) showed that price acceptability is moderated by consumer characteristics such as price consciousness and product involvement. This moderating effect follows from the fact that, compared to product-involved consumers, price-conscious consumers have lower limits for the highest prices they are willing to pay for a product. Therefore, price consciousness is negatively related to price acceptability.

In addition, it has been suggested that buyers may discount reference prices and the associated savings because

the amount of savings in the price deal context is perceived to be less than the difference between the external reference price and the sale price (Ahmed and Gulas 1982; Blair and Landon 1981; Fry and McDougall 1974). Similarly, an advertised large discount is generally not perceived to be reliable; however, such discount amounts still produce higher perceived savings and favorable "deal" effects.

One particular effect is a store-discount interaction (Fry and McDougall 1974): a larger discount level advertised by a less trustworthy retailer (e.g., a discount store) produces higher perceived savings and higher acceptance of the advertised sale price as the lowest price. Another interesting effect is that when advertisement signals a high discount level (%), the advertised deal is attractive, regardless of the actual discounted amount. The signal effect has been evidenced in previous studies (Zeithaml 1988; Inman, McAlister and Hoyer 1990). Apparently, for some consumers a discount cue itself creates perceptions of savings and transaction utility. These consumers do not carefully consider the actual discounted amount or the trustfulness of the advertised reference prices.

In sum, it is known that (1) price perceptions are made through information processes that compare advertised prices and reference prices, and (2) price and discount

perceptions are interrelated because both the price and discount cues influence perceptions directly or indirectly. A reference price is first related to perceptions of the retailer's normal price or estimates of average market price. Then, the price perception influenced by an advertised reference price is compared to a sale price, to produce a discount perception. The savings produced by the discount perception result in a favorable perception of offer value (i.e., transaction value perception). Therefore, indicators for perceived transaction value such as perceived savings or perception of sale price as the lowest price are thought to be influenced by acceptance of advertised price cues, comparison of advertised prices to market prices or reference prices (price perception), and another comparison between perceived regular price and advertised sale price (discount perception). The transaction utilities, in turn, are used for deal evaluations. In addition, perceived price influences product evaluations because consumers infer quality from price (Monroe and Chapman 1987; Urbany and Bearden 1988; Urbany Bearden and Weilbaker 1988). Consequently, (1) price perceptions are related to product evaluations and (2) price and discount perceptions are formed for deal evaluations such as perceived offer value.

4) Product Perceptions

This section treats the way product perceptions are influenced by or inferred from extrinsic cues such as advertised price, brand name and store name. Although this discussion may not directly relate to comparative price advertisements, reviewing the findings related to product perceptions does contribute to understanding the effects of advertisement contextual cue on advertised product and deal evaluations.

Scitovszky (1945) initially suggested that buyers may use certain information cues such as price or compositional differences to evaluate products. Consumers seem to use price as an evaluative criterion more when they are uncertain about their ability to evaluate product attributes. Furthermore, it has been found that other extrinsic cues, such as store name and brand name, interact with price to enhance buyers' perceptions of quality (Dodds and Monroe 1985). Similarly, in a meta-analysis Rao and Monroe (1989) found a significant relationship between brand name and buyers' perceptions of quality. These inferential effects of price cue, brand name or retailer image on product evaluations were also discussed by Huber and McCann (1982). They acknowledged that understanding consumer

inferences is essential both in getting information from consumers and in giving information to consumers.

Other aspects of product perceptions that deserve more careful consideration are how quality is perceived, how quality is inferred from price and other extrinsic cues, and how this perceived quality is measured. Perceived quality is not equivalent to objective quality; it cannot be measured in terms of technical superiority or adherence to physical standards. Perceived quality is an abstract evaluation of a product based on intrinsic attributes of the product (i.e., physical characteristics) and extrinsic attributes that are product-related but not part of the actual physical product (Zeithaml 1988). Price, brand name, and level of advertising are examples of extrinsic cues, which serve as a shorthand for evaluating quality. Myers and Shocker (1981) emphasized that higher-level attributes are more meaningful for marketing decision-making than lower-level physical attributes because they represent what the product is perceived as doing or providing for the user. Accordingly, perceived quality should be measured by multidimensional scales that tap the higher level attributes which affect quality perceptions. Closing the gap between objective and perceived quality requires that manufacturers view quality the way the consumer does so that the quality

provided by manufacturers will be perceived as an important attribute by consumers (Zeithaml 1988).

Another quality perception issue is the development of an appropriate measure of perceived quality. Olshavsky (1985) suggested that considerable confusion exists concerning the meaning of perceived quality, the determinants of perceived quality, and the actual relationship between quality perceptions and purchase or patronage behavior. Specifically, he criticized academic research measuring perceived quality because it has depended heavily on unidimensional rating scales which allow quality to be interpreted any way the respondent chooses. To solve these problems, further research on the relationship between price cues and perceived quality is required.

Further perceived quality research is also warranted by the relationship between perceived quality and purchase intentions. Consumers seem to set a minimum standard of quality which a product must meet to be acceptable, but they frequently do not purchase the alternative they perceive as having the highest quality (Zeithaml 1988). This seems to imply that buying intentions depend on perceptions of value for money, and these perceptions are a function of benefits to be received (e.g., perceived quality) and of sacrifice (i.e. price to be paid), rather than of perceived quality alone.

Other extrinsic cue effects on product evaluations -- effects of country-of-origin perceived risk, perceived value and likelihood of purchase -- have been tested experimentally in a multi-product, multi-cue setting (Beckwith and Lehmann 1975). Country of origin cues triggered a global evaluation in which consumers inferred quality, performance, and other product characteristics which they were unable to evaluate directly. Actually, each positively evaluated product cue may increase consumers' confidence in a product and thereby increase the perceived value or reduce the perceived risk associated with a potential purchase, and each negatively evaluated cue may have the opposite effect (Cordell 1991). In sum, a buyer may use the country of origin as a diagnostic cue in product evaluations. Wall, Liefeld and Heslop (1991) found that country-of-origin information is even more important in affecting product quality assessments than are price and brand information. In their study, country-of-origin had two levels -- developed country and developing country. The likelihood of purchase was lower for the developing countries' products.

As for the influence of advertisements on perceptions of advertised products, Hoch and Ha (1988) have shown that advertising has a dramatic effect on quality perceptions when physical evidence of quality is ambiguous

evidence about quality is ambiguous, advertising has the potential to be quite persuasive, if coupled with some form of product evidence.

5) Relationship Between Price and Perceived Quality

A number of studies have investigated the impact of price on buyers' perceptions of quality. Previous empirical studies (Oxenfeldt 1950, Morris and Bronson 1969, Sproles 1977, Raju 1977, Riesz 1978,1979, Geistfeld 1982) imply that (1) price/quality relations are product-specific and weak in general and that no uniform pattern exists, (2) frequently purchased items display weaker relations in price/quality perceptions than nonfrequently purchased items (Gerstner 1985), and (3) correspondence levels between price and quality are reduced over time, suggesting that as pricing flexibility declines, competition may occur in the form of promotional expenditures rather than relative quality improvements (Curry and Riesz 1988). However, specific results of price-quality research are inconsistent because researchers used different research designs, tested different products, and made methodological errors (Olson 1974; Sawyer 1975; Monroe 1977). Recently, Rao and Monroe (1989) showed through meta-analysis that the type of an experimental design and the strength of the price

manipulation significantly influence the effect of price on perceived quality.

Accordingly, several issues concerning the validity of the price-quality relationship have been raised (Monroe and Dodds 1988). First, the causal priority between price and quality was examined. The research suggests a reciprocal relationship between price and quality since consumers not only infer quality on the basis of price but also judge the acceptability of a price after assessing the quality of the product. Second, it had been unclear whether there is an actual positive relationship between price and product quality and whether buyers perceived a positive relationship between price and product quality. In respect to these issues, two recent research reviews (Monroe and Krishnan 1985; Rao and Monroe 1989) indicate that a positive price perceived quality relationship exists. This finding implies that price is viewed not only as monetary sacrifice but also an indicator of quality.

6) Value Perceptions

In explaining consumer behavior, the concept of a value function has replaced the economic utility function that had been used earlier. The value function is determined from perceived gains and losses relative to some natural

reference point (Kahneman and Tversky 1979). This value function incorporates the fact that people respond more to perceived rather than absolute changes. Building on this value function, Thaler (1985) introduced the concept of "transaction utility" in the evaluation of a purchase. This new concept tried to incorporate phenomena in which consumers get good values for their money but are unhappy when they find that the prices they paid are not fair and actually higher than normal prices. From this notion, two kinds of utilities were postulated: acquisition utility and transaction utility. The former depends on the value of the product received compared to the outlay, and the latter depends solely on the perceived merits of the "deal." Total utility from a purchase is the sum of acquisition utility and transaction utility (Thaler 1985).

Previous research brings up issues in investigating consumer value perceptions. How are acquisition utility and transaction utility interpreted? Are the two components of the value function independent or are they related to each other? If they are related, will it be a two-way or one-way relationship? Do perceived value and acquisition value referring to the same concept? If so, what does transaction value refer to? These issues will be discussed in the next chapter on conceptual development (Chapter 4).

In the marketing literature, perceived value has been described as "the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given" (Zeithaml 1988). In addition to quality, the "get" components may include concrete product attributes as well as other high-level abstractions (e.g., convenience). Intrinsic attributes such as convenient ready-to-serve and easy-to-open containers will add highly abstract value. In addition, psychological benefit, which is often represented by preference, is also expected to increase value perception. Moreover, value perceptions appear to be situational and to depend on the frame of reference in which the consumer is making an evaluation (Zeithaml 1988).

As mentioned before, value perception represents consumers' cognitive utility, including psychological as well as economic utility, and is functionally defined as the sum of acquisition value and transaction value (Monroe and Chapman 1987). Perceived acquisition value is the result of a trade-off between perceived monetary sacrifice and perceived quality (Monroe and Chapman 1987). Perceived monetary sacrifice is the perceived utility of the money required to purchase the product. Perceived transaction value results from a comparison between perceived monetary sacrifice and internal reference price (Lichtenstein et al.

1990; Monroe and Chapman 1987; Thaler 1985). Acquisition value is judged by comparing the "get" associated with a product offer (i.e., the utility or quality reflected in the offered product) with the "give" component of the offer (i.e., the selling price). Transaction value reflects the value of the deal and involves comparing the selling price to the price that one expects to be charged for the product (Urbany and Bearden 1990). Thus, total perceived value is regarded as sum of the acquisition and the transaction values.

Nevertheless, value is not objective. Zeithaml (1988) found that consumers have different value perceptions. For some consumers, value is low price, while for others, value is whatever they want in a product. Another group of consumers regard value as the quality that they get for the price they pay. These different bases for value perception suggest that consumers place varying weight on transaction value and acquisition value, two components of value perceptions. For instance, consumers whose value is low prices will have greater weight on transaction value than consumers whose value is whatever they want in a product (i.e., product benefits). Conversely, the latter group will have greater weight on acquisition value than the former group. In addition, there might be another group of people whose value perceptions are balanced between

acquisition and transaction values. This group will try to satisfy their acquisition utility while still considering transaction utility, and thus, they will consider value as the quality they get for the price they pay.

The variety of meanings of value presents a major difficulty in measuring value perceptions. Another thing to be considered is that consumers appear to not calculate the give and get components of value carefully when they formulate their value perceptions. Therefore, a value function should be general so that it incorporates varying weights for acquisition and transaction values.

There seems to be two ways to enhance consumers' value perceptions; one is through transaction utility and the other is through acquisition utility, although the two may be interrelated. The use of comparative price advertising and point-of-purchase tags to communicate the usual or regular price and the lower asking price are attempts to show increased transaction utility by providing buyers with a price frame of reference in order to augment the buyers' perceptions of value.

Mobley, Bearden and Teel (1988) indicated that this value concept is consistent with Thaler's (1985) model of increasing value by increasing "transaction utility" (i.e., the consumer's perceived merits of a deal after purchasing a product). It has been confirmed that the effect of an

advertised reference price on perceived offer value works through perceptions of transaction utility. Since the advertised reference price is higher than the sale (actual selling) price, there would be a positive perceived transaction value, and the overall perceived value will increase (Chapman and Monroe 1990; Urbany and Bearden 1988). In other words, the use of a reference price reflects an advertiser's attempt to impose an external reference price on consumers to influence judgments of transaction value. A higher advertised reference price in a price promotion aims at influencing the buyers' frame of reference for evaluating the merits of the offer (Chapman and Monroe 1990). A higher reference price should increase transaction value as the advertised reference price helps raise consumers' expectations of normal prices (Thaler 1985; Monroe 1990).

On the other hand, Monroe and Chapman (1987) predicted that an advertised reference price might also increase the perceived offer value and acquisition utility by enhancing the perceived quality of the advertised product. A reference price may be used by consumers as a signal of product quality (Chapman and Monroe 1990). Thus, judgments of perceived value result from the combination of acquisition value and transaction value. In a comparative price promotion, a buyer may be exposed to two prices: the higher regular price and the lower sale price. To be able to

judge the acquisition value inherent in the advertised offer, the buyer must be able to determine which price to use to assess the product's relative quality or benefits. If the advertisement suggests that the product is usually or regularly sold at the higher price, the higher reference price will likely be used to judge the product's quality and benefits. Perceived quality has a consistent effect on acquisition value perceptions. (Monroe 1990; Zeithaml 1988). In addition, the presence of the advertised reference price provides a higher comparison price for buyers to judge a product's acquisition value. Therefore, when a price is reduced and presented with a reference price to the consumer, a regular price/sale price scenario, the consumer may evaluate the quality of the product based on the regular price and the sacrifice for the product based on the actual selling price. The trade-off between these two assessments results in the acquisition value for the offer. Moreover, since the reference price compared to the sale price suggests a "deal," a positive transaction value is also produced. Perceived value for the offer will then be equal to the acquisition value combined with the positive transaction value.

In addition, like the sale price, a reference price may be used by the consumer as a signal of product quality (Chapman and Monroe 1990). Interestingly, extrinsic

attributes serve as "value signals" and can substitute for active weighing of benefits and costs. Studies reveal that most respondents depend on extrinsic cues such as advertised discount level and special price tags in forming impressions of value rather than on careful consideration of prices and benefits (Zeithaml 1988). Actually, many consumers who define value as low prices report that their purchases are triggered by coupons or a signal of low prices and that they do not actually compare the reduced price of the couponed brand with other brands (Zeithaml 1988).

These phenomena imply that for consumers whose value perceptions are dependent on transaction value, the value signals have great influence on overall value perceptions, and thus on their behavioral intentions. The extent to which consumers actively weigh benefits and costs in arriving at perceptions of value depends on (1) information availability, (2) processing ability, (3) time availability and (4) involvement in the purchase (Zeithaml 1988). Therefore, the signal effects are expected to be great when (1) consumers are not familiar with a product and are not quite certain what a normal price is for the product, and thus, they do not have the ability to evaluate the trustfulness of a promotion; and (2) consumers are not involved in the purchase because the product is not very meaningful to them.

In sum, it has been found that perceived quality enhances acquisition value, and selling price is inversely related to transaction value as hypothesized (Urbany and Bearden 1990). The significant effects of regular/sale price formats confirm the advantages of comparative advertising (Della Bitta, Monroe and McGinnis 1981; Chapman and Monroe 1990). The conclusion that price is a more influential determinant of value perception when considered relative to some reference point (i.e., an internal reference price), rather than in isolation is consistent with behavioral decision theory, on which Thaler (1985) based his model for value perception (e.g., Kahneman and Tversky 1979).

Furthermore, earlier models have suggested a link between buyers' perceptions of value and their intentions to buy (Monroe and Dodds 1985; Monroe and Krishnan 1985; Monroe and Chapman 1987; Zeithaml 1988). It has been argued that perceptions of value are directly related to preference or choice; that is, the greater a buyer's perception of value, the more likely the buyer would be to express a willingness to buy the product or a preference for the product. Chapman and Monroe (1990) confirmed the strong relationship between perceptions of value and willingness to buy through their Lisrel test: as perception of value increases, there is a concomitant increase in the willingness to consider buying the product. This link was also confirmed by Grewal (1991).

Another finding in Grewal's study is that perceived acquisition value and perceived transaction value are negatively related to search behavior.

7) Behavioral Effects

a) Purchase Decision

Research on the way advertised "deals" influence product perceptions and ultimately consumer behavior has produced mixed results. Previous studies have found that promotions are significant in purchase decisions. However, little empirical work has attempted to determine the source of this effect.

Deering and Jacoby (1972) and Szybillo and Jacoby (1974) showed that "willingness to buy" is not significantly related to "perceived quality." Shapiro's (1970) hypothesis that likelihood of purchase would be more strongly related to perceived worth than to perceived quality received partial support. Della Bitta, Monroe and McGinnis (1981) found that favorable perceptions of value does not necessarily induce a willingness to purchase or interest in purchasing the offered product. However, later, Monroe and Dodds (1985) argued that perceptions of value are directly related to preference or choice; that is, the larger a

buyer's perceptions of value, the more likely the buyer would be to express a willingness to buy or a preference for the product. Winer's (1986) test using a reference price model for frequently purchased products provides evidence for the influence of value perception on behavioral intentions. This research showed that a positive difference between reference price and observed price, a difference which indicates transaction value, is successful in inducing purchases. Particularly, consumer brand choice of two out of three major brands of coffee was strongly influenced by discrepancies between expected and observed prices at the point of purchase. Similarly, advertiser price reductions were regarded as stimulating store patronage and purchase behavior by increasing the values of an offer (Mobley, Bearden and Teel 1988). Grewal and Monroe (1991) confirmed that willingness to buy was positively related to overall perceptions of acquisition and transaction value. Compared to the significant influences of value perceptions on buying intention, the effect of plausible reference prices was not significant according to a logit analysis (Urbany, Bearden and Weilbaker 1988). However, judgments of price acceptability were regarded as a key component in overt responses such as purchase (Jacoby and Olson 1977).

Since comparative price advertising intends to motivate consumer purchasing behavior mainly by enhancing

perceived transaction value, how transaction merits are communicated and how much these advertised merits influence buying intentions need to be further studied. One interesting finding is that the signalling effects of the promotion might be greater than the effect of the actual amount of savings for purchase decisions (Inman, McAlister, and Hoyer 1990). It was suggested that transaction value may have a more direct influence on purchase behavior when product quality is more difficult to assess (Monroe 1990; Hoch and Deighton 1989; Zeithaml 1988). Urbany and Bearden (1990) suggested that transaction value and acquisition value may not influence willingness to buy (or some summary judgment of "overall utility") in a simple, joint linear fashion; that is, transaction value may be a determinant of acquisition value.

These previous results indicate that behavioral intention is not completely explained by value perception. Consumer researchers have suggested that explicit recognition of situational variables can substantially enhance the ability to explain consumer behavior. Situational factors such as urgency or purpose of purchase might be potent variables explaining remaining variances in behavioral intention. However, in this study, we want to understand how the contextual cues of comparative price advertisement, excluding other situational factors,

influence behavioral intentions. Particularly, the difference between internal reference price and advertised sale price seems to have a strong effect on purchase decisions, and lower sale prices seem to have a direct effect on store patronage. Therefore, issues to be examined are the effects of contextual cue on perceptions and behavioral intentions.

Another issue to be considered is the possible negative effect of price promotions. Although it is clear that price promotions increase sales because such promotions increase consumers' perceived utilities, enhance their perceptions of the deal's value, and motivate their purchase behaviors through the enhanced value perceptions, there is another concern that frequent price discounting may blur the distinction between the deal price and the baseline price of a product (Marketing News 1985). Thus, price discounting may make consumers reluctant to buy a product at a normal price (i.e., not a deal price).

b) Search Behavior

It has been suggested that a plausible high reference price may reduce shopping intentions among some buyers. However, an implausible reference price, even though discounted more than a plausible reference price, actually results in higher perceived savings, lower perceived shop-around savings, and higher shopping intentions for an unfamiliar brand. Thus, management may be able to increase store patronage by advertising an inflated reference price. This finding implies that store managers will be inclined to quote inflated reference prices in their advertisements, leading to deceptive advertising. Therefore, further investigation is needed on the extent to which an exaggerated reference price advertisement influences consumer behavior. In addition, Urbany, Bearden and Weilbaker (1988) used empirical data to argue that (1) expected average market price and normal price influenced search and purchase behaviors, and (2) increased perceived offer value was inversely related to search benefit. In addition, Grewal and Monroe (1991) argued that consumers' willingness to search for price information was contingent upon the trade-off between the perceived benefits and costs of the search.

In sum, search behavior seems to be influenced not only by value perceptions (including perceived savings or trade-offs between benefit and cost) but also by perceptions of the normal price of the advertised product. Therefore, which price cues and resulting price perceptions have direct impact on perceived search benefit should be studied along with the impact of value perceptions.

D. Summary

In this chapter, past research concerning consumers' perceptions of comparative price advertisement has been reviewed. Since this study deals with comparative price advertisement contextual cues such as price comparison (regular price/ sale price), brand name, retailer name, country-of-origin, and country-of-manufacture, theoretical explanations for perceptual processes and empirical studies concerning perceptions related to those contextual cues have been reviewed.

The next chapter will use theories and past research to develop a conceptual model that explains consumers' perceptual processes in response to comparative price advertisements. The conceptual model will follow

consumers' perceptual processes and establish the boundaries of this study.

Chapter 4: A CONCEPTUAL MODEL OF THE EFFECTS OF COMPARATIVE PRICE ADVERTISING

In this chapter, a conceptual model of the effects of advertisement contextual cues on consumer perceptions of comparative price advertisements is proposed. Comparative price advertisements provide information or stimuli that require consumers to utilize their perceptual and cognitive processes before responding. Perceptions are considered to be intervening variables between stimuli and responses. Perceptions are also assumed to have a structure, including perceptual paths that indicate the relationships among preceding and subsequent perceptions.

To investigate the effects of comparative price advertisements, this study (1) examines the effects of contextual cues on consumers' perceptions of advertisements, and (2) identifies the perceptual paths through which advertised stimuli are perceived. The contextual cues examined in this study are advertised comparative price, retailer name, brand name, and country-of-manufacture. In addition, the effect of these contextual cues on consumer perceptions are assumed to be moderated by the consumers' confidence in their internal reference price estimations and their product knowledge. Consumers' confidence in their internal reference price estimation is thought to be related

to consumers' adaptability to new price information that differs from their internal reference price levels. Consumers' product knowledge is expected to influence information cue utilization in that knowledgeable consumers may be able to select pertinent pieces of information from a set of provided information and thereby make more informed decisions. This study investigates the effects of these proposed advertisement contextual cues and the moderating variables on consumers' price perceptions, discount perceptions, product quality perceptions, value perceptions, and behavioral intentions.

A. Reference Price Perception

It has been suggested in previous research that consumers have internal reference prices that they use to evaluate product offers by comparing offering prices to these reference levels. According to adaptation-level theory, consumers' internal reference prices, that have been formed through previous exposure to price information for a product, change when consumers encounter new external price cues such as advertised comparative price, manufacturer's suggested price or listed price. Therefore, this study investigates how an advertised regular price (comparative price) affects the forming of a new reference price level,

especially when the advertised regular price differs from the consumers' current internal reference price levels.

For this experiment, it is assumed before that consumers have an internal reference price for a product. Internal reference price is defined as any price level for a product held in a consumer's memory and in relation to which other price cues are seen and judged. This internal reference price is thought to be formed by consumers' acquisition of new price information, by their accumulated price knowledge, or their purchasing experience for a product. Furthermore, it is thought that an internal reference price for a product depends on specific internal product attributes (e.g., materials, possible functions or designs, etc.), external product attributes (e.g, brand name, country-of-origin, or country-of-manufacture, etc.), or type of retailer carrying the product. For instance, if consumers know the country-of-manufacture of a product, this information will influence their internal price for the product. Also, some people who have never purchased the product or are not familiar with it may have little confidence about reference prices for the product, while others who are very familiar with the product may be confident about their internal reference prices. Confidence in internal reference price estimation is proposed to

moderate consumers' adaptation of new incoming price information.

Advertised regular prices are proposed to change consumers' pre-existing internal reference prices. This changed internal reference price will be referred to as the adapted internal reference price. However, it is proposed that these effects of advertised regular prices on the adapted reference prices mediate consumers' perceptions of the price stimuli. Previous research has suggested that objective price stimuli are different from subjective price perceptions of the stimuli. Jacoby and Olson (1973) mentioned that (1) stimuli must first be perceived and interpreted before they can affect decision processes, and (2) perceptions of the same objective price stimulus may vary considerably across consumers and, for one consumer, across products, purchase situations, and occasions.

In the context of comparative price advertising context, the advertised regular price will presumably be perceived as the regular selling (not-on-sale) price of the advertising retailer. But this perceived regular selling price might be different from the objective advertised regular price if consumers do not believe the advertised regular price. This distrust of advertised price claims will increase if consumers have been exposed to many with advertised regular prices that seem to be exaggerated.

Therefore, if exaggerated regular price claims have been prevalent in comparative price advertising, consumers may spontaneously discount an advertised high regular price to a lower level.

On the other hand, due to source credibility effects, this discount effect is thought to be moderated by retailer image. If an advertising retailer is viewed as credible, then consumers will be more likely to accept the retailer's advertised comparative prices (regular price/sale price). Conversely, if a very high regular price is advertised by a retailer without such a credible image, the advertised regular price is less likely to be accepted as true. In such a situation the advertised regular price may be discounted by consumers to a lower level due to these negative source credibility effects. In addition to the credibility of the source, retailer image itself acts as an attribute to determine consumers' reference prices for products sold at that retailer. It is assumed that consumers may have different internal reference prices for the same product according to the different types of retailers selling the product. For instance, when consumers buy a product in a high image store, consumers' internal reference prices for the product may be higher than when they buy the same or similar product in a low image store. Similarly, retailer image is thought to influence the

perceived quality of products sold by the retailer. In particular, if the product sold at the retailer has an unknown brand, the influence of retailer image on the perceived quality of the product will be stronger since consumers probably will infer product quality based on the retailer's image.

As a next step in price information processing for comparative price advertising, the perceived regular selling price of the advertising retailer will serve as an anchor for the formation of a new reference price level. According to adaptation-level theory, the new information related to a subject matter or an issue will be added and integrated with a previous internal standard to get a new adaptation level and, therefore, to influence subsequent perceptions. Based on this theory, a consumer's internal reference price level (i.e., pre-existing adaptation level for price perceptions) is expected to adapt to new incoming price information, shifting toward the level of the new incoming price. Thus, an adapted reference price level will be generated and be used for subsequent price evaluations.

However, it is proposed in this study that the amount of shift in consumers' internal reference prices will be influenced by the weighted effects of the subjectively perceived regular selling price of the advertising retailer and their pre-existing internal reference price. In this

study, the shifted internal reference price is called an adapted internal reference price.

Finally, it is proposed that consumers' confidence in their pre-existing internal reference prices will moderate the degree to which their pre-existing internal reference prices influence their adapted internal reference prices. In other words, consumers' confidence in their reference prices will affect the relative weight they place on their pre-existing internal reference prices and on the perceived advertised regular selling price. If a consumer has a strong belief about his/her internal reference price, he/she will not easily adapt to an externally supplied price reference, especially when the external price information differs from the internal reference price. On the other hand, if consumers are not confident about their internal reference price for a product, they will more readily adapt to the external information about reference price. Consequently, the more confidence consumers have in their internal reference prices, the greater will be effect of the pre-existing internal reference prices on their adapted internal reference prices.

To summarize this section on reference price perception:

- (1) Consumers' pre-existing internal reference prices are formed by acquisition of price information,

accumulated price knowledge, or purchasing experience for a product.

- (2) When consumers are exposed to comparative price advertisements, their pre-existing internal reference prices are influenced by advertised regular prices.
- (3) The objective price stimulus (advertised regular price) is first perceived subjectively. This subjectively perceived price is the perceived regular selling price of the advertising retailer.
- (4) In accordance with adaptation-level theory, the existing internal reference price is influenced by additional price stimuli. In the context of a comparative price advertisement, the advertised regular price will be perceived as a regular selling price, even though it may not be the same as the actual regular price. Consequently, through this process, the pre-existing internal reference prices adapt to new price information and produce new internal reference prices.
- (5) This study also incorporates moderating effects on the way consumers process price information. First, retailer image is thought to interact with advertised regular price in influencing the perceived regular selling price in the retailer's

advertisement. As predicted by message learning theory, if the source is credible, the message endorsed by the source will more likely be accepted as true than a message endorsed by a less credible source. Similarly, if an advertising retailer is regarded as credible, price information endorsed by the retailer (e.g., advertised regular price) will more likely be perceived as true than that endorsed by a less credible retailer, thus producing little difference between advertised regular price (objective price information) and perceived regular selling price (subjectively perceived price).

- (6) In addition, this study proposes another moderating effect due to consumers' confidence in their pre-existing reference prices. If they are confident in their internal reference price, they will be less influenced by an additional price stimulus (e.g., advertised regular price).

B. Perceptions Related to Product Evaluation

When consumers are exposed to an advertisement, they evaluate the offer by comparing the product's quality

and/or benefits to be received with the advertised price information. How consumers form judgments of perceived quality and perceived benefit when they see a comparative price advertisement is explained in this section. Perceived quality is defined as the consumer's judgment about a product's overall excellence or superiority (Zeithaml 1988). Although the product's intrinsic attributes would be important indicators of its quality, these intrinsic attributes are not explicitly considered in this study since its purpose is to investigate how contextual cues (extrinsic information) influence consumers' perceptions of comparative price advertisements. The influence of extrinsic cues (e.g., retailer image, brand image and country-of-origin or country-of-manufacture image) is studied because these extrinsic cues may serve as quality indicators, and thus, directly influence consumers' quality perceptions.

Consumers' familiarity with the advertised product moderates the effects of brand image and country-of-origin or country-of-manufacture images on their product quality evaluations. This proposition comes from the fact that familiarity with the advertised product influences information utilization by consumers in product quality assessments. Consumers who are greatly familiar or barely familiar with a product are more likely to utilize extrinsic cues, such as brand name, for quality assessments than are

moderately familiar consumers (Rao and Monroe 1988). However, the way the greatly and barely familiar consumers utilize these extrinsic cues may be different. Consumers who are a little familiar with the advertised product may consider the extrinsic information as the only product information of significance because they do not have the knowledge to assess quality using intrinsic cues. In contrast, subjects who are very familiar with a product may need only brand name or country-of-origin or country-of-manufacture information to generate a complex schema that includes information about other product attributes (Han 1989). Similarly, country-of-origin or country-of-manufacture image may have halo effects for consumers with a little familiarity with a product if consumers infer quality from the image of the country-of-manufacture.

The perceived quality inferred from retailer image, brand image, and country-of-origin or country-of-manufacture image will influence perceived benefits since consumers have different appreciations for product attributes. Perceived benefits, in turn, influence perceived acquisition value because when consumers evaluate the acquisition value of a product, they will trade off what will be received (i.e., total utility from the product -- perceived benefit) with

what will be sacrificed (i.e., money, time, efforts needed for purchase).

Variations in perceived benefits are likely to occur because consumers have different tastes and preferences and will place different appreciations about some value on certain product features, even though these features do not change the performance level of a product. For instance, consumers may have different tastes and preferences depending on the materials, design or colors of a product. For instance, if a consumer is looking for a kitchen utensil which matches the colors of other utensils, a product which has a matching color will produce more benefits than similar products that are of a different color. In addition, personal specific usages also differentiate personal benefits from products of similar quality. For example, a consumer may look for a telephone which can be mounted on a wall for space-saving or convenience, while another consumer may look for a telephone which can be set on a table. In this case, a telephone which is made to be set on a table, not mounted on a wall, will be perceived as less beneficial by the former consumer than a telephone of similar quality that can be mounted on a wall. Accordingly, a product with specific features designed to meet specified needs will provide more benefits for consumers who have these specific needs, while such

specific features will not be regarded as benefits by others. In order to satisfy such specific or customized needs, manufacturers often provide a variety of different designs, colors, and materials for products, that have the same quality and functional attributes.

Furthermore, consumers may prefer different brand names or manufacturing countries. These individual preferences may result from (1) different expected qualities, (2) different tastes, even though the different brands are believed to be comparable in quality, or (3) different amounts of expected prestige and consequently self-esteem carried over to the users of different brands made in different countries. These three different causes for different preferences due to brand name or manufacturing country imply that brand image and country-of-manufacture image may influence (1) perceived quality (based on the first case mentioned above), and (2) perceived benefit (based on the second and third case mentioned above). Therefore, there might be some intrinsic attributes (e.g., color, design, or material, etc.) and extrinsic attributes (e.g., brand name, or country-of-manufacture, etc.), that can provide utility by meeting consumers' specific needs or tastes without changing their perceived quality of the products. These additional utilities are thought to result from higher-level abstractions such as prestige,

convenience, efficiency, or aesthetic appeal, etc. High-level abstractions are generally based on intrinsic and extrinsic attributes which are filtered by personal benefits (Zeithaml 1988).

Consequently, those products which meet consumers' subjective preferences or specific needs will provide additional utility beyond that related to perceived quality. Thus, perceived benefit is defined in this study as the sum of the utilities that come from perceived quality and the additional individual utilities.

The prestige associated with a brand image or country-of-origin or country-of-manufacture image may extend to users. This user prestige is a higher-level abstraction related to individual needs for self-esteem. Accordingly, brand image and country-of-origin or country-of-manufacture image are proposed to directly influence perceived benefit in addition to the influence of these images on perceived quality.

In this section, the conceptual paths related to product evaluations have been developed. To summarize:

- (1) Extrinsic attributes such as retailer image, brand image, and country-of-origin image or country-of-manufacture image are thought to influence perceived quality.

- (2) Since product-familiar consumers are different from product-novice consumers in using product-related information to evaluate product quality, consumers' product knowledge moderates on the perceptual paths from brand image and country-of-origin or country-of-manufacture image to perceived quality.
- (3) Perceived benefit is defined as the sum of utilities that comes from perceived quality and additional individual utilities.
- (4) Brand image and country-of-origin or country-of-manufacture image also are proposed to influence perceived benefit by adding additional individual utilities such as user prestige.

C. Value Perceptions

In previous studies, value perceptions have been explained by two factors, acquisition value and transaction value. The concepts of acquisition value and transaction value were initiated by Thaler (1985) and further developed by Monroe and Chapman (1987). The acquisition value of the product is (1) viewed as a trade-off between the perceived benefits of a product (as a "gain" part) and the perceived sacrifice to get the product (as a "loss" part), and (2)

defined as a $V(\text{perceived benefit, perceived sacrifice})$. The perceived sacrifice includes both monetary and non-monetary components. Monetary sacrifice is defined as the amount of money to be paid to get a product, and non-monetary sacrifice incorporates "cost" other than money, such as time and effort. Therefore, the acquisition value is also defined by $V(\text{perceived benefit minus actual price to be paid})$ when non-monetary sacrifice is not relevant. Furthermore, perceived benefit is regarded as equivalent to maximum acceptable price, P_{max} . Therefore, acquisition value is further defined as $V(P_{\text{max}} - P)$, where P_{max} is a maximum acceptable price and P is actual price.

Transaction value is the perceived merits of the offer and results from buyers' comparison between the perceived reference price and the actual sacrifice. Thus, transaction value is functionally defined as $V(P_r - P)$, where P_r is a reference price and P is the actual price (when non-monetary sacrifice is not relevant). Although the two value perceptions, perceived acquisition value and perceived transaction value, are defined by similar functional forms, they indicate different perceived values resulting from different perceptual and evaluative processes. Perceived acquisition value results from a product evaluation comparing perceived benefit and actual price to be paid, and perceived transaction value results

from a deal evaluation comparing perceived internal reference price and actual price to be paid. However, the two value perceptions may not be independent from each other as implied by Thaler (1985) because actual price influences both acquisition value perception ($v(\text{perceived benefit} - \text{actual price})$), and transaction value perception ($v(\text{expected price} - \text{actual price})$). Therefore, this study suggests that the two value perceptions may be related to each other due to the common factor of actual price.

Particularly, transaction value perceptions that result from comparative price promotions are believed to be an important factor in increasing demand. Comparative price advertising may motivate consumer purchases by informing them of lower prices during promotions compared to regular prices (i.e., increased transaction value through promotions). The perceived transaction value defined by $V(\text{reference price} - \text{actual price})$ represents transactional merits and is used for evaluation of a particular deal. It is assumed that the extent to which an actual price (e.g., sale price to be actually paid to get a product) is attractive (e.g., low enough to motivate purchase intention) will depend on the magnitude of the difference between a reference price formed in a consumer's mind and the actual price to be paid. In discount situations, the actual prices may be lower than consumers' reference prices because sale

prices are set at lower levels in order to increase sales; thus a positive perceived transaction value will be produced. In other situations, an actual price may be greater than a consumer's reference price, resulting in negative perceived transaction value.

As an issue related to the perceived transaction value, previous research identified a group of consumers who respond to the extrinsic cues of a promotion (e.g., "sale" or "clearance," etc.) and form impressions of value without active weighing of actual discounts (Zeithaml 1988; Inman, McAlister and Hoyer 1990). They are called deal-prone consumers or "bargain hunters," and their particular attitudinal and behavioral tendency is called deal-proneness. For these consumers, any signals of promotional deals will (1) increase their perceived transaction value, even though they do not carefully evaluate actual price discounts, and thus, (2) influence their behavioral intentions. Accordingly, perceived transaction value seems to be influenced by psychological aspects such as deal-proneness in addition to cognitive evaluations of a deal. The peculiarity of this psychological value has been evidenced by researchers who have argued that a price reduction in coupon form may produce an increase in consumer response beyond the increase expected from an equivalent lower price (Cotton and Babb 1978; Raju and

Hastak 1980; Schindler and Rothaus 1985; Lichtenstein, Netemeyer and Burton 1990).

Specific to the conceptual development for this study, perceived transaction value is proposed to be influenced by the adapted reference price and the actual price based on the conceptual definition of transaction value, $V(\text{reference price} - \text{actual price})$. Adapted reference price was proposed (in section A) to be influenced by the pre-existing internal reference price and the perceived regular selling price of the advertising retailer (i.e., the subjective perception of an external stimulus of advertised regular price). Similarly, perceived acquisition value is proposed to be influenced by perceived benefit and actual price- $V(\text{perceived benefit} - \text{actual price})$. The perceived benefit of a product in a comparative price advertisement is explained by the perceptual paths which describe the influence of contextual cues on product quality/benefit evaluation (section B). In this study, retailer image, brand image and country-of-origin or country-of-manufacture image are expected to influence product evaluations through perceived quality and perceived benefit.

Finally, these two value perceptions, perceived acquisition value and perceived transaction value, are thought to influence behavioral intentions through separate paths. These paths are proposed under the consideration that

(1) each of the two value perceptions has its own influence on behavioral intention, and (2) the level of perceived transaction value is not affected by the level of perceived acquisition value. For instance, a promotion which offers a great transactional value may not motivate a consumer to purchase the promoted product if the perceived acquisition value is too low. However, according to the summation model of perceived acquisition value and perceived transaction value, a high perceived transaction value should compensate for a low perceived acquisition value, and thus should motivate purchase of the product. In other words, there are respective thresholds for perceived acquisition value and perceived transaction value motivating consumers' buying intentions. Therefore, purchasing will be motivated when an advertised product is perceived to have (1) more than the minimum or threshold level for acquisition value and (2) more than the threshold for transaction value. Furthermore, the strength of the influence of each of these two value judgments, perceived transaction value and perceived acquisition value, on behavioral intentions may differ according to consumer characteristics and intended use.

The relative effects of transaction value and acquisition value on behavioral intentions is an issue that is not examined in this research but may be interesting for later research. Specifically, it is expected that the

relative importance of transaction value compared to acquisition value varies according to consumer characteristics such as product involvement, price consciousness and value consciousness. For instance, consumers who value low prices (i.e., price conscious consumers) may regard transaction value as a major determinant for their behavioral intentions such as willingness to buy or intention to search further. However, some other consumers (i.e., value-conscious consumers) may consider both product benefits and monetary sacrifices when they calculate the value of purchasing the product. For these consumers, acquisition and transaction values will be equally important. Some consumers (i.e., product-involved consumers) may regard value as product benefits they want and their value will be represented more by acquisition value than transaction value. However, particular experiments to compare the different influences of the two value judgments with different consumer characteristics or in different situations will not be made in this study. In addition, different types of behavioral intentions (e.g., willingness to buy and intention to search further for low prices, etc.) are expected to be influenced differently by these two value judgments. For instance, consumers' willingness to buy will be influenced by both perceived acquisition value and perceived transaction value, but their

search behaviors for lower prices might be mostly motivated by their judgment of transaction value.

Therefore, this study proposes different paths from advertisement contextual cues to these two different value perceptions, perceived transaction value and perceived acquisition value.

- (1) perceived transaction value is proposed to be influenced by the adapted reference price, as explained in the section for reference price perception, and by the actual price to be paid (e.g., advertised sale price).
- (2) Perceived acquisition value is proposed to be influenced by perceived benefit, which is influenced by perceived quality as explained in the section on product evaluation, and by the actual price to be paid (e.g., advertised sale price).
- (3) These two value perceptions, perceived acquisition value and perceived transaction value, are proposed to influence behavioral intentions through individual paths.
- (4) The individual paths are proposed under the consideration that (a) there will be respective thresholds for acquisition value and transaction value in order to motivate a consumer's buying

intention, and thus, (b) the level of perceived acquisition value is not affected by the level of perceived transaction value and vice versa.

Consequently, the individual paths are expected to (a) describe how acquisition value judgments and transaction value judgments respectively motivate buying related behaviors, and (b) better explain the individual effects of these two different value judgments on behavioral intentions.

D. Behavioral Intentions

For behavioral intentions, such as willingness to buy (or intention to buy) and intention to search further, perceived acquisition value and perceived transaction value have been suggested to be the most important predictors based on previous research results. The conceptual model of this study proposes that (1) advertisement contextual cues first influence perceptions of reference prices and product evaluations, and (2) those perceptions lead to perceived acquisition value and perceived transaction value, which in turn mediate behavioral intentions. Accordingly, based on previous research findings and the conceptual propositions of this study, perceived transaction value and perceived

acquisition value are proposed to have direct effects on behavioral intentions.

E. Summary

In this chapter, the effects of advertisement contextual cues were proposed. The specifically examined cues were advertised comparative price, retailer name, brand name, and country-of-manufacture. First, advertised regular prices were proposed to change a consumer's pre-existing internal reference price, leading to an adapted internal reference price. However, it was suggested that the advertised regular price would not be perceived as it is but would be discounted to a more reasonable level before it influences the pre-existing reference price. Because of source credibility effects, the discount effect was thought to be moderated by retailer image based on source credibility effects. Secondly, retailer image, brand image, and country-of-manufacture image as inferred from retailer name, brand name and country-of-manufacture cues were proposed to influence consumers' perceptions of quality. Particularly, consumers' familiarity with the advertised product was proposed to moderate the effects of brand image and country-of-manufacture image on their evaluations of product quality.

The perceived quality inferred from retailer image, brand image and country-of-manufacture image was again proposed to lead to perceived benefits since consumers have different appreciations of product attributes. Thirdly, the above-mentioned reference price perceptions and product quality and benefit perceptions were thought to lead to value perceptions. Value perception was explained by two factors, perceived acquisition value and perceived transaction value. Perceived transaction value was proposed to be influenced by the adapted reference price and the actual price to be paid. Perceived acquisition value was proposed to be influenced by perceived benefit and the actual price to be paid. Lastly, the two value perceptions, perceived acquisition value and perceived transaction value, were proposed to influence behavioral intentions through individual paths. The individual paths to behavioral intentions were conceptualized under the consideration that (1) each of the two value perception has its own impact on behavioral intentions and (2) the impact of perceived acquisition value on behavioral intention is not affected by the impact of the perceived transaction value.

Chapter 5: METHODOLOGY

The previous chapter developed the conceptual model explaining consumers' perceptual processes in response to comparative price advertisements. Specific propositions for the influence of comparative advertisement contextual cues were based on the reviewed literature and theoretical explanations. In this chapter, the general experimental research methodology, the measurement property in relation to test hypotheses, and analytical methods will be introduced.

A. Experimental Processes

This study investigates how contextual cues appearing in comparative price advertising influence consumers' value perceptions and buying intentions. The perceptual and cognitive processes which consumers are expected to use when they encounter comparative price advertisements have been proposed in the conceptual model. To test the proposed conceptual model, an experimental design in a laboratory setting was used. Since this study intends to test conceptual propositions developed from several theories, precision and control are more important in the measurement of variables than is the generalizability

of study results. An experiment provides advantages for researchers to examine causal inferences by allowing experimenter control, the random assignment of subjects to conditions, and the manipulation of the levels of the independent variables. Therefore, to identify sources of variation, control of the source variables (here, contextual cues) through an experimental design seems to be desirable.

This study was conducted by investigating Korean people's perceptions of comparative price advertisements. It should be recognized that price promotions are not widely used in Korea. Furthermore, most advertisements are not produced by retailers, but by manufacturers, especially for electronics, and comparative prices usually include manufacturer's suggested prices and sale prices. Therefore, the experiment condition of this study—retailer's advertisements with comparative price cues (regular selling price/sale price)—might be a little bit unusual. However, considering that the conceptual model developed in this study provides theoretical explanations for understanding consumers' perceptual processes, a Korean sample might indicate the boundaries of the theory if the results differ from those expected with a U.S.A. sample. This experiment might also reveal a Korean-specific perceptual model.

Since the objective of this study is to assess consumer perceptions that have been influenced by

advertisement contextual cues, the population to be studied is a general consumer group. However, for convenience students at Yonsei University in South Korea were used. Since this study investigates a specific theoretical construct concerning consumer perceptions of an advertisement, a sample of homogeneous respondents was desirable. Therefore, the products used in the experiment were selected from products that are actually purchased and used by college students during their college lives. Additionally, it is thought that advertisement contextual cues such as brand name and country-of-manufacture or country-of-origin will have a greater influence on value perceptions and buying intentions for shopping products than for convenience products. Also, because shopping products usually cost more than convenience products, consumers may engage in risk-reducing behaviors when they purchase shopping products. Therefore, extrinsic cues that can be used to infer quality levels (e.g., high reference price, brand name, retailer name, country-of-manufacture and country-of-origin) may be used as risk-reducing strategies.

A mini-cassette tape player was selected as the product for this experiment. Mini-cassette tape players are popular, even necessary, because the students study foreign languages (e.g., English or Japanese) and listen to music on the way home or school. Second, mini-cassette tape players

are popular with students because of their convenience. Since consumers' buying responses due to brand name was investigated in this study, this product seemed appropriate because new brands (domestic and foreign) are entering the Korean market. Finally, mini-cassette tape players are useful in examining effects due to country-of-origin or country-of-manufacture images because many of the players sold in South Korea are imported from Japan.

However, this product is thought to have heterogeneous functions and price levels based on these heterogeneous functions. If a test product has heterogeneous functional levels and prices and the product has been sold at different prices for different functions, internal reference prices for the product may vary across consumers. In other words, different respondents may recall quite different prices for the product since functional heterogeneity produces large variances in the product price. This confusing situation can be avoided by choosing an experimental product which is more or less homogeneous in its function and price range, or by providing specific product descriptions for experimental products with heterogeneous functions and price levels. Therefore, a mini cassette tape player was used with specific product descriptions to control variances in consumers' perceptions of the advertisements for the product. The product

description in the experiments explained specific features to get perceived prices for that particular product. The specific features did not differ in different simulated advertisements for different contextual cue effects.

For the proposed effects of contextual cues on consumers' perceptions, the experiment used simulated advertisements with manipulated levels of contextual cues. The simulated advertisements contained information about product features as well as brand name, manufacturing country, advertising retailer, and comparative prices (regular price/sale price). This experiment used one unknown brand made in three different countries - Japan, U.S.A., and South Korea. At first it was intended to experiment with three different brands made in three different countries. But in that case, the effects due to brand image would be confounded with the effects due to country-of-manufacture image. Therefore, this experiment concentrated on investigating country-of-manufacture image by controlling variations due to different brand images. In other words, the effects of the following cues were investigated: (1) regular price (as a reference price), (2) country-of-manufacture image inferred from the name of the manufacturing country, and (3) retailer image inferred from type of retailer.

For the effects of regular price, three different levels of advertised regular prices were tested, implausibly high, plausibly high and plausibly low. These price levels were obtained from pretests presented in chapter 6. The plausibly low price was selected so that it was higher than the lowest possible price but lower than the average price perceived by pretest subjects. The plausibly high price was selected so that it was higher than the average price but lower than the highest possible price for the product perceived by the subjects. The implausibly high price was selected so that it was higher than the highest possible price for the product. According to previous research, the greater the relative difference between the prices used as the levels of an independent variable in a given study, the larger the observed effect will be on subject's price-related perceptions, and thus the better the chance of detecting a statistically significant effect (Rao and Monroe 1989). Therefore, the levels of advertised regular prices -- implausibly high, plausibly high, plausibly low -- were manipulated to create sufficient relative differences from one another.

Specifically, this experiment was conducted using a 3 x 2 x 3 factorial design (Appendix 5 / Appendix 6). Three levels of advertised regular price (plausibly low, plausibly high, and implausibly high), two levels of

retailer type (department store vs. discount store), and three different countries-of-manufacture (Japan, U.S.A., and South Korea) for the unknown brand 'Realistic' were used. The brand name 'Realistic' was uniformly provided in the simulated advertisements across the three different countries-of-manufacture to control possible confounding effects between brand name and country-of-manufacture. There is no well-known U.S.A. product in the Korean market. The selected brand name, Realistic, is unknown to Korean consumers. Therefore, this experiment with the unknown brand is expected to reveal specific consumer perceptions for the unknown brand. In addition, when consumers do not recognize the brand name, the effects due to country-of-manufacture image was assumed to be stronger.

The three countries-of-manufacture were selected under the following considerations: mini-cassette tape players carrying a U.S.A. brand are rarely sold in Korea, although there is a government record that U.S.A. products are imported. Therefore, this study considers: (a) why U.S.A. brands are not popular in Korea, and (b) how do Korean consumers evaluate the quality of U.S.A. electronic products. Both Japan and the U.S.A. are regarded as developed countries. However, Japan is becoming recognized as a producer of prestigious electronic products. Accordingly, it is of interest to investigate how Korean

people perceive the quality of U.S.A. products compared to Japanese products and Korean products. Since U.S.A. electronic products are not common in Korea, experimenting with such a product might be a little bit unrealistic. However, as a theoretical test to explore Korean consumers' perceptions toward products imported from two of the most developed countries (U.S.A. and Japan), this unrealistic situation can be tolerated.

Consequently, eighteen ($3 \times 2 \times 3$) different experiment cells were required for the experiment. Eighteen different types of simulated advertisements were used to get responses from subjects for the effects of comparative price advertising. The eighteen advertisements had different combinations of the three levels of the advertised regular price and two levels of retailer type and three levels of country-of-manufacture. Respondent subjects were assigned into eighteen different experiment cells by using a random number table. To make the stimulus advertisements realistic, the product descriptions were drawn from actual catalogs or retailer advertisements. Furthermore, pictures of the products were included to provide the subjects with visual information on the advertised products. This visual information was expected to help standardize respondents' different mental pictures of the product. This control is necessary since the varying pictures may confound with the

manipulated contextual cue effects. The conceptual model to be investigated in this experiment is shown in Figure 1.

The experiment proceeded in three stages: The first stage preceded exposure to the simulated advertisements to get consumers' pre-existing internal reference prices and acceptable price ranges for the products to be shown in the advertisements. Consumers' pre-existing internal reference prices and acceptable price ranges were measured to investigate how the reference prices changed after exposure to the external reference price information. The second stage followed exposure to the advertisements for the same products and was used to obtain the perceptual measures of the effects of comparative price advertisements. The third stage was to check (1) whether advertised regular price levels were effectively manipulated (i.e., whether there were significant differences among the manipulated plausibly-high, plausibly-low, and implausibly-high advertised reference prices); (2) whether the images of the retailers were perceived to be different (high vs. low) on specific criteria; and (3) how country-of-manufacture image was inferred from manufacturing country name cues. However, actual measurements for the perceptions related to stage two and three were mixed in measuring order; some measures for the third stage preceded some measures for the second stage in order to disguise the purpose of the second stage.

Disguising the purpose of the perceptual measurements was expected to reduce the potential for demand artifacts.

B. Issues Related to Developing the Measures for the Conceptual Model

1) Perceptions Related to Reference Prices

In the conceptual model, based on adaptation-level theory, it is proposed that pre-existing internal reference prices adapt to new incoming price information such as advertised regular prices, and thus lead to adapted internal reference prices. Therefore, how to measure internal reference prices and how to examine changes in internal reference prices were measurement issues to be resolved in this study. Previous research suggests that internal reference price is a multi-dimensional construct. Possible bases for the internal reference prices are aspiration price (e.g., the price I would like to pay, a reasonable price or a fair price), market price (e.g., the average retail price), and historical price (e.g., the last price I paid or the price most frequently charged) (Klein and Oglethorpe 1987). Internal reference prices can be formed from any of these bases or can represent an integrated level of these different price stimuli. Therefore, this study used multiple

indicators incorporating some of those bases for measuring consumers' internal reference prices (Appendix 7). In addition, the subjects' acceptable price ranges were also measured as another standard by which to evaluate incoming price cues. Monroe (1984) postulates that buyers generally have a range of acceptable prices for possible purchases. The acceptable price range is bounded by the lowest acceptable price and the most acceptable price.

Because this study investigated how an external reference price cue such as an advertised regular price influences and changes consumers' pre-existing internal reference prices in a specific advertisement context, the internal reference prices were measured before and after exposure to the advertisement. For the measure of internal reference prices before advertisement exposure (i.e., pre-existing internal reference price), product descriptions which had the same information except for the comparative price cue (e.g., regular price/sale price) and advertising retailer name appeared in the simulated advertisements. The product description specified product features because products with different functions are sold at different prices. Also, consumers are assumed to have different internal reference prices depending on the brand name and country-of-manufacture of a product. Therefore, it was important in the product descriptions to inform consumers of

the specific brand name and country-of-manufacture to obtain measures of their pre-existing internal reference prices.

Moreover, in accordance with adaptation-level theory, these pre-existing internal reference prices are expected to adapt to incoming external reference price stimuli and shift in the direction of the external price stimuli. The comparative price format that provides a regular price as a reference price and a lower sale price is thought to have a favorable influence on (1) the subject's perceptions of the believability of the advertised purchase offer, (2) the perception of the value for the money involved in the purchase offer, and (3) the degree to which a consumer is motivated to act after having seen the "sale" advertisement (Barnes 1975). Since an advertised regular price is provided as an external reference price for the advertised product, it is expected to influence the consumers' internal reference prices that have been previously formed.

Furthermore, the influence of an advertised regular price is proposed to be moderated by retailer image and mediated by the consumers' subjective perceptions of the external stimulus, the advertised regular price (i.e., consumer's perceived regular selling price of the advertising retailer). The moderating effect of retailer image has been examined based on source credibility effects

(Fry and McDougall 1974; Barnes 1975; Berkowitz and Walton 1980; Lichtenstein and Teel 1984). This study postulates that a retailer with a prestigious image will be regarded as more trustworthy (have a higher source credibility) than a non-prestigious retailer. Since this study manipulates different levels of discount size by changing advertised regular prices while keeping the same sale price, the advertised regular prices are expected to interact with retailer image in acceptance of the advertised regular price.

The most salient moderating effect is expected when an implausibly high reference price is advertised. Particularly, an implausibly high reference price will be believed less, and thus be discounted more, when it is advertised by a less prestigious retailer than by a prestigious retailer. For this moderating effect, retailer images were measured by (1) general price level, (2) perceived prestige level, and (3) perceived credibility of the retailer (Appendix 7). Through the moderating effect of retailer image, the advertised reference price will be discounted depending on whether consumers believe the advertisement. Thus, the perceived regular selling price of the advertising retailer will differ from the advertised regular price by the extent of the discounting effect moderated by retailer image.

The perception of the advertising retailer's regular selling price was measured by numeric estimation. This numeric estimate was obtained by asking respondents to estimate the regular price (not on sale) of the advertising retailer. Consequently, the perceived regular selling price of the advertising retailer in relation to a pre-existing internal reference price will lead to an adapted internal reference price.

One additional thing proposed in the conceptual development is that consumers' confidence in their pre-existing internal reference prices will moderate the influence of their internal reference prices on the adapted internal reference prices. The measuring scale for the confidence level is also shown in Appendix 7. It should be noted that price perceptions after advertisement exposure will not be measured in the perceptual order described in the conceptual development. Indicators for the perception of the advertising retailer's regular selling price, indicators for the adapted internal reference price, and indicators for the adapted acceptable price range will be mixed to disguise the perceptual order proposed in the conceptual model. It is anticipated that if subjects can infer the researcher's purpose from the proposed order for price perceptions, they might be faithful to the researcher's purpose and produce demand artifacts. Also, measures of (1) manipulation checks

for advertised regular prices and advertised sale prices and (2) other perceptions (e.g., perceptions related to product evaluation and value perceptions) will be mixed with measures of those price-related perceptions for the same reason. Although the proposed conceptual model describes how contextual cues influence consumers' purchasing intentions by mediating perceptions in a theoretically ordered form, those mediating perceptions (i.e., perceptions used in price evaluation and product evaluation, and consequent perceptions) are expected to happen instantly and almost simultaneously when consumers are exposed to the advertisements. Therefore, perceptions towards comparative price advertisements do not need to be measured in the theoretically proposed order. Actually, measurements following the order theoretically proposed are expected to produce demand artifacts.

2) Perceptions Related to Product Evaluations

For evaluations of the advertised product, two major perceptions, perceived quality and perceived benefit, are proposed to be relevant in the conceptual model. For perceived quality, retailer image is assumed to influence quality perceptions. Especially when an unknown brand is advertised, consumers are expected to infer quality based

partially on the retailer's image. If this experiment had used a well known brand, retailer image would have had less effect on perceived quality of the brand because consumers would already know the brand. However, for an unfamiliar brand, the image of the retailer will influence perceived quality. Since this experiment will control brand effects by using one unfamiliar brand, 'Realistic,' the effects due to retailer image on perceived quality are expected to be detected. The retailer image was also assumed to moderate price perceptions. Therefore, indicators for retailer image were explained in the previous section.

On the other hand, perceived quality and perceived benefit are thought to be influenced by the country-of-manufacture image since brand effect is controlled in this experiment by using one brand 'Realistic.' To investigate the influence of the country-of-manufacture, this study selected three countries - Japan, U.S.A. and South Korea - for one brand. Although brand effects are controlled by using one brand name, brand image might be different according to manufacturing countries. Therefore, the image of the brand featured in the simulated advertisements was tapped in terms of its prestige, quality and popularity. The effects of country-of-manufacture image, independent of brand image, were measured by semantic type scales asking consumers about

their perceptions of each of the countries-of-manufacture including perceptions about the economic development levels of the manufacturing countries, overall perceived quality for the products made in the countries, perceived risk for the products and willingness to buy the products. .

The influence of the country-of-manufacture image inferred from the country-of-manufacture cue is conceptualized to be moderated by consumers' product knowledge. One issue is how product knowledge is defined and operationalized. First, previous research has distinguished two different measures of knowledge. One is knowledge and experience that we think we have; the other is knowledge and experience that we actually or objectively have (Cole et al. 1991; Spreng and Olshavsky 1990; Park, Feick and Mothersbaugh 1991; Brucks 1985). The first one is called subjective knowledge or self-assessed knowledge, and the latter is called objective knowledge or prior knowledge.

Although some previous research has ignored the differences between the two different types of knowledge and has regarded knowledge as uni-dimensional, it has been argued that measures of objective knowledge should be distinguished from the measures of subjective knowledge. In general, it has been suggested that (1) what people think they know and what they actually know often differs, although the two different types of knowledge are highly

correlated, and that (2) objective knowledge and subjective knowledge may have different effects on consumer search and decision processes. It follows (1) that knowledge structure may not be uni-dimensional, and (2) that conclusions about consumer behavior may depend on the measures of knowledge chosen by researchers. Accordingly, the product knowledge moderating variable was measured by multiple indicators of both subjective knowledge and objective knowledge. Subjective knowledge was measured self-assessed knowledge, familiarity, and experience. These self-assessed measures tapped consumers' subjective knowledge not only about product features but also about brands and manufacturers. Objective knowledge measures were used to obtain consumers' prior knowledge for the products and brands (Appendix 7).

Perceptions of product quality were measured by multidimensional scales. It has been argued that perceived quality is not equivalent to objective quality; since it cannot be measured in terms of technical superiority or adherence to physical standards (Zeithaml 1988). Furthermore, high-level attributes are regarded as more meaningful than lower-level physical attributes for decision making (Myers and Shocker 1981). Therefore, indicators of overall judgment of the product quality and of high-level attributes such as reliability and dependability were used (Appendix 7).

Similarly, perceived benefits were measured by multiple indicators of high-level abstractions since these abstractions imply intrinsic and extrinsic attributes that are filtered through personal benefits (Zeithaml 1988). Possible high-level abstractions related to perceived benefits in this study includes (1) convenience expected from using a mini cassette tape player, and (2) prestige which might be inferred by brand image or country-of-manufacture image. In addition to these factors, fitness to personal life style and need-satisfying utility are also regarded as benefits which explain psychological and functional utilities. Therefore, the perceived benefits of the high-level abstractions were measured.

3) Value Perceptions

In the section on conceptual development, perceived acquisition value and perceived transaction value were proposed to mediate behavioral intentions. Separate paths from the two value perceptions to behavioral intention are provided since each has its own influence on behavioral intentions. The level of perceived transaction value is not influenced by the level of perceived acquisition value. A semantic scale measured transaction value—the perceived value of the advertised deal. Transaction value was also

measured by asking how the perception of sale price compared with the lowest price. Since price comparative advertisements are intended to motivate purchasing intentions by informing consumers of lower prices, the transaction value of an offer is affected by, the extent to which a sale price is perceived to be low compared to other offer prices. Therefore, the lower an advertised sale price is perceived to be, the higher the transactional value will be. Indicators of the perceived attractiveness and satisfaction with a sale were also used to tap transactional value, for it has been argued that deal-related behaviors should be investigated in terms of psychological as well as cognitive utilities (Lichtenstein, Netemeyer and Burton 1990). The peculiarity of this psychological utility is evident in the arguments that a price reduction in coupon form may produce an increase in consumer response beyond the increase expected from an equivalent lower price (Inman, McAlister and Hoyer 1990; Schindler and Rothaus 1985; Raju and Hastak 1980; Cotton and Babb 1978) and that consumers react to promotional signals without considering relative price information (Zeithaml 1988; Inman, McAlister and Hoyer 1990). The promotional-signal effect is distinguished from the actual saving effect, since the effect occurs even in the absence of actual savings.

Perceived acquisition value was measured based on the definition $V(\text{perceived benefit}, \text{perceived sacrifice})$. In this comparative price advertising context, multiple indicators of perceived product value (perceived quality, perceived benefit) were compared to monetary sacrifice (actual price to be paid). According to Thaler (1985) acquisition value is defined by the tradeoff between the value equivalent of a product and the actual price charged for the product. The value of a product is defined as the amount of money which would leave the individual indifferent between receiving the money or the product as a gift. Therefore, to incur positive acquisition value in a particular transaction, the value of a product, should be greater than the amount of money paid for the product. Otherwise, consumers will keep the money instead of sacrificing it to get the product. Based on this notion, a measure was provided which tapped the preference between acquiring the product and reserving the money which would be sacrificed to purchase the product.

4) Behavioral Intentions

Turning to behavioral intentions, this study examines the influence of perceived transaction value and perceived acquisition value on consumers' intentions to buy

or conduct further search. Buying intentions were measured by multiple semantic indicators. These indicators included willingness to buy, likelihood of purchase, and consideration of purchase. Measures of intention to search further included willingness to search, likelihood of search, and consideration of search.

C. Testing Hypotheses

1) Reference Price Perceptions

In general, consumers' price perceptions are thought to flow from the comparison of actual prices with reference prices. These perceptions mediate product evaluations and value perceptions.

a) Existence of Internal Reference Price

Internal reference prices are based on product information and purchase experiences. Therefore, information about product features, brand name, and country-of-manufacture was provided in order to obtain consumers' pre-existing internal reference price. Since intrinsic product features and brand name were controlled in this experiment,

country-of-manufacture image was the major influence on subjects' pre-existing internal reference prices.

H1: There will be a positive relationship between subjects' pre-existing internal reference prices and their perceptions of country-of-manufacture.

b) Perception of the Advertising Store's Regular Selling Price

An objective price stimulus such as a regular price that is mentioned in an ad will influence subjects' perceptions of the regular selling price. This proposition comes from the notions (1) that price stimuli must first be perceived and interpreted before they can affect decision processes and (2) that perceptions of the same objective price stimulus may vary considerably across consumers and, within one consumer, across products, purchase situations, and times (Jacoby and Olson 1977).

H2: The advertised regular price will be positively related to the perceived regular selling price of the advertising retailer

However, it is possible in a comparative price advertisement context that a retailer's advertised regular price may not be perceived as true and, thus, may be discounted to a more plausible level. This discounting is thought to be determined by the interaction between advertised regular price and retailer image, because the trustworthiness of advertised regular prices is evaluated based on the retailers' image. Consequently, it is proposed that the influence of the advertised regular price on perceptions of original selling price will be moderated by the retailer's image.

H3: The influence of the advertised regular price on the perception of regular selling price will be moderated by the retailer's image.

c) The Dynamic Nature of Internal Prices

Buyers' internal reference prices are not static but continuously move in the direction of new price information (Monroe 1990). Therefore, it is expected that pre-existing internal reference prices will adapt toward the new reference price stimuli (the advertised regular prices) after consumers are exposed to comparative price advertisements. However, the actual influence due to new

price stimuli comes not from objective prices but from perceived prices. Consequently, in accordance with adaptation-level theory, a pre-existing internal reference price and a perceived regular selling price (i.e., a perceived price for the external reference price stimulus, advertised regular price) are thought to lead to an adapted internal reference price.

H4: Subjects' pre-existing internal reference prices will be positively correlated with their adapted internal reference prices.

H5: Subjects' perceived regular selling price will be positively correlated with their adapted internal reference prices.

It is further proposed that compared to consumers who are not confident about their internal reference prices, consumers who are confident about their internal reference prices will be less influenced by external price stimuli. In other words, confidence in their internal reference price will moderate the degree to which new price information changes their internal reference prices.

H6: There will be a negative relationship between subjects' confidence in their pre-existing

internal reference prices and the degree to which their internal reference prices change after seeing the comparative price advertisement.

2) Perceptions Related to Product Evaluations

a) Perceived Quality

Perceived quality is defined as the consumer's judgment about a product's overall excellence or superiority (Zeithaml 1988). Intrinsic attributes are regarded as one of the major determinants of perceived quality. However, since the purpose of this study is to investigate how advertised contextual cues influence consumers' perceptions of comparative price advertisements, intrinsic attributes are not considered as variables. Therefore, brand image and country-of-manufacture image as advertisement contextual cues are expected to be major determinants of perceived quality. However, in this study, brand name is controlled with the unknown brand, 'Realistic,' and only the country-of-manufacture varies (made in Japan, U.S.A. and South Korea). Therefore, country-of-manufacture image will serve as a generalized quality indicator, and will thus influence quality perceptions by providing consumers with holistic information about the product. In addition, retailer image

is thought to influence quality perceptions for an unfamiliar brand.

H7: Country-of-manufacture image will be positively correlated with perceived quality.

H8: Retailer image will be positively correlated with perceived quality.

Furthermore, the influence of the country-of-manufacture image on the perceived quality of an advertised product is thought to be moderated by consumers' knowledge about the product. Consumer knowledge about a product influences how consumers use information when they assess product quality. Specifically, consumers who were greatly familiar or barely familiar with a product selected more extrinsic cues for quality assessment than moderately familiar consumers. Such effects are expected to be found for country-of-manufacture image. Consumers who have great knowledge about a product will use a country-of-manufacture cue as a summary construct while consumers who have little knowledge will use a country-of-manufacture cue to infer quality. Therefore, consumers who have great or little product knowledge are proposed to be more directly

influenced by country-of-manufacture image for product quality perceptions than moderately knowledgeable consumers.

H9: Country-of-manufacture image will have more influence on perceived quality for consumers who have much or little product knowledge than for consumers who have moderate product knowledge.

b) Perceived Benefit

Perceived quality is proposed to lead to perceived benefit. Perceived benefit is defined in this study as individual utilities that come from perceived quality and other high-level abstractions related to personal preferences. High-level abstractions imply intrinsic and extrinsic attributes that are filtered through personal benefits (Zeithaml 1988). Therefore, perceived benefit is thought to derive from subjective psychological utilities as well as from a product's functional utilities. As a high-level abstraction related to advertisement contextual cues, user prestige carried over from the prestige of a country-of-manufacture is thought to explain additional variances in perceived benefit.

H10: Perceived quality will be positively correlated with perceived benefit.

H11: There will be a positive correlation between country-of-manufacture image and consumers' perceived benefits.

3) Value Perceptions

a) Perceived Transaction Value

Perceived transaction value, by definition, results from a comparison of actual price and internal reference price and thus, is expected to be influenced positively by internal reference price and negatively by actual price. However, in this experiment, the actual price to be paid (i.e., the sale price in the comparative price advertising context) is not varied. Therefore, in the study, perceived transaction value will vary with adapted internal reference price.

H12: Adapted internal reference price will be positively related to perceived transaction value.

b) Perceived Acquisition Value

Perceived acquisition value is the perception of value for the money, which perception comes from the evaluation of what is received (product benefits) compared to what is given (sale price to be paid in the comparative price advertisement context). Since sale price (actual price to be paid) is not varied in this study, perceived acquisition value will vary with perceived benefit (what is received from a product).

H13: Perceived benefit will be positively correlated with perceived acquisition value.

Perceived transaction value and perceived acquisition value are thought to be correlated because (1) they are influenced by the same factor, advertised sale price, and (2) internal reference price and perceived quality might have a positive relationship.

H14: Perceived transaction value and perceived acquisition value will be positively correlated.

4) Behavioral Intentions

Perceived acquisition value and perceived transaction value are thought to respectively influence behavioral intentions. Especially, the greater the perceived acquisition value and the perceived transaction value, the greater intentions to buy will be. On the other hand, the greater perceived acquisition value and perceived transaction value, the less intention to search will be.

H15: Perceived acquisition value will be positively correlated with intentions to buy.

H16: Perceived transaction value will be positively correlated with intentions to buy.

H17: Perceived acquisition value will be negatively correlated with intentions to search further.

H18: Perceived transaction value will be negatively correlated with intentions to search further.

D. Summary

This chapter described the methodology used for examining the proposed concepts. Since this study intends to test conceptual propositions developed from several theories, an experiment in a laboratory setting was selected as the research method. The population to be studied is Korean people because this study investigates Korean people's perceptions of comparative price advertisement. However, this experiment uses a convenient sample of students, particularly, students at Yonsei University in South Korea. A mini-cassette tape player was selected for this experiment because the students are familiar with it. For stimulation materials, this experiment uses simulated advertisements with manipulated levels of contextual cues. The simulated advertisements include information about intrinsic product attributes, brand name, manufacturing country, advertising retailer and comparative price (regular price/sale price).

This experiment was conducted using a 3 X 2 X 3 between subjects design. The three different levels of advertised regular prices are implausibly high, plausibly high, and plausibly low. These price levels were manipulated based on the results from pretests. The two levels of retailer type are department store and discount store. The

three levels of manufacturing countries are Japan, U.S.A. and South Korea. Consequently, eighteen (3 X 2 X 3) different experiment cells were required for the experiment.

This experiment proceeded in three stages: the first stage precedes exposure to the simulated advertisements; the second stage follows exposure to the simulated advertisements; and the third stage is for the manipulation checks.

This chapter also discussed particular issues related to the measurement of the conceptual model and specified the hypotheses to be tested relative to these perceptions.

Chapter 6: PRETEST RESULTS

The objective of this chapter is to discuss the results of the four pretests used to develop measurement scales for the actual experiment. The first section discusses pretest I, which manipulated the levels of the advertised reference price. The second section discusses pretest II, which examined the measurement properties of the scales. The third section discusses pretest III, the Korean version of the questionnaire. The Korean version of the questionnaire not only was translated from the original English version used in the pretest II, but also used the refined scales based on the results from pretest II. Since the actual experiment was conducted using a questionnaire for Korean respondents, a pretest with a Korean version was thought to be necessary. The fourth section discusses pretest IV, which was launched to check whether the manipulated reference price levels are communicated to the subjects as intended. For the manipulation check, pretest IV tested three experimental cells according to reference price levels (plausibly low, plausibly high, and implausibly high). Finally, the findings of the pretests are summarized.

These four pretests are not true experiments because the questionnaires were not randomly assigned to

the subjects and the experiments used convenience samples (graduate students or students in one class of the College of Business and Economics, Yonsei University). The results from the four pretests were reflected in making the questionnaire for the actual experiment. In addition, this section discusses suggestions made during the proposal defense. A major change for the actual experiment was to use one brand name, 'Realistic,' to control for brand effects and concentrate on effects due to country-of-manufacture image. Originally, it was intended to experiment with three different brands each from three different countries. However, in such an experiment, brand image effects and country-of-manufacture image effects would be confounded. Therefore, the original experimental model was changed into the 3 X 2 X 3 model using three different levels of reference price, two levels of retailer type, and three levels of country-of-manufacture. Since the four pretests were conducted before the proposal defense, each pretest experimented with different country-of-manufacture and brand combinations. Therefore, this chapter includes pretest results of comparisons among different brands, but these comparisons are not pertinent to the actual experiment.

A. Pretest I

Pretest I (Appendix 8) was made to get consumers' internal reference prices and their product knowledge level for a mini-cassette tape player. Therefore, this pretest includes: (1) questions asking respondents to estimate their internal reference prices several ways, (2) questions asking their confidence level when estimating their internal reference prices, and (3) questions asking their product knowledge level for the mini cassette tape player. Features of this product were obtained from an information search about this product in the department stores and Yongsan electronic street (the biggest inexpensive electronic market in Seoul). In order to reduce variations which might occur when subjects visualize a product, a product picture as well as a product description were provided in the questionnaire.

The estimated internal price levels are shown in the first column of Table 7 (column for pretest I). Using the estimated internal reference price levels and information gathered from retailers or wholesalers of electronics, the levels of advertised reference price to be used in the actual experiment were obtained. First, a plausibly low advertised reference price was selected to be higher than the lower bound of their acceptable price but around the average retailer price base. The selected price

was \$120 or 93,600 won (won is Korean currency). Second, a plausibly high advertised reference price was selected to be lower than the highest acceptable price (\$180), but much higher than the other internal reference prices. The selected price was \$167 or 130,260 won. Third, an implausibly high advertised reference price was selected to be much higher than the highest possible price (\$192). The selected price was \$250 or 195,000 won). Lastly, the advertised sale price was selected to be higher than the mean value of the lower bound of the acceptable price. The selected price was \$93 or 72,540 won). The different price levels to be advertised (plausibly high reference price, plausibly low reference price, implausibly high reference price) were selected to be significantly different from each other so as to enhance detection of the proposed effects.

The mean value of the subjects confidence in their internal reference prices was 3.6 (1 very much confident -- 7 not at all confident). Respondents do not seem to be very confident in their internal reference prices. In addition, the product knowledge level for the described and pictured mini-cassette tape player was moderate; the mean value of subjective knowledge measures was 4.64 (1 not at all -- 7 a lot). For the objective knowledge measure, (1) the average number of features described was 4, (2) the average number of listed brand names was 6, (3) the average number of

ranked brands was 5, and (4) the average number of previous purchases was 2.

Since the questionnaire for pretest I was written in English the estimated price levels are obtained not by won (Korean currency) but by U.S. dollar. However, since respondents of this pretest were 35 graduate students in the College of Business and Economics, Yonsei University, converting U.S. dollars to won was not a problem for them.

B. Pretest II

The objective of pretest II was to assess the measurement properties and appropriateness of the scale items to investigate subjects' perceptions of comparative price advertisements. Pretest II was launched with pretest I; the first part of the questionnaire was for pretest I, and second part of the questionnaire was for pretest II. Therefore, the same respondents for pretest I responded to questions for pretest II. In pretest II, the product description and picture of the product were exactly the same as in the pretest I. However, in contrast to pretest I, in which the product description and picture of the product were provided without any specific brand name, country-of-manufacture, and retailer name cues, pretest II tested respondents' perceptions of one specific advertisement which

provided a comparative price cue, brand name, retailer name and country-of-manufacture in addition to the product description and picture. From the proposed 3 x 2 x 3 (3 levels of advertised reference price, 2 levels of retailer, and 3 levels of brand name x country-of-manufacture combination) treatment cells, only one cell was tested. In the pretest II treatment cell, a subjectively selected plausibly high reference price of \$203 (158,000 won) was the advertised reference price, Hyundai department store was the prestigious retailer, and the Aiwa brand made in Taiwan was the tested brand and country-of-manufacture combination.

Since this pretest II was made to assess the measurement properties of the scales, all the questions to investigate the proposed conceptual model were included in the questionnaire (Appendix 9). The objective of part I was to get internal reference prices and product knowledge levels using only the product description and picture (before exposure to the comparative price advertisement). In Part II, subjects were shown an advertisement featuring a description of the exact same product, the picture and the comparative price cues (regular price/sale price). Then, subjects' perceptions of the comparative price advertisements, buying intentions, and further search intentions were measured.

The results indicate that internal reference prices for the Aiwa brand made in Taiwan were a little bit higher than those obtained in pretest I. However, differences between the internal reference prices obtained in pretest I and those obtained in pretest II were significant for only 5 of 12 internal reference bases. This result might imply that Korean consumers regard Aiwa as a better quality product and as more expensive than the average mini-cassette tape player selling in Korea.

On the other hand, this study proposes that consumers' internal reference prices will be influenced by external price information, especially, advertised reference prices. Therefore, if a plausibly high level of reference price is advertised, upward shifts in consumers' internal reference prices are proposed. However, pretest II revealed that although a high reference price (\$203 or 158,000 won) was advertised compared to a lower sale price (\$113 or 88,000 won), the adapted internal reference prices (internal reference prices after exposure to comparative price cues) were lower than the pre-existing (or initial) internal reference prices (Table 8).

Although the adapted internal reference prices were significantly lowered from the pre-existing reference prices in only two cases, all of the adapted internal reference prices were a little bit less than the pre-existing

reference prices. This result contradicts the proposed hypothesis about adapted internal reference price. The adapted internal reference prices seem to shift towards the advertised sale price rather than toward the advertised reference price. However, this study proposes to investigate how different levels of advertised reference prices combined with retailer image influence pre-existing internal reference prices when the advertised sale price remains constant. Therefore, the effect due to advertised sale price was not proposed. However, adaptation-level theory postulates that any external reference price should influence a new adaptation level. Therefore, like the advertised reference price, other external price information, i.e. advertised sale price should have an effect. Accordingly, this pretest revealed the need for experiments investigating the effects of sale price.

In addition, the believability of advertised regular price was measured. Sixty percent of the respondents did not believe the advertised regular price. To tap believability, respondents were asked to record the price at which they thought the store regularly sells the advertised product. Compared to the advertised regular price of \$203, the mean value of the responses was \$137.438 (maximum \$209, minimum \$70).

Two additional questions measured the same perception using scales. One question asked, "Compared to the advertised regular price, what do you think the regular selling price of this item was at this store before the sale": 1, extremely higher than the advertised regular price -- 4, same with the advertised regular price -- 7, extremely lower than the advertised regular price. The mean value of these two questions was 4.4. These results indicate subjects thought the stores had sold the advertised products at around the advertised regular price. These results thus contradict those obtained by asking for a point estimate of the regular selling price. On the assumption that the two questions using scale values may have confused respondents, they were deleted in the actual experiment, and instead, two additional questions asking for point estimates of regular price were prepared.

Besides the price related perceptions, this pretest also examined brand image, retailer image, and country-of-manufacture image. These perceptions were measured by 7 point scales (1, very low -- 7, very high). The mean values are shown in Table 9. In general, the responses revealed that subjects regard brand image, retailer image, and country-of-manufacture image as moderate or a little higher. These results were also unexpected, (1) because the Hyundai department store which was the advertising retailer in the

pretest II is one of the most prestigious department stores in Korea, and (2) because Aiwa is one of the most popular and highly regarded import brands. It is possible that test fatigue may have produced inconsistent responses, for many respondents complained about there being too many questions and about the questions being written in English.

In Pretest II objective product knowledge for Aiwa was similar to the results obtained in Pretest I. The subjective product knowledge level indicated that the respondents were moderately familiar with Aiwa (mean value was 4.735; 1, not at all familiar -- 7, extremely familiar). However, expected significant correlations between objective knowledge and subjective knowledge did not occur (Table 10).

This study proposes that perceived product quality and perceived product benefits are different concepts and that perceived product quality leads to perceived product benefits. To test the conceptual structure, factor analysis was used with perceived quality and perceived benefit indicators (Table 11). Except for one benefit indicator (to meet specific needs), perceived quality indicators and perceived benefit indicators were classified into two different dimensions, confirming the proposed conceptual difference between perceived product quality and product benefit.

Further, consumers' perceived acquisition value is proposed in this study to be influenced by perceived quality, perceived benefit, brand image and country-of-manufacture image: (1) brand image and country-of-manufacture image are proposed to influence perceived product quality and perceived product benefits, (2) perceived product quality leads to perceived product benefits and, (3) perceived product benefits influence perceived acquisition value. To quickly test this conceptual structure, a regression analysis was conducted using a simple stepwise regression. With perceived acquisition value as a dependent variable and perceived benefit, perceived quality, brand image and country-of-manufacture image as entering explanatory variables, perceived benefit and country-of-manufacture image were selected as most significant explanatory variables in the parsimonious model. These results support the concept that perceived benefit rather than perceived quality directly influences perceived acquisition value. Since brand image and country-of-manufacture image were believed to be correlated, only one of the two image variables was expected to be entered in the parsimonious model. The results also imply that consumers might be more concerned with country-of-manufacture image rather than brand image when they choose a quality product. However, since this pretest was conducted with only one

brand manufactured in one country, the effects due to brand image or country-of-manufacture image should not be big enough to be significant.

A second stepwise regression was conducted with intention to buy as a dependent variable and brand image, country-of-manufacture image, perceived quality, perceived benefit, and perceived acquisition value as entering explanatory variables. This second regression revealed only one significant explanatory variable, perceived acquisition value. Accordingly, the second regression also confirms that perceived acquisition value leads directly to buying intentions.

The conceptual path to perceived transaction value was also tested. A stepwise regression analysis with perceived transaction value as a dependent variable and pre-existing internal reference price (the average of pre-existing internal reference prices from various bases), adapted internal reference price (the average of adapted internal reference prices from various bases), and perceived regular selling price of the advertising retailer as entering explanatory variables revealed one significant explanatory variable, perceived regular selling price of the advertising retailer. This result does not coincide with the conceptual model, which proposed that adapted internal reference price would be a significant explanatory variable.

In addition, a further stepwise regression analysis revealed that buying intentions were influenced by the perceived transaction value and the perceived regular selling price of the advertising retailer. These results imply that consumers compare the sale price not with the adapted internal reference price but with perceived regular selling price in arriving at perceived transaction value, which leads to buying intention. However, another regression analysis revealed that the pre-existing internal reference price and the perceived regular selling price of the advertising retailer were significant explanatory variables for adapted internal reference price. Consequently, this concept should be reexamined carefully with a more precise methodology which can identify the proposed paths in the actual experiment.

This study also proposes moderating effects due to product knowledge level and confidence level. Nevertheless, the pretest revealed no differences according to subjective knowledge, objective knowledge, or confidence level in internal reference prices. Furthermore, there were no differences in perceived advertised reference prices according to confidence level. The proposed conceptual model suggests that the more confident consumers are in their internal reference price estimations, the less they will be influenced by external price information such as an

advertised reference price; thus, an adapted internal reference price will shift less. However, there was no difference in the internal reference price shifts (adapted internal reference prices - pre-existing internal reference prices) according to confidence level.

In addition, based on Thaler's (1985) model, this study proposes that perceived value will have two different underlying concepts, perceived transaction value and perceived acquisition value. Therefore, different indicators tapping different perceived values were made to obtain consumers' perceived transaction value and perceived acquisition value. However, the results of factor analysis to confirm the underlying two dimensions (perceived transaction value and perceived acquisition value) were not satisfactory; some perceived transaction value indicators were highly loaded in the factor for perceived acquisition value and vice versa. This result might indicate that perceived transaction value and perceived acquisition value are not independent of each other as implied by Thaler (1985), but closely related to each other. However, further investigation of this issue was also expected in the actual experiment.

Lastly, LISREL analysis was conducted. The LISREL analysis revealed the model shown in Figure 2. The model was modified from the proposed model for this study because this

pretest tested only one treatment cell with one brand (AIWA made in Taiwan) and one advertised reference price level (\$203: plausibly high reference price). The result was not satisfactory because the goodness of fit index was low. However, the results at least indicate that the proposed conceptual model is a plausible one.

The pretest also revealed some limitations of using English in the questionnaires. Since the respondents of this survey were Korean students, a Korean version would have been easier for them to use. Since only graduate students were responding and since they study with original text books or articles written in English, an English version was thought to be adequate for these pretests. However, after taking the pretest, many subjects complained that the questionnaires were difficult for several reasons: (1) they did not know how to differentiate one question from another because similar questions were repeated, (2) sometimes it was difficult to understand exactly what was being asked and therefore to know how to respond, and (3) the pretest II questionnaire was too long and complicated compared to other questionnaires they had responded to.

In accordance with subjects' complaints about the pretest II, the questionnaire to be used for further experiments was modified by deleting some repetitive items. Moreover, a Korean version was made, and responses were

obtained using the Korean version questionnaire. In other changes, the bases for measuring internal reference prices were reduced to three: (1) estimated normal or usual price, (2) price they would like to pay (aspiration price) and (3) expected price for the product and a scale measuring their acceptable price range. Second, measuring indicators for subjective knowledge were reduced to three items: (1) how knowledgeable they are about the features, (2) how much they can tell others about the product, and (3) how much they have used the products. Thirdly, the perceived regular price of advertising retailer was changed to ask subjects to provide numeric values (\$ value) instead of using scale items that indicate whether they perceive the advertised regular price to be high or low.

Fourthly, the indicators measuring retailer image were reduced to three items asking: (1) selling price level, (2) levels of prestige, and (3) credibility of its advertised prices. These three items should reveal larger differences between the two retailers to be used (Hyundai department store vs. Hi-mart in Yongsan electronic street). Fifth, based on the factor analysis, indicators for perceived product quality were reduced to four items and those for perceived benefit were reduced to six items. (Low loading items in the factor analysis were deleted.)

Lastly, indicators for perceived transaction value and perceived acquisition value were also reduced. Two sets of indicators reflecting each of the two dimensions were selected. These two sets of indicators are not the ones loaded high on each of the two dimensions in factor analysis. However, since this study investigates a theory-based conceptual model, indicators reflecting the proposed concepts for each of the conceptual dimensions were selected for the later experiments.

Consequently, pretest III was made with a Korean-version questionnaire written in Korean. This questionnaire was not only translated into Korean, but also contained fewer measuring items. Refining and reducing items for pretest III was based on the results of pretests I and II and some intuitive interpretation of the results. The modified questionnaire based on these changes is shown in Appendix 10 (pretest III questionnaire).

C. Pretest III

Since the actual experiment used a Korean-version questionnaire, another pretest with the Korean-version questionnaire (pretest III) was made (Appendix 10). Subjects for pretest III were undergraduate students in Yonsei University. This pretest tested only one treatment cell,

which was different from the treatment cell in Pretest II. Since the Realistic brand is not known in Korea, one treatment cell was tested using the Realistic brand made in U.S.A. (unknown brand), an exaggerated reference price level (implausibly high reference price, 195,000 won or \$250), and Hi-Mart in Yongsan electronic street as the advertising retailer. Subjects regarded the Realistic brand and the country-of-manufacture, U.S.A., as favorable (Table 12). However, mean scores of perceived quality and buying intention obtained from pretest III seem to be lower than those from pretest II. Accordingly, it may be inferred that subjects could not confirm the quality levels of the unknown brand, thus buying intentions for it were low even though they rated the unknown Realistic brand favorably.

As manipulation checks for the advertised regular price (implausibly high reference price, 195,000 won or \$250) and sale price, the exaggerated reference price in pretest III was rated as high (in the 7-point scale, the average mean value of the manipulation check items is 5.54 compared to 4.562 in pretest II); the advertised sale price was rated as low (in the 7-point scale, the mean value is 3.25 compared to 4.04 in pretest II). These figures indicate that the regular price and sale price manipulation were communicated to the subjects as intended; the advertised regular price was 158,000 won (\$203) and the sale price was

88,000 won (\$113) in pretest II while the advertised regular price was 195,000 won (\$250) and the sale price was 72,540 won (\$93) in pretest III. Subjects in pretest III did not believe the exaggerated reference price as a regular price; only 5% said they believed the exaggerated reference price was the actual regular selling price of the advertising retailer.

On the other hand, contrary to the results obtained from pretest II, subjects' adapted internal reference prices (after exposure to the advertisement) did shift up from the internal reference price before exposure to the advertisement, although the magnitude of the shifts were not significant (Table 13). Therefore, consumers seem to be influenced by external price information such as advertised regular price and advertised sale price as adaptation-level theory suggests; however, in pretest II, the shift-up effects of the plausibly high reference price apparently was influenced by the effects of the advertised sale price (shift down effects). In pretest III the exaggerated high reference price seemed to increase subjects' adapted internal reference price.

Similar to pretest II, pretest III revealed that transaction value was related more to the perceived regular selling price of the retailer than to adapted internal reference price. Therefore, the proposed conceptual model

suggests that (1) the perceived regular selling price of the retailer influences adapted internal reference price, and (2) consumers compare their adapted internal reference price to the sale price to determine their perceived transaction value. These conceptual relationships should be examined further in the experiments. If later experiments again confirm that perceived transaction value is related more to the perceived regular selling price of the retailer than to adapted internal reference price, a new conceptual proposition should be developed.

Based on pretest III, it was decided to reduce the number of items asking perceived prices (pre-existing internal reference price, adapted internal reference price and perceived regular selling price of the advertising retailer) because subjects said they found these questions to be too repetitive. Since the questions asking for these three different perceived price concepts are similar to each other, three items asking for each price concept might confuse subjects and make them respond carelessly. Furthermore, one item asking pre-internal reference price and adapted internal reference price had very low correlations with the other two items measuring those concepts. The item asking aspiration price, that is, the price at which subjects want to buy the product described in the experiment, was not highly correlated with the other

items measuring internal reference price. Therefore, the indicators asking aspiration prices for the pre-existing internal reference price and adapted internal reference price were deleted for the remaining pretest. In estimating the regular selling price of the advertising retailer, the third indicator was deleted because it seemed to be repetitive of the first indicator.

In addition, two objective knowledge measures and one subjective knowledge measure were deleted. The two objective knowledge measures to be deleted were: (1) list all the brand names (including imported ones) you know, and (2) rank the listed brands according to your perceived quality. Responses to those questions were almost uniform across subjects: (1) subjects knew only Japanese brands (e.g., Sony, Aiwa, Panasonic, etc.) and Korean brands (e.g., Gold Star, Samsung, Daewoo, Inkel, etc.), and (2) their ranking in quality always placed Japanese brands first, then Korean brands. Furthermore, no one mentioned a U.S.A. brand. The one subjective knowledge measure deleted asked subjects how much they used any electronic products carrying the brand name. Since no one ever used Realistic brand electronics, the question was not expected to provide any information about subjects' product knowledge levels.

D. Pretest IV

The purpose of this study includes investigating how consumers respond to different levels of comparative prices: (1) implausibly high reference price, (2) plausibly high reference price, and (3) plausibly low reference price vs. sale price. Therefore, a pretest was necessary to check whether the manipulated reference price level is communicated to the subjects as intended. Pretest IV was launched for this reason (Appendix 11). Specifically, pretest IV manipulated three different reference price levels with Gold Star (made in South Korea) as the brand and Hi-Mart (in Yongsan electronic street) as the advertising retailer. The Gold Star brand image was lower than the images of Aiwa or Realistic (Table 12). The country-of-manufacture image was also lower than scores obtained from Taiwan and U.S.A. The retailer image of Hi-Mart was lower than that of Hyundai department store used in pretest I. However, perceived quality of Gold Star seemed to be higher than Realistic, the unknown brand, although Gold Star had a lower image than Aiwa. Acquisition value had the same trend as perceived quality.

In addition to these comparisons among three different brands, pretest IV tested cell differences according to three different advertised reference price

levels. Using ANOVA, it was revealed that the higher the advertised reference price levels, the lower advertisement believability was (Table 14). Advertisement believability was measured using three indicators. The first indicator directly asked whether subjects believe the advertised regular price. Responses to this indicator revealed that only five percent of the subjects believed the advertised regular price in the implausibly high advertised reference price group compared to 30 percent in the plausibly high advertised reference price group, and 60 percent in the plausibly low advertised reference price group. The differences in the three groups are significantly different from each other. The other two indicators for advertisement believability were (1) a question asking whether the subjects thought they could save the difference between the advertised reference price and sale price if they bought the product on sale instead of not on sale, and (2) a general scale measuring whether the subjects believed the advertisement. For these two questions, responses in the implausibly high reference price group were significantly lower (indicating less belief) than those in the other two groups.

For price related perceptions (Table 15), ANOVA revealed that there were no significant differences in pre-existing internal reference price (PIRP) among these cells.

This result was expected because the pre-existing internal reference price was obtained before exposure to different comparative price advertisements. However, this study expects that the perceived regular selling price of advertising retailer (PRAR) and adapted internal reference price (AIRP) will be influenced by the advertised reference price level so that there will be differences in PRAR and AIRP among three different groups exposed to different advertised reference price levels.

For perceived regular selling price (PRAR), (1) the implausibly high reference price group and the plausibly high reference price group were not significantly different, and (2) the plausibly high reference price group and the plausibly low reference price group were also not significantly different, but (3) the implausibly high reference price group was significantly different from the plausibly low reference price group in indicator 1. Indicator 2 revealed that the implausibly high reference price group was significantly different from the other two groups, but the other two groups were not significantly different from each other.

For adapted internal reference price (AIRP), the three different groups are not significantly different. These results imply that consumers' pre-internal reference prices are not influenced by advertised reference prices as

much as expected. Otherwise, advertised sale price which is generally lower than pre-existing internal reference price levels had negative effects in shifting up the pre-internal reference price levels toward the advertised reference price levels. These possible negative effects are not desired because this study expects adaptation effects of internal reference prices in response to advertised reference price levels.

Although the differences are not significant, the perceived regular selling price of the implausibly high reference price group was the highest, the plausibly high reference price group next highest and the plausibly low reference price group lowest. However, in one indicator for adapted internal reference price (AIRP1), the plausibly high reference price group produced an adapted internal reference price level that was higher than the adapted internal reference price level in the implausibly high reference price group. This result contradicts the proposed adaptation-level effects because the advertised sale price is the same level across the three different reference price groups. Thus, adaptation effects should be proportional to the levels of advertised reference prices. This contradiction might be explained by contrast effects in assimilation-contrast theory rather than by adaptation-level theory. Consequently, these reference price effects should

be further investigated using the proposed full factorial (3 reference price levels x 2 different retailer X 3 country-of-manufacture combinations) in the actual experiment.

In addition to the price-related perceptions, the three different reference prices failed to induce different levels of perceived transaction value (Table 16). Since subjects calculate their perceived transaction value by comparing their adapted internal reference prices and to the sale prices, this result is not surprising because their adapted internal reference prices were not significantly different according to the three different reference price groups.

However, pretest IV did successfully check the manipulations of reference price levels (Table 17). Although perceived regular selling prices of the advertising retailer (PRAR), which are subjective prices, were not significantly different even though the advertised regular prices were manipulated to be different, subjects recognized the three levels of advertised regular prices as manipulated: implausibly high reference price was regarded as too high, plausibly high reference price was regarded as high, and plausibly low reference price was regarded as moderate to a little bit high. These responses in the three different advertised reference price (manipulation) groups are significantly different from each other. Notably, the

plausibly low reference price was not regarded as low in the manipulation check. However, considering that subjects compare the advertised reference price (i.e., regular price not-on-sale) with the advertised sale price in comparative price advertisements, they hardly regard an advertised regular price as low when the advertised sale price is even lower. Even more, they might think that sale prices are fair or regular prices for the advertised product and that regular prices suggested as reference prices are too high or exaggerated.

Next, stepwise regressions were used to understand the conceptual paths among the proposed concepts (Table 18). The conceptual paths revealed in the stepwise regressions generally fit the proposed conceptual model in this study. Finally, Lisrel analysis was introduced. However, goodness of fit measures indicated that the data did not fit the proposed model (chi-square with 218 degrees of freedom = 349.25 ($P=.00$); goodness of fit index = .694). The reason why stepwise regressions confirmed the proposed paths but Lisrel did not reveal adequate fit to the proposed model is that Lisrel estimates measurement error. That is, Lisrel produces more precise path coefficient than regression.

E. Modifications after Proposal Defense

After pretest IV, some modifications based on the proposal defense were made. First, it was suggested that measurements of country-of-manufacture image and brand image would be confounded because this experiment proposed to use three different brands made in three different countries (Aiwa made in Japan, Realistic made in U.S.A., and Gold Star made in South Korea). Therefore the experiment could not differentiate country-of-manufacture effects from brand effects. Since this study was concerned more with country-of-manufacture effects, it was decided to control brand name and concentrate on investigating effects due to country-of-manufacture image. To control brand name, the Realistic brand name will be used. Because the brand name Realistic is unknown to Korean people, the experiment with products using Realistic brand name but made in three different countries will reveal how country-of-manufacture effects influence perceptions of an unknown brand. In addition, the pre-existing internal reference price was thought to be influenced by country-of-manufacture image because pre-existing internal reference price is obtained before exposure to comparative price advertisements, but after exposure to product information which includes product features, brand name and country-of-manufacture.

Another suggestion was to include country-of-manufacture cue-absent condition. However, if consumers are able to assign the product to any countries they assume because they see product information which excludes a country-of-manufacture cue, their product perceptions would include perceptions about whatever countries they assume. Hence, a country-of-manufacture cue-absent condition will have little meaning.

To test this assumption, a short pretest was made. The pretest questionnaire (Appendix 12) included Realistic brand product features without country-of-manufacture cues and asked in which country subjects assume the product was made. Among 14 subjects, only 4 people responded that the Realistic brand seemed to be made in South Korea and 10 subjects responded that the product seemed to be an imported one. Among these 10 subjects, seven people indicated that it seemed to be imported from Japan and one person indicated U.S.A. Two other people said they were not certain in which country the product was made although they said the product seemed to be imported. Thus, a country-of-manufacture cue-absent condition produces uncontrollable variation. Accordingly, it was thought that it would be better not to use a country-of-manufacture cue-absent condition.

Secondly, different perceptual responses due to product involvement level were anticipated. Therefore,

questions in the actual experiment will measure subjects' product involvement level in order to investigate how product involvement influences perception. Lastly, one more measure for objective product knowledge was included—to ask whether consumers own a mini-cassette tape player. Presumably subjects who own a mini-cassette tape player will know more about the product than subjects who do not.

F. Summary

In this chapter, the results of four pretests were reported. Through pretest I, the levels of advertised reference price to be used in the actual experiment were obtained. Pretest II revealed unexpected results; although a high reference price was advertised compared to a lower sale price, the adapted internal reference prices were lower than the pre-existing internal reference prices. These results might indicate that the shift-down effects of the advertised sale price are greater than the expected shift-up effects due to the advertised reference price. However, this study proposes to investigate how different levels of advertised reference prices influence pre-existing internal reference prices under the condition of a constant advertised sale price. Therefore, the revealed shift down effects of advertised sale price will not be further

investigated in this study. However, based on pretest II, some question items were refined. Since respondents complained that the pretest II questionnaire was too long and the question items were not easy to respond to because of repetition, the questionnaire to be used for further experiments was shortened by deleting some repetitive measuring items. Moreover, this pretest revealed a need to conduct a pretest with a Korean version.

Pretest III was conducted with a questionnaire written in Korean. After pretest III the questionnaire was again shortened because subjects said that they were still tired from making similar price estimations and answering repetitive questions. Pretest IV was launched to check whether the manipulated reference price levels communicated to the subjects as intended. Pretest IV successfully checked manipulations of reference price levels.

Consequently, the results from the four pretests and opinions from the proposal defense were reflected in making a questionnaire for the actual experiment. The questionnaire for the actual experiment will be a Korean version and the subjects for the experiment will be students in Yonsei University. The experiment will be conducted by 3 X 2 X 3 factorial design (3 levels of advertisement regular price X 2 levels of retailer X 3 levels of country-of-

manufacture for 'Realistic' brand). The next chapter discusses the final experiment.

CHAPTER 7: RESULTS AND ANALYSIS

This chapter presents the analysis and results for the actual experiment. After a discussion the experimental instrument, the experimental procedures are described. Then, the results of the experiment are presented along with the tests of the various hypotheses.

A. Experiment Instrument

The actual experimental questionnaire was developed through four pre-tests discussed in the previous chapter. The experimental questionnaire was written first in Korean then translated into English. After the translated English version was edited by my dissertation adviser, it was translated back into Korean. This second Korean version was edited once more to reflect the suggestions of other Yonsei University graduate students majoring in business.

The questionnaire was divided into three sections. The first section measured the subjects' initial-internal reference prices, acceptable price ranges, and their confidence in estimating these price levels. Then subjects' objective and subjective product knowledge relative to the experimental product, a mini cassette tape player, was

measured. Finally, the subjects' involvement with the product was measured.

Following exposure to the comparative price advertisement, the second section measured (1) the subjects' perceptions of the advertised contextual cues (brand image, retailer image, country-of-manufacture image), (2) their adapted perceptions of reference price, product quality, benefit, and value, and (3) their buying intentions and intentions for further search.

The third section obtained demographic information about the subjects (sex, major, grade, and previous research participation). The codes for measuring indicators are shown in Table 19. The measured variables in the questionnaire (Appendix 13: questionnaire for actual experiment) are coded in Table 20.

For the actual experiment, 18 different (3 X 2 X 3) types of experimental instruments were developed. Each instrument included a simulated advertisement which combined different advertising contextual cues with three levels of country-of-manufacture (U.S.A., Japan, and South Korea), two levels of retailer type (Hyundai department store and Hi-mart in Yongsan electronic street), and three levels of advertised reference price (plausibly low, plausibly high, implausibly high). Each instrument was accompanied by the necessary changes in wording in the questionnaire.

B. Conducting the Experiment

A sample of 630 undergraduate students at Yonsei University, Seoul, South Korea, participated in the experiment. The data collection was conducted in the class room immediately following a regular class session. Subjects were instructed to read the instructions carefully and were encouraged to ask questions to clarify the procedures. They were also told that they could remove the simulated advertisement placed in the questionnaire for their convenience when responding to the questions.

To get an equal number of responses for each of the 18 cells, 35 questionnaires for each cell were prepared. Then the 18 piles of 35 different questionnaires were arranged in the cell design sequence. Then, using a random number table, the 630 questionnaires were sequenced in random order. These rearranged questionnaires were distributed to the subjects. Several experiments in several undergraduate classes were conducted until the 630 prearranged questionnaires had been completed. On completion of the questionnaire, subjects were thanked for the participation.

C. Data Analysis

The obtained data were analyzed using MANOVA, ANOVA, ANCOVA, Duncan's multiple comparison test, t test, Stepwise Regression, and LISREL. The descriptive statistics for all the measures are provided in Table 21.

1) Reliability of Measures

The reliability of each conceptual construct was assessed using Cronbach's alpha (Tables 22 - 37). The most reliable measures were for product involvement (Cronbach's alpha = .9364), while the least reliable measures were for retailer image (Cronbach's alpha = .5085). Among the 16 constructs, three constructs (retailer image, advertisement believability, and the manipulation check for advertised sale price) had Cronbach's alpha values less than .60. For 10 of the constructs, Cronbach's alpha values were greater than .80. Overall, most measures of the constructs had generally high internal consistency.

2) Checking the measurement model

In adjusting the data, the retailer image measures were examined first because the reliability of the

indicators was too low (Cronbach's alpha = .51). As shown in Table 23, if indicator 1 (RI1) is deleted, Cronbach's alpha increases to .57. Therefore, this indicator (RI1) was deleted for the subsequent analyses.

Second, for the perceived quality measures, indicator PQ4 reduced the measure's reliability. If PQ4 is deleted, Cronbach's alpha increases to .85 from .80 (Table 31). In addition, the question for PQ4 was thought to be unnecessary to explain variances across the subjects. PQ4 asked for the likelihood that the advertised 'Realistic' product would have variety in its functions; however, the various functions available in the advertised product were specifically listed in the simulated advertisement. Accordingly, PQ4 was also deleted.

Third, for the perceived benefit construct, indicator PB6 was also deleted because it did not seem to be directly related to perceived benefit (Table 32). PB6 asked about the appeal of using the advertised 'Realistic' product. For perceived acquisition value, AV3 was deleted because this indicator was thought to be conceptually different from the acquisition value concept. AV3 asked whether buying this advertised 'Realistic' product at the advertised price would provide more gain than saving the money. This question seems to be more relevant to a reservation price perception than an acquisition value

perception (Table 33). For perceived transaction value, TV3(the lowest possible price compared to the advertised sale price) and TV4(attractiveness of the deal) were also deleted because these two indicators (1) were not thought to be exactly measuring perceived transaction value, and (2) had relatively low reliability scores compared to other indicators for perceived transaction value.

Construct validity was also assessed by examining the correlations between measures of the different constructs. First, the correlation matrix between perceived quality and perceived benefit revealed that these measures were highly correlated. Therefore, a Fisher's Z test was made to assess their discriminant validity. According to the Fisher's Z test (Table 38), the inter-item correlation of the perceived quality measures was significantly different from the average inter-item correlation between the perceived quality and benefit measures. Similarly, the inter-item correlation of the perceived benefit measures was significantly different from the average inter-item correlation between the perceived quality and benefit measures. Thus, the measures of these two constructs (perceived quality and perceived benefit) demonstrate discriminant validity.

Second, the discriminant validity for perceived acquisition value and perceived transaction value was also assessed. After deleting the AV3, TV3 and TV4 indicators,

the correlation matrix for the remaining measures is shown in Table 39. The Fisher's Z test indicated that the inter-item correlation of perceived transaction value (0.5967) and the inter-item correlation of perceived acquisition value (0.6944) were not significantly greater than the average inter-item correlation of perceived acquisition value and perceived transaction value (0.6788). This result indicates that the perceived acquisition indicators and perceived transaction indicators were not measuring two different constructs but were likely measuring the same construct. Therefore, these four indicators (AV1, AV2, TV1, TV2) were combined in subsequent analyses and assumed to be measuring perceived value.

3) Multivariate Analysis of Variance Results

Multivariate Analysis of Variance analyzes variables that are correlated with one another. Since several indicators are measuring each concept in this experiment, the indicators for each concept are correlated with each other. Therefore, MANOVA was to get an initial idea about how advertised reference price, retailer type, and country-of-manufacture influence these concepts.

To classify bundles of correlated dependent variables to be tested by MANOVA, first, factor analysis was

conducted. The results are shown in Tables 40-45. Factors were extracted as expected; previous classifications of indicators were confirmed by factor analysis. One thing unexpected was that indicators for intentions to buy were classified into the perceived value factor (Table 44). In contrast, indicators for intentions for further search were loaded into another factor. Although intentions to buy was considered to be influenced most by perceived value, it was expected that factor analysis would extract three different factors, perceived value, intentions to buy, and intentions for further search.

Based on the extracted factors, a MANOVA was conducted. The MANOVA results are shown in Tables 46-51. According to MANOVA, advertisement contextual cues such as retailer image and country-of-manufacture image were influenced by retailer type, advertised reference price, or country-of-manufacture. Product knowledge and product involvement were not affected by advertisement contextual cues. This result is natural because the two variables were obtained before exposure to the comparative price advertisements. Advertisement believability was influenced by advertised reference price and retailer type.

Pre-existing internal reference prices and pre-existing acceptable price ranges were influenced by country-of-manufacture. Price-related perceptions after exposure to

comparative price advertisements were influenced by all of the contextual cues -- advertised reference price, retailer type and country-of-manufacture. Perceived quality and perceived benefit were influenced most by country-of-manufacture.

Perceived value was influenced by advertised reference price and country-of-manufacture. Behavioral intentions such as intentions to buy and intentions to search further were influenced most by country-of-manufacture. Manipulation checks for advertised reference price and advertised sale price were influenced by advertised reference price and country-of-manufacture.

The MANOVA results indicated that advertisement contextual cues influenced most of the perceptions of the comparative price advertisements. Advertised reference price and country-of-manufacture significantly influenced the subjects' perceptions. To analyze the contextual cue effects in more detail, ANOVA was conducted on each of the dependent indicators.

4) Analysis of Variance Results

ANOVA was conducted to determine the extent that the advertisement contextual cues, (country-of-manufacture, retailer type, and advertised reference price) influenced

the subjects' perceptions of the proposed dependent variables. Actually ANCOVA (Analysis of Covariance) was conducted instead of ANOVA because it was necessary to determine whether there were differences due to the subjects' product involvement level. However, the product involvement indicators (IV1, IV2, IV3) were significant covariates for only three dependent variable indicators (perceived benefit #3 (PB3), perceived benefit #5(PB5), intention to buy #1 (IB1).

a) Brand Image (Table 52)

Brand image was measured by three indicators (BI1, BI2 and BI3). Brand image was not influenced by any contextual cues according to MANOVA. However, it was thought that the subjects' perceptions of the brand might vary even though the brand name was fixed as 'Realistic' (a brand name unknown to Korean consumers) because other varying contextual cues such as country-of-manufacture or retailer image might influence their brand image. In ANOVA, brand image perceptions were significantly different across country-of-manufacture levels, but retailer type did not have a significant effect on brand image perceptions. For brand image indicator 1, the brand was perceived to have a more favorable image when made in Japan than when made in

the U.S.A. or South Korea. For brand image indicator 3, the brand made in Japan was also perceived more favorably than ones made in the U.S.A. or South Korea.

b) Retailer Image (Table 53)

Perceived retailer image differed according to retailer type (RT1: Hyundai department store, RT2: Hi-mart in Yongsan Electronic Street). As expected, the image of the Hyundai department store was significantly better than that of Hi-mart (a discount store). One thing interesting is that the image of the retailer was also influenced by the advertised reference price level in retailer image indicator 3 (RI3). In that variable, the image of the retailer advertising the implausibly high reference price was perceived to be significantly lower than the image of the same retailer advertising the plausibly high or the plausibly low reference price. This effect might be attributed to the fact that (1) the implausibly high reference price meant an implausibly larger discount because sale price was constant across treatments in this experiment, and (2) a retailer offering implausibly high discounts frequently is regarded as a non-prestigious.

c) Country-of-Manufacture Image (Table 54)

For all 5 indicators measuring country-of-manufacture image (evaluation of economic development (COMI1), risk in purchasing electronic products made in the country (COMI2), overall quality perception of electronics made in the country (COMI3), general evaluation of the electronic products made in the country (COMI4), and product popularity in South Korea (COMI5)), Japan had the highest country-of-manufacture image, the U.S.A. followed Japan, and South Korea had the lowest image.

In addition, there were interaction effects of retailer type (RT) X advertised reference price (ARP), but the pattern of interaction effects for COMI1 and COMI2 indicators were different. First, for COMI1, the economic development of a country was rated lower as the advertised reference price increased when the advertising retailer was a prestigious one (Hyundai department store) and vice versa when the advertising retailer was the discount store (Hi-mart). The subjects might have thought that a prestigious retailer of a brand from a highly developed country would not have such a big sale, while a less-prestigious retailer of a brand from a highly developed country would have such large discounts. Second, for COMI2, the perceived risk of purchasing electronic products made in a country (measured

by the scale of very much risk (1) - very little risk (7)) was highest when the advertised reference price level was plausibly high and the advertising retailer was Hyundai department store. Conversely, the perceived risk was the lowest when the advertised reference price level was plausibly high, but the advertising retailer was Hi-mart (discount store).

d) Advertisement Believability (Table 55)

Advertisement believability was influenced by the advertising retailer type and the advertised reference price level. Country-of-manufacture did not influence advertisement believability since country-of-manufacture is an attribute related to the advertised product itself. Retailer type did influence believability. Advertisements endorsed by Hyundai department store were significantly more believable than those endorsed by Hi-mart. The first dependent variable for advertisement believability (AB1) asked whether the subjects believed the amount of the advertised regular price. Since the responses were obtained by a Yes/No format, the obtained values indicate the percentage of the subjects who believed the advertisements. When Hyundai department store was the endorsing retailer, 36% of the subjects believed the advertised regular price

compared to 27% when Hi-mart was the sponsoring retailer. Furthermore, as the advertised reference price level went up (that is, as the discount increased), advertisement believability went down.

The second indicator (believability of the suggested savings implied by the difference between the advertised reference price and sale price) and the third indicator (believability of the 'Realistic' brand advertisement) produced a different pattern of the effect of the advertised reference price level on advertisement believability from the first indicator. The plausible high advertised reference price level had the highest believability, followed by the plausibly low advertised reference price, and the implausibly high advertisement reference price.

The effect of the retailer on advertisement believability was the same for all three indicators (AB1, AB2, AB3). Advertisements endorsed by department stores were more believable than those endorsed by discount stores.

e) Pre-existing Acceptable Price Range (Table 56)

Subjects' pre-existing acceptable price ranges were obtained before their exposure to the comparative price advertisement, but after they saw the product description

that provided the product's country-of-manufacture and specific product functions. Since these specific product functions (intrinsic cues) were the same for all treatments and since only the country-of-manufacture varied across different experiment cells (6 for each country), the only varying factor was country-of-manufacture. The pre-existing acceptable price range was obtained by asking subjects to circle all prices that they considered acceptable for the Realistic mini cassette tape player. In coding the responses, PAR1 was the lowest price circled and PAR2 was the highest price circled. Therefore, PAR1 indicates the lower bound for the acceptable price range and PAR2 indicates the upper bound for the acceptable price range. For the lower bound (PAR1), the value was the highest for Japan, and the values for South Korea and the U.S.A. were not significantly different, although the value for the U.S.A. seemed to be somewhat higher than that for South Korea. For the upper bound (PAR2), the upper limits for products advertised as made in Japan and for products made in the U.S.A. were not significantly different, but the upper limits for products from these two countries were significantly higher than the upper limit for South Korean products.

f) Pre-existing Internal Reference Price (Table 57)

Subjects' pre-existing internal reference prices for the product category were also obtained after seeing the product description but before their exposure to the comparative price advertisement. Thus, it was expected that subjects' pre-existing internal reference price would be influenced by country-of-manufacture information. The effect of country-of-manufacture on pre-existing internal reference price was more evident than the effect on pre-existing acceptable price range. The highest estimated pre-existing internal reference price was for the product made in Japan, the next highest for made in the U.S.A., and the lowest for made in South Korea.

One thing to be noticed is that the two indicators (PIRP1, PIRP2) approached the reference price concept differently, although both were considered to be indicators for reference price. The two indicators were estimating normal or usual price (PIRP1) and expected price to pay (PIRP2). The results imply that the subjects' expected prices to pay were usually lower than their estimated normal or usual prices for the advertised product. This result seems reasonable because consumers usually want to pay less than normal prices for products. Thus, they try to buy products on sale or through discount stores. The difference

in price estimations between the two indicators was tested by a t test. The t test indicated that the mean values in each of the two indicators (PIRP1 = 14.5016 vs. PIRP2 = 12.4603) are significantly different ($t = 20.03$) although the two variables are highly correlated (correlation = .795). This t test result implies that although the two indicators were used to measure reference prices, they in fact measure different types of prices because the two indicators were developed from two different conceptual bases.

g) Adapted Acceptable Price Range (Table 58)

To examine adaptation-level effects on subjects' price estimations, the subjects were provided price information, and the acceptable price range was again estimated. As with the pre-existing acceptable price ranges, AAR1 indicates the upper bound for their adapted acceptable price ranges and AAR2 indicates the higher bound for their adapted acceptable price ranges. Since advertisement contextual cues influence price adaptation levels, significant main effects of country-of-manufacture and retailer type were also expected. The results indicate that the advertised reference price and the country-of-manufacture cue and retailer type influenced the adapted price range, although the effect due to retailer

type was not significant for the upper acceptable price (AAR2).

According to Table 58, the advertised reference price level had the strongest effect on adapted acceptable price range (for advertised reference price, $\eta = 0.26$, a moderate effect for country-of-manufacture, $\eta = 0.15$, a weak effect). These results seem reasonable because price information would most likely be utilized for price estimations, thereby generating a stronger adaptation effect. As support for the proposed adaptation-level effect, (1) the higher the advertised reference price, the higher were the adapted values (a higher lower bound (AAR1) and a higher upper bound (AAR2)), and (2) the acceptable price ranges for each of the three advertised reference prices were significantly different from one another.

As for the other contextual cue effects, products made in Japan and U.S.A. generated significantly higher scores on AAR1 and AAR2 than products made in South Korea. The value for made in Japan was slightly higher than that for made in the U.S.A. but the difference was not significant. For the lower bound (AAR1), Hyundai department store had a significantly higher value than Hi-mart, while for the upper bound (AAR2), the difference due to retailer type was not significant, although Hyundai department store had a higher value than Hi-mart.

One thing interesting was that the adapted acceptable price range was lower than the pre-existing acceptable price range. This result might be due to the fact that the manipulated plausibly high reference price level (130,000 won) was even lower than the average pre-existing internal reference price (PIRP1: 144,904 won, PIRP2: 124,426 won in Table 21). Subjects in the actual experiment made internal reference price estimations that differed from the estimations of the subjects in pretests I and II. In pretest I and II, the estimated normal or usual price and the price the subjects would like to pay were between 100,000 won and 120,000 won. Considering that in pretest II the estimated internal reference price was for Aiwa (the most highly valued brand made in Japan and the one regarded as equivalent to Sony in quality), the internal reference price for the unknown brand "Realistic" was expected to be low. Therefore, the plausibly high reference price was manipulated as 130,000 won. Accordingly, comparatively low advertised reference price manipulations (plausibly low and plausibly high advertised reference price manipulations) seemed to restrain the upward adaptation-level effect for price acceptance. In addition, the low advertised sale price (72,540 won) must have influenced adaptation-level because the sale price is another piece of price information. The shift-down adaptation-level effect of the

sale price should be studied further. Since advertisements presenting a very low sale price might even lower consumers' internal reference price levels.

The adaptation-level effect was tested by a t test. According to the t test results, AAR1 was significantly different from PAR1, and AAR2 was significantly different from PAR2.

h) Perceived Regular Selling Price of an Advertising
Retailer (Table 59)

Although the advertised reference price is a piece of objective information, subjects perceived that price subjectively. The same reference price was advertised as the regular selling price of the retailer, but subjects perceived different prices as the regular selling price. Advertisement contextual cues were thought to influence these perceptions.

The most influential factor on the perception of the advertising retailer's regular selling price was advertised reference price level ($F = 119.366$, $\eta = 0.531$ for PRAR1, $F = 186.924$, $\eta = 0.616$ for PRAR2). The next important influencing factor was retailer type ($F = 22.895$, $\eta = 0.264$ for PRAR1, $F = 30.989$, $\eta = 0.304$ for PRAR2). Hyundai department store had a significantly higher value on the

perceived regular selling price of the advertising retailer than Hi-mart. Country-of-manufacture also influenced the perceived regular selling price of the advertising retailer ($F = 7.421$, $\eta = 0.154$ for PRAR1, $F = 13.326$, $\eta = 0.205$ for PRAR2): products made in Japan or the U.S.A. were more highly rated than products made in South Korea.

i) Adapted Internal Reference Price (Table 60)

Subjects' internal reference prices were also obtained after exposure to the comparative price advertisements to determine price adaptation effects. As with the adapted acceptable price range, subjects' adapted internal reference prices (AIRP1 and AIRP2) were lower than their pre-existing internal reference prices (PIRP1 and PIRP2). This lowering of their internal reference prices might be due to the advertised low sale price. The indicators for the adapted internal reference prices were exactly the same as for the pre-existing internal reference prices. As before, the two adapted internal reference price indicators asked subjects to provide different estimates (AIRP1: normal or usual price, AIRP2: expected price to pay). As a result, the price estimates were significantly different ($t = 20.60$, $P = .000$). The correlation between these two estimates was $r = 0.51$.

The most important influence on adapted internal reference price was advertised reference price ($F = 24.956$, $\eta = 0.275$ for AIRP1, $F = 32.482$, $\eta = 0.310$ for AIRP2); the higher the advertised reference price, the higher the adapted internal reference price. Country-of-manufacture also had a significant effect on adapted internal reference price ($F = 13.406$, $\eta = 0.205$ for AIRP1, $F = 7.019$, $\eta = 0.150$ for AIRP2); adapted internal reference price was highest for products advertised made in Japan, next highest for products made in the U.S.A., and least for products made in South Korea. A significant interaction between retailer type and advertised reference price (RT X ARP) was detected on AIRP2 ($F = 3.740$, $\eta = 0.110$; weak effect). As shown in the table of means (RT X ARP), when the implausibly high reference price was advertised by Hi-mart (discount store), the adaptation effect was less than when it was advertised by Hyundai department store.

j) Perceived Quality (Table 61)

The perceived quality of the advertised products was significantly influenced by the country-of-manufacture, although they had the same brand name, 'Realistic'. The perceived quality of the products made in the U.S.A. and South Korea were not significantly different from each

other. But their quality was perceived to be significantly lower than if they had been made in Japan. Although it had been expected that perceived quality would be influenced by retailer type, this result did not occur.

k) Perceived Benefit (Table 62)

The results for perceived benefit were similar to those for perceived quality. Products advertised as made in Japan were rated higher than those made in the U.S.A. or South Korea. Further, two perceived benefit indicators, PB3 and PB5, significantly covaried with one product involvement indicator (IV3). The more the product meant to the subjects, the more they thought the advertised Realistic mini cassette tape player would provide an advantage to their lives and would satisfy their needs for prestige.

l) Perceived Value (Table 63)

Although perceived quality and perceived benefit were significantly influenced only by the country-of-manufacture, perceived value was influenced significantly by both the country-of-manufacture and the advertised reference price. This result is reasonable because perceived value is considered to be positively related to perceived quality or

benefit and negatively related to perceived monetary sacrifice. The advertised products made in Japan were higher in perceived value than those made in U.S.A. or South Korea. When the products were advertised with an implausibly high or plausibly high reference price cue, perceived value was significantly higher than when they were advertised with a plausibly low reference price cue.

m) Intention to Buy (Table 64)

The subjects' intentions to buy were influenced by the product's country-of-manufacture. The intentions to buy for products made in Japan were significantly higher than those for products made in the U.S.A. or South Korea. This result seems to reflect the current rising popularity of Japanese electronic products.

In addition to the influence of the country-of-manufacture, the advertised reference price also influenced the subjects' buying intention (IB1). Although this influence was not significant in IB2, as in IB1, when a plausibly high reference price was advertised, buying intentions were highest. When a plausibly low reference price was advertised, buying intentions were the lowest. Buying intentions in the plausibly high and implausibly high reference price levels were not significantly different;

however, buying intentions in the plausibly high reference price level seem to be higher than that in the implausibly high reference price level. This implies that an implausibly high advertised reference price might weaken the credibility of the advertisement and thus lower buying intentions.

One thing to be noticed is that IB1 covaried with IV3; the more the product meant to the subjects, the more subjects intended to purchase the product.

n) Search Intentions (Table 65)

Although MANOVA indicated that the country-of-manufacture significantly influenced intentions to search, the effect was significant only for one indicator, IS1. For advertised products made in Japan, the subjects had significantly less intentions to search further than for those made in the U.S.A. or South Korea. For IS2 and IS3, the same trend as in IS1 was observed, but the effect was not statistically significant.

o) Manipulation Check for Advertised Reference Price (Table 66)

The manipulation check for the advertised reference prices indicated that the manipulated reference price levels

were perceived as expected. The implausibly high advertised reference price was perceived as significantly higher than the plausibly high advertised reference price, which was perceived to be significantly higher than the plausibly low advertised reference price. One thing interesting here is that the country-of-manufacture influenced perceptions of the advertised reference price level, especially for MRP1 and MRP2. When the country-of-manufacture of the advertised product was Japan or the U.S.A., the same advertised reference price level was perceived as lower than when the country-of-manufacture was South Korea. This result implies that there were different perceived reference price levels according to made in levels (country-of-manufacture). It is possible that for this product and these subjects the internal reference price for products made in Japan or the U.S.A. is greater than that for products made in South Korea.

The indicator MRP3 was different from MRP1 and MRP2. For this indicator, the fairness of the advertised reference price was measured on a seven-point scale ranging from strongly disagree (1) to strongly agree (7). If the advertised reference price was perceived as fair, subjects agreed. On the other hand, for MRP1 and MRP2, if the advertised reference price was perceived as low, the subjects marked low on a scale ranging from extremely low

(1) to extremely high (7) (MRP1) or from very low price to very high price (MRP2). Therefore, MRP3 was reverse coded to be consistent with the data from MRP1 and MRP2. The reliability test for this construct was conducted after reverse coding MRP3. In MRP3, the effect due to advertised reference price level was also significant; the plausibly low advertised reference price and the plausibly high advertised reference price were regarded as fair, but the implausibly high advertised reference price was regarded as unfair.

p) Manipulation Check for Advertised Sale Price (Table 67)

The manipulation check for the advertised sale price indicates that subjects formed price perceptions by comparing the price information in the advertisement. Although advertised sale price was constant in the experiment, perceptions of the advertised sale price differed in response to the varying advertised reference prices. When the plausibly high reference price was advertised, the advertised sale price was perceived to be comparatively lower than when the plausibly low reference price was advertised. Similarly, when the implausibly high reference price was advertised, the advertised sale price

was perceived to be comparatively lower than when the plausibly high reference price was advertised. The country-of-manufacture also influenced the subjects' perceptions of the advertised sale price. When the product was advertised as made in Japan or the U.S.A., the subjects perceived the advertised sale price to be significantly lower than when the product was advertised as made in South Korea. This result has the same implication as did the manipulation check for advertised reference price: consumers have different levels of reference price or actual price to be paid (sale price) according to made in level.

MSP3 measured the subjects' perceptions of the fairness of the advertised sale price. If the subjects perceived the sale price to be fair, they would agree on a scale that ranged from strongly disagree (1) to strongly agree (7). For MSP1 and MSP2, if the sale price was perceived to be low, they marked low on a scale ranging from extremely low (1) to extremely high (7) (MSP1) or from very low priced (1) to very high priced (7) (MSP2). Therefore, MSP3 was also reverse coded, and the reliability of this construct was tested after reverse coding. In MSP3, the advertised sale price for products advertised as made in Japan was perceived to be significantly more fair than that for products advertised as made in South Korea. In addition, the advertised sale price was perceived as the most fair in the

plausibly high advertised reference price level, next most fair in the implausibly high advertised reference price level, and least fair in the implausibly low advertised reference price level.

5) Analyses for Moderating Effects

a) Moderating Effect of Confidence Level (Table 68)

In the conceptual chapter (Chapter IV), it was proposed that subjects' degree of confidence in their pre-existing internal reference prices would moderate the influence of the pre-existing internal reference price on subjects' adapted internal reference prices. If consumers are confident about their estimates, the pre-existing internal reference price should adapt less to the external advertised reference price information. The proposed moderating effect was tested by a t test to examine whether the expected adaptation effects (the difference between the adapted internal reference price and the pre-existing internal reference price; AIRP - PIRP) were significantly different according to confidence level. According to the t test, the less confident subject group was not different in price adaptation from the more confident subject group (hypothesis **H6: not confirmed**). The minus values in (AIRP - PIRP) were

due to the fact that there was actually a greater shift-down effect due to the advertised sale price than a shift-up adaptation effect due to the high advertised reference price levels, as shown in Table 60.

b) Adaptation-level Effect Due to Advertised Reference Price Level (Table 69)

Along with the adaptation effect due to confidence level, the adaptation effect due to the advertised reference price level was examined. The differences in adaptation ($AIRP - PIRP$) according to the advertised reference price level was analyzed by ANOVA. The ANOVA result confirmed that the higher the advertised reference price level, the greater the adaptation effect. One thing to be noticed in the table is that the dependent variable ($AIRP - PIRP$) had negative values due to the unexpected great shift-down effect. Therefore, the shift-up adaptation effect due to the advertised reference price is represented by how much the shift-down effect was compensated for by the expected shift-up adaptation effect. Accordingly, the mean dependent value of -1.6358 in the implausibly high advertised reference price condition implies a greater shift-up adaptation effect than the dependent value of - 2.7444 in the plausibly high advertised reference price level, and so on.

c) Moderating Effect of Retailer Image (Table 70)

It was proposed that retailer image would moderate the effect of the advertised reference price level on the perceived regular selling price. When a reference price was advertised by a prestigious retailer, it would be discounted less than when the reference price was advertised by a non-prestigious retailer. A moderating effect was detected in that there was a significant interaction of retailer type (RT) X advertised reference price (ARP) on perceived regular selling price. The mean values in the cross table for ARP X RT (Table 70) indicate that when reference prices were advertised by Hyundai department store (assumed to be the prestigious retailer), the perceived regular selling price was more proportional to the advertised reference price levels and was discounted less from the advertised reference price levels than when reference prices were advertised by Hi-mart.

This moderating effect was also examined by a t test to determine whether the same discount occurred when the reference price was advertised by Hyundai department store as when advertised by Hi-mart. As further evidence for the proposed moderating effect the reference prices advertised by Hyundai department store were discounted less (ARP -

PRAR) than those advertised by Hi-mart (hypothesis H3: confirmed).

d) Moderating Effect of Product Knowledge (Table 71)

It was proposed that product knowledge moderates consumers' use of cues to product quality or benefit. Consumers with high or low knowledge of a product are more likely to use external cues such as brand name or country-of-manufacture to assess a product's quality than moderately knowledgeable consumers. To test the proposed moderating effect, product knowledge was classified into 4 levels ((1) 0% - 25%, (2) more than 25% - 50%, (3) more than 50% - 75%, and (4) more than 75% - 100% in cumulative frequency of product knowledge); PK1 indicates the low knowledge group, PK2 the somewhat knowledgeable group, PK3 the moderately knowledgeable group, and PK4 the highly knowledgeable group.

First, for perceived quality, product knowledge level had a significant main effect and a significant interaction effect with country-of-manufacture level. The significant main effect was not expected but the effect was small ($F(3,608) = 3.883$, $p = .009$, $\eta = 0.137$). As the main effect, the quality evaluation of the highly knowledgeable group was significantly lower than that of the other groups. The interaction effect ($F(6,610) = 2.379$, $P = .028$, $\eta = 0.151$),

indicated that the low knowledge group rated the advertised products made in the U.S.A. higher than those made in Japan, while the other groups rated advertised products made in Japan of better quality than products made in the U.S.A. or South Korea.

For perceived benefit, the interaction effect was not significant ($F(6,610) = 1.812, P = .094, \eta = 0.132$), but the response pattern was similar to that for perceived quality. These results imply that low knowledge consumers utilize external cues (in this experiment, the country-of-manufacture cue) in inferring the quality or benefit of the advertised products (hypothesis H9: **partially confirmed**). As mentioned, the main effect for perceived benefit was also significant ($F(3,608) = 2.900, P = .034, \eta = 0.118$); the high knowledge group evaluated the perceived benefit of the advertised products as significantly lower than the other groups.

6) Stepwise Regression Analysis (Table 72)

To examine the proposed model of conceptual path (Figure 1), stepwise regressions were initially conducted to see how well the independent variables regressed on their specific dependent variables.

In this stepwise regression analysis, perceived acquisition value and perceived transaction value were treated as separate variables in order to examine specific paths to perceived acquisition value and perceived transaction value. However, in a later analysis using LISREL, the two value perceptions will be collapsed into one because analyses for measurement properties indicated that the indicators for the two values were highly correlated and, thus, not separable in two constructs (Table 39).

First, the pre-existing internal reference price was proposed to be influenced by the country-of-manufacture since the country-of-manufacture was the only factor varied in the product descriptions used to obtain the subjects' pre-existing internal reference prices. The stepwise regression analysis confirmed the first hypothesis that the country-of-manufacture influences the pre-existing internal reference price (hypothesis H1:confirmed).

The second hypothesis proposed that the perceived regular selling price of the advertising retailer would be related to the advertised reference price level. The stepwise regression on the dependent variable of the perceived regular selling price of the advertising retailer produced three significant regression variables - advertised reference price (hypothesis H2: confirmed), pre-existing internal reference price, and retailer image. Since price

cues include all the relevant price information, the positive linear relationship between the pre-existing internal reference price and the perceived regular selling price of the advertising retailer seems reasonable.

Third, the adapted internal reference price was expected to be influenced by the subjects' pre-existing internal reference prices and their perceived regular selling price of the advertising retailer. As expected, the stepwise regression revealed two significant regressing variables - perceived regular selling price of the advertising retailer (hypothesis **H4: confirmed**) and pre-existing internal reference price (hypothesis **H5: confirmed**).

Fourth, perceived quality was proposed to be influenced by the country-of-manufacture and retailer image. The stepwise regression confirmed the proposed path by selecting two regressing variables, country-of-manufacture (hypothesis **H7: confirmed**) and retailer image (hypothesis **H8: confirmed**). This result implies that perceived quality was not significantly influenced by the subjects' reference price perceptions.

Fifth, perceived benefit was proposed to be influenced by perceived quality. The stepwise regression with the dependent variable of perceived benefit produced one

significant regressing variable, perceived quality (hypothesis H10: confirmed).

Sixth, perceived transaction value was proposed to be influenced by adapted internal reference price and advertised sale price. However, in this experiment, since the advertised sale price was fixed, only the adapted internal reference price varied. As proposed, the adapted internal reference price had a positive relationship with transaction value (hypothesis H12: confirmed).

Seventh, perceived transaction value was again regressed by independent variables including perceived acquisition value. A strong relationship was expected between these two perceptions. As anticipated, when perceived acquisition value was entered into the regression analysis, the other variables were not necessary.

Eighth, the regression analysis for perceived acquisition value produced three significant regressing variables - perceived benefit (hypothesis H13: confirmed), perceived quality, and country-of-manufacture. (In this analysis, perceived transaction value was not entered as an independent variable.) Although the conceptual model in Figure 1 shows that perceived benefit leads to perceived acquisition value, this regression model produced two additional paths to acquisition value -- the paths from perceived quality and from country-of-manufacture. However,

conceptually, these additional paths appear to be reasonable because country-of-manufacture and perceived quality influence perceived benefit. Hence, perceived acquisition value would be positively related with not only perceived benefit but also with country-of-manufacture and perceived quality. In order to test the way perceived benefit mediates for the effect of perceived quality on perceived value, three regressions were calculated: (1) perceived benefit was significantly regressed by perceived quality ($T=21.232$, $P=.000$), (2) perceived value was significantly regressed by perceived benefit ($T=19.181$, $P=.000$), and (3) perceived value was significantly regressed by perceived quality ($T=15.856$, $P=.000$).

Ninth, the regression analysis for perceived acquisition value was again conducted to include perceived transaction value as a regressing variable. As was the case for perceived transaction value, perceived acquisition value was sufficiently regressed only by perceived transaction value. The high regression coefficient implies that these two perceptions (perceived transaction value and perceived acquisition value) are highly related to each other (hypothesis H14: confirmed), or that the two concepts are not distinguishable as revealed in the construct validity test.

Tenth, intention to buy was regressed by contextual cues and mediating variables. Among the entering variables, perceived acquisition value (hypothesis H15: confirmed), perceived benefit and perceived transaction value (hypothesis H16: confirmed) were selected as significant regression variables through stepwise regression analysis. As predicted by the conceptual model, buying intentions are influenced by perceived transaction value and perceived acquisition value. This regression confirmed the proposed perceptual paths and uncovered another path from perceived benefit to intention to buy. If perceived benefit led only to perceived acquisition value, perceived benefit would not be necessary in addition to perceived acquisition value as a regressing variable on intention to buy. Therefore, although perceived benefit led to perceived acquisition value, there were remaining variations in perceived benefit that were related to intention to buy. In addition, the way perceived values mediates the effect of perceived benefit on intention to buy was also examined with three regressions: (1) perceived value was significantly regressed by perceived benefit ($T=19.181$, $P=.000$), (2) intention to buy was significantly regressed by perceived value ($T=24.009$, $P=.000$), and (3) intention to buy was significantly regressed by perceived benefit ($T=20.005$, $P=.000$).

Therefore, perceived value is a mediator for the effect of perceived benefit on intention to buy.

Lastly, the conceptual construct of intention to search further was analyzed. As proposed, perceived transaction value and perceived acquisition value had negative relationships with intention to search further (hypotheses H17, H18: confirmed).

These stepwise regression analyses provided an initial confirmation for the proposed conceptual model and hypotheses.

7) LISREL Analysis

To confirm the proposed causal relationships, LISREL (Linear Structural Relationships) with maximum likelihood estimation method (Joreskog and Sorbom 1981) was used. LISREL was regarded as a better analytical approach than regression in this experiment because most of the perceptual variables in the conceptual model are latent variables manifested by multiple indicators. Therefore, LISREL, which tests the relationships among latent concepts with multiple indicators, is preferred to regression analyses. Another advantage of LISREL was that this technique incorporates measurement error and thus produces more precise path coefficient estimations. Additionally, LISREL can estimate

structural coefficients simultaneously in complex structural equations, while in regression only one structural equation can be analyzed.

a) LISREL Model Selection Process (Table 73) -

The conceptual model initially analyzed by LISREL is shown in Figure 3. This initial model was developed based on the proposed conceptual model (Figure 1) and the statistical analyses presented in previous sections. As shown in Table 73, the data fit the conceptual model moderately well. The chi-square value (1068.25) is significant, suggesting that the model should be rejected. However, this chi-square test is sensitive to sample size; as sample size increases, the chi-square test tends to reject H_0 hypothesis. The goodness of fit index and the adjusted goodness of fit index indicated that the model fit the data moderately well. However, the root mean square residual was large (.421), implying that there was a large amount of unexplained variation within the described structural relations.

To improve the fit of the model, some modifications were made. First, since the structural path coefficient from country-of-manufacture image to perceived benefit was not significant (t value = .668), this path was deleted. (hypothesis H11: not confirmed). Secondly, the structural

path from the pre-existing internal reference price to the perceived regular selling price of the advertising retailer was added because the modification indices indicated that if this path was included in the model, the chi-square value would be reduced. Based on these modifications, model 2 was analyzed by LISREL, leading to some improvement in the measures of goodness of fit. LISREL analysis with model 2 also indicated a significant structural path from perceived benefit to intention to buy. The path was added for model 3. After adding the path, goodness of fit indices were enhanced. Except for the added path, the modification indices did not indicate any further reasonable structural paths to be included. Therefore, the model 3 was accepted as the final model for the effects of comparative price advertisements on consumer's perceptions.

b) Measurement Model of the Selected LISREL Model
(Table 74)

Parameter estimates of the measurement model reveal that the indicators for each structural concept measured the latent variables well. As shown in Table 74, the values of the slope were greater than 0.7 except RI2, AIRP2, and IS1. It was strange that retailer image was not well measured by RI2 because RI2 asked about the prestige level of the

retailer. Since RI3 was a good indicator for retailer image, the credibility of the advertised prices was important in determining retailer image. For adapted internal reference price perception, the indicator (AIRP2) asked the subjects their expected price to pay but did not represent this perception well. Intention to search further was measured by three indicators: IS1 asked their intentions to search further for a better product, IS2 for a better deal, and IS3 for a lower price. However, IS1 seems to measure a different dimension of search than does IS2 or IS3. Since the IS1 indicator did not represent well the latent variable of intention to further search, subjects might usually search further not for a better product but for a better deal or a lower price.

True score variances for price perceptions were large. These large values in true score variances indicate that (1) there were large variances in the subjects' estimations of internal reference prices, and (2) this variation in their estimations produced large variations in their price perceptions when they evaluated the advertised offer.

c) Analyses for Structural Paths

Most of the proposed structural relations among latent concepts was confirmed, and additionally, structural paths

in relations were derived through LISREL analysis. Particularly, t values of all the structural path coefficients were significant (Table 77). The magnitude of each structural path coefficient was presented in metric form (Table 75) and standard form (Table 76). Since variables are measured by different scales, it is meaningful to compare structural coefficients in standard form because values in standard form are scale-free.

As shown in Table 76, several structural path coefficients were strong: (1) from perceived quality to perceived benefit, (2) from advertised reference price to perceived regular selling price of the advertising retailer, (3) from perceived regular selling price of the advertising retailer to adapted internal reference price, (4) from perceived benefit to perceived value, and (5) from perceived value to behavioral intention. These strong relationships are understandable because these latent concepts are also strongly related conceptually. Significantly, the effect of perceived value on behavioral intention (especially intention to buy) was great; the impact of perceptions on behavioral intentions needs to be investigated further.

8) Analyses Using Demographic Variables

Although not proposed, some effects related to demographic variables were expected. Therefore, information on sex, major, academic level, and experience were obtained.

a) Effects due to Gender (Table 78)

According to data analysis, the subjects included 501 males and 129 females. Thus, the subjects were not balanced across gender. However, the effects of gender differences on the dependent variables were revealed through ANOVA. Table 78 indicates these gender differences. First, in advertisement believability, female subjects believed the advertisements more than male subjects. Second, female subjects rated the image of the advertised brand 'Realistic' significantly more highly than male subjects. Third, female subjects had significantly less product knowledge than male subjects. But ownership level for a mini cassette tape player for females was almost the same as that for males.

Fourth, female subjects had significantly higher pre-existing internal reference prices and pre-existing acceptable price ranges for the advertised product than male subjects. Related to this, perceived regular selling prices of the advertising retailer and adapted internal reference

prices of female subjects were significantly higher than those of male subjects. These higher values for female subjects in perceived regular selling price of the advertising retailer and adapted internal reference price seem to be related to their higher advertisement believability. If they believed the advertisements more than male subjects, the female subjects' perceived prices would be discounted less from the advertised price levels; thus, a greater adaptation effect due to the advertised reference price level would occur compared to the male subjects.

Fifth, female subjects tended to rate perceived quality and perceived benefit of the advertised product higher than male subjects. For four indicators (PQ2, PQ3, PB2, PB4), the values of female subjects were significantly higher than those of male subjects. However, in perceptions such as perceived value and behavioral intentions such as intention to buy and intention to search further, additional gender differences were not detected.

b) Effects due to Other Demographic Variables (Table 79)

It was anticipated that there might be perceptual differences due to the subjects' major (business or non-business), because business-oriented subjects might be more

knowledgeable and thus, more sensitive to price promotions. As expected, statistically significant differences between business and non-business subjects occurred on some perceptions; subjects who were not majoring in business estimated significantly higher values than subjects majoring in business for PIRP1, PIRP2, PRAR1, AIRP1, PAR1, and PAR2. Accordingly, it can be said that non-business subjects were more generous in reference price estimations and relevant price perceptions than business subjects. Additionally, there were some perceptual differences according to academic level and experience in the survey (Table 79).

Finally, the average value for the last question, which asked subjects to rate their difficulty in responding to the questionnaire was 4.9400 on a scale of extremely easy (1) - extremely difficult (7) (Table 21). Therefore, on average, the subjects thought this questionnaire to be somewhat difficult.

D. Summary

The purpose of this study was to investigate consumers' perceptions of comparative price advertisements. It was proposed that (1) advertised contextual cues could influence consumers' perceptions, and (2) consumers' perceptual processes would involve a sequence of perceptions from

advertisement believability and price-related perceptions eventually to the formation of value perceptions.

The proposed contextual cue concepts and perceptual concepts were measured by several indicators. Therefore, the reliability of the measures for each concept was examined and determined to be satisfactory. Given these measurement characteristics, the objective was to confirm possible causal relationships among the hypothesized perceptual paths. First, MANOVA, ANOVA, ANCOVA, and supplementary multiple comparisons were conducted to get an initial idea about which variables significantly influence different perceptual or behavioral constructs. To test the proposed moderating effects due to confidence level, retailer image, and product knowledge, t tests were also used and possible interaction effects were also examined. Although a moderating effect of confidence level in price perception was not detected, moderating effects of retailer image and product knowledge were detected (hypotheses H3, H9: confirmed, but H6: not confirmed). In addition, adaptation-level effects were tested by t tests on several price perceptions. The results supported adaptation-level effects directly or indirectly.

Finally, stepwise regression and LISREL with maximum likelihood estimation were used to test the proposed conceptual structures. Most of the proposed structural

relationships in the hypotheses were confirmed, first by stepwise regression and then by LISREL (Table 80). A detailed discussion of these results will be developed in the next chapter.

Chapter 8: CONCLUSIONS

This chapter gives an overview of this study and discusses results obtained from the experiment. . Then, contributions and limitations of this research are mentioned. Lastly, further implications are suggested.

A. General Overview of Dissertation

The purpose of this study is to understand Korean consumers' perceptual processes in response to comparative price advertisements. In particular, this study examined the Korean consumers' perceptions within a multi-cue context. Simulated advertisements suggesting contextual cues such as comparative price (reference price/sale price), brand name, country-of-manufacture, and retailer name provided a multi-cue context. The multi-cue context was regarded as desirable rather than a single-cue context in examining perceptions of advertisements because multiple stimuli are presented in real advertisements. To examine the structural relationships among perceptions, it was assumed that consumers engage in a sequence of perceptual processes from advertisement believability and price and discount related perceptions to value perceptions. These

perceptions are finally related to behavioral intentions such as intention to buy and intention to search further. Consequently, this study intended to (1) investigate structural relations among those perceptions and behavioral intentions, and (2) derive structural paths for the relationships between perceptions and behavioral intentions.

Chapter 2 presents the theoretical background for this study. The dynamic nature of internal reference price was explained in accordance with adaptation-level theory. Message learning theory was utilized to explain source credibility and message credibility effects. In a comparative price advertisement, the influence of an advertising retailer's image was thought to be related to a source credibility effect, while the influence of brand image and country-of-manufacture image was thought to be related to producer credibility effect. Transaction utility theory was applied to the comparative price advertisement context because transaction utility incurs when consumers evaluate advertised reference prices which are different from their internal reference prices.

In Chapter 3, a literature review including theory-based explanations and empirical research results was presented. Based on the theoretical background and literature review, a conceptual model explaining consumers' perceptual processes of comparative price advertisements was

developed in Chapter 4. The conceptual model explained consumers' perceptual processes and established the boundaries of this study, identifying only those aspects of the processes that were examined.

To test the proposed conceptual model, an experimental design was used to investigate Korean consumers' perceptual processes in a laboratory setting. Yonsei University students in South Korea were selected as a convenient sample, and a mini cassette tape player was selected as the product to be advertised in the simulated comparative price advertisements. This experiment was expected to reveal Korean-specific explanations for perceptual processes and to explore the boundaries of this theoretically developed conceptual model. Data analyses were conducted using MANOVA, ANOVA, ANCOVA, multiple comparison, t test, stepwise regression and LISREL. Most of the proposed hypotheses were confirmed by stepwise regression and LISREL (Table 80). Additionally, moderating effects were also confirmed by t tests and by examining significant interaction effects in ANOVA. The detailed results were reported in Chapter 7. In this chapter 8, the results will be discussed relative to the conceptual and empirical bases for this research effort.

B. Discussion

1) The Effects of Contextual Cues

a) The Effects of Advertised Reference Price

An advertised reference price is an external reference price. On the other hand, an internal reference price is a price that is initially held in the buyer's memory and is used to evaluate other prices. The importance of an advertised reference price as an incoming price cue was emphasized because many consumers are uncertain of the price levels of products or services they have just bought or received. Thus, when an incoming external price cue is received, consumers might easily accept the incoming external price as a normal price. The impact of an advertised reference price on various perceptions was confirmed.

First, adaptation-level effects due to advertised reference prices were found for price-related perceptions -- adapted acceptable price range, perceived regular selling price of the advertising retailer and adapted internal reference price. According to adaptation-level theory, evaluation of an incoming price cue is based on the adaptation-level of the price. One important fact is that

the adaptation level is subject to change if new price cues are encountered; the adaptation-level shifts toward the levels of subsequent relevant prices. As adaptation-level theory suggests, the adapted acceptable price range and adapted internal reference price did shift toward the external price cues, advertised reference prices. It was shown that the higher the advertised reference price level, the more the shift-up effects were. However, in this study the adapted internal reference price levels were less than the pre-existing reference price levels. As mentioned in chapter 7, the advertised sale price caused a shift-down effect for price perceptions. This shift-down effect seems logical because adaptation-level is formed by integrating all the relevant price information.

Secondly, the advertised reference price also influenced value perceptions. The study found that the difference between the effect of plausibly high advertised reference price and the effect of the implausibly high advertised reference price on perceived value was not significant, while the two levels had significantly different effects on price-related perceptions. This result implies that, although price adaptation effects directly influence price related perceptions, the price-adaptation effects are not wholly reflected in value perceptions.

Thirdly, the advertised reference price had effects on retailer image. This phenomena is explained by a message credibility effect. The implausibly high reference price had an unfavorable influence on retailer image, especially on the subjects' perception of the credibility of the retailer's advertised price (RI3). Similarly, the implausibly high advertised reference price had negative effects on advertisement believability. While subjects believed the plausibly high advertised reference price, they least believed advertisements with implausibly high reference price cues.

The advertised reference price level also influenced intention to buy, although the influence was small ($F = 3.181$, $\eta^2 = 0.101$ for IB1). The highest intention to buy was produced by the plausibly high advertised reference price. This result implies that the highest price-adaptation effect was mitigated by the unfavorable message credibility effect from the implausibly high advertised reference price.

b) The Effects of Retailer Image

The effects of retailer image were proposed based on source credibility effect. It was assumed that a store that used price advertising extensively would be regarded by consumers as less credible than a store that seldom engaged

in price promotions. It was further assumed that a department store would be regarded as more prestigious, thus more credible, than a discount store. ANOVA for retailer image confirmed this assumption; Hyundai department store was regarded as more prestigious and more credible in its advertised prices than Hi-mart. Accordingly, advertisement believability was influenced by retailer image; Hyundai department store had a higher advertisement believability than Hi-mart.

Additionally, this study revealed that consumers had different levels of acceptable price ranges according to a retailer's image; the upper bound and lower bound for the acceptable price range of Hyundai department store were higher than those of Hi-mart. This result implies that the adaptation-level of price evaluation or judgment is not only influenced by price information but also by other contextual cues such as retailer type. This contextual cue effect on price adaptation-level was explained in the theoretical discussion: (1) adaptation-level is determined by the entire set of purchase decision variables for a product in a specific purchase situation, and (2) joint effects of multiple cues (contextual cues) determine the adaptation-level and influence the resulting perceptions.

In addition to influencing the accepted price range, retailer image also influenced the perceived regular selling

price of the advertising retailer. Hyundai department store had a significantly higher perceived regular selling price than Hi-mart. This result implies that the subjects thought prestigious retailers usually sell their products at higher levels than less prestigious retailers.

The effect of the interaction between retailer type (RT) and advertised reference price (ARP) on perceived savings and shopping intentions was mentioned in the literature review. Implausible reference prices (exaggerated reference prices) of discount stores, even though discounted more than plausible reference prices, can result in higher perceived savings and shopping intentions than plausible reference prices of discount stores or implausible reference prices of non-discount stores (Biswas and Blair 1991). The interaction effect was not detected in this study. However, this experiment revealed that the interaction between retailer type and advertised reference price affected advertisement believability. Advertisement believability was the highest when Hyundai department store advertised a plausibly low reference price. In the case of Hi-mart, advertisement believability was the highest when the retailer advertised a plausibly high reference price. Both of the retailers, Hyundai department store and Hi-mart, had very low advertisement believability when they advertised implausibly high reference prices.

The retailer type X advertised reference price interaction effect was also significant on the perceived regular selling price of the advertising retailer. When Hi-mart advertised the plausibly high reference price or the implausibly high reference price, the perceived regular selling prices were much lower than when Hyundai department store advertised those same prices. This result is explained by source credibility effect; a message endorsed by a credible source (in this experiment, Hyundai department store) is more accepted as true and thus, less discounted than the message endorsed by a less credible source. Therefore, this study demonstrates how retailer image influences advertisement believability and price-related perceptions.

c) The Effects of Country-of-manufacture

In this study, one important finding was that country-of-manufacture effects on various perceptions and even on behavioral intentions were greater than expected. The literature review established that (1) the country-of-manufacture cue is perceived as a general category, and (2) consumers evaluate a product based on its membership in a more general category such as country-of-manufacture. Global evaluations of the country or specific evaluations such as

product quality judgments influence country-of-manufacture image. This study investigated (1) how Korean consumers evaluate products made in the two most developed countries, U.S.A. and Japan, and (2) whether they favor products from a particular country. Korean consumers' perceptions of products made in U.S.A. were especially investigated because American electronic products are not common in the Korean market.

The image of Japan was rated the highest, followed by U.S.A. South Korea had the lowest values on all of the five indicators measuring country-of-manufacture image. The second effect of country-of-manufacture image was on brand image. Since the advertised brand ('Realistic') was unfamiliar to the Korean consumers, the effect of country-of-manufacture image on brand image was expected to be large. The ratings for brand image were similar to the ratings for country-of-manufacture image; the image of the same 'Realistic' brand advertised as made in Japan was rated highest, the brand advertised as made in the U.S.A. next highest, and the brand advertised as made in South Korea lowest. This result implies that consumers infer brand image or quality from the product's membership in a general category such as country-of-origin or country-of-manufacture, especially when they do not know about the specific brand.

The country-of-manufacture cue also influenced consumers' pre-existing internal reference price and pre-existing acceptable price range since they were obtained by providing product descriptions, in which brand name, country-of-manufacture, and specific product features remained constant while the country-of-manufacture varied (Japan - U.S.A. - South Korea). For the lower bound of the acceptable price range, products made in Japan had significantly higher values than those made in U.S.A. or South Korea. For the upper bound of the acceptable price range, values for the products made in Japan were not significantly different from the values for those made in the U.S.A. (Products made in the U.S.A. had even higher values than products made in Japan, although the two values are not significantly different). However, the values for the products made in South Korea were significantly lower than the values for the other two countries. The wider acceptable price range for products made in the U.S.A. can be ascribed to the fact that Korean consumers have little experience in purchasing the products made in the U.S.A. The country-of-manufacture had internal reference price; products made in Japan had higher values than those made in the U.S.A. and the least values were for those made in South Korea.

Moreover, a similar pattern was displayed by other price perceptions -- adapted acceptable price range, perceived regular selling price of the advertising retailer, and adapted internal reference price. However, the difference in these price perceptions was not statistically significant for products made in Japan and U.S.A. For perceived quality, perceived benefit, perceived value and intention to buy, advertised products made in Japan had the highest values, and values of products made in the U.S.A. and of products made in South Korea were not significantly different. These results imply that Korean consumers favor Japanese products over American products, although their internal reference prices or adaptation-level prices of products made in the U.S.A. were similar to those of products made in Japan.

On the other hand, consumers do not favor products made in the U.S.A. over products made in South Korea on perceived quality, benefit, value, and even intention to buy. This result implies that Korean consumers trust the quality of their domestic products although they know their products are selling at lower prices. Consequently, the results imply that products made in the U.S.A. may have less competitiveness compared to Japanese products and domestic products in the Korean market; Korean consumers thought U.S.A. products might be sold at prices as high as Japanese

products, but they do not favor U.S.A. products for quality and perceived value over domestic products which can be bought at lower prices.

2) The Moderating Effects

Consumers' confidence in estimating their pre-existing internal reference prices were proposed to moderate the influence of pre-existing internal reference price on adapted internal reference price. Consumers who were confident about their pre-existing internal reference prices were not expected to be changed much by adapting external price information such as an advertised reference price. However, this effect was not detected, perhaps because there were not large variances in the subjects' confidence levels. Therefore, further research with manipulation of confidence levels or with large variances in confidence levels is needed to examine the proposed effect.

Secondly, the moderating effect of retailer image was confirmed. As proposed, the advertised reference prices were discounted less when the reference prices were advertised by Hyundai department store (a prestigious retailer) than by Hi-mart (a non prestigious retailer).

Thirdly, it was proposed that product knowledge level moderates the way consumers utilize cues for product quality

or benefit. Highly knowledgeable consumers utilize external cues as a summary construct while consumers with little knowledge utilize external cues to make inferences. Consumers with much or little knowledge use more external cues, such as brand name or country-of-manufacture, for evaluation of the product's quality or benefit than moderately knowledgeable consumers. The specific moderating effect of knowledge on consumers' cue utilization was hard to detect in this experiment. However, an interesting finding was detected; only subjects with little knowledge rated the quality of the advertised products made in the U.S.A. higher than Japan. These consumers may have inferred the quality level of the advertised product from the economic development level of the country, while the other consumers thought that Japanese electronic products were better than products made in other countries. Therefore, it was partially indicated that consumers with little knowledge infer the quality or benefit of a product from the external cues, such as country-of-manufacture, because they have less ability to evaluate the quality or benefit of the product than more knowledgeable consumers.

In addition, the study revealed the significant main effect of product knowledge on perceived quality and benefit. The quality and benefit evaluation of the highly knowledgeable subject group was significantly lower than

that of the other groups. The highly knowledgeable subjects might know more specific or updated functions for a mini-cassette tape player, and thus, they might not be satisfied with the advertised one. In addition to these moderating effects, the proposed covariate effects of product involvement were revealed on perceived benefit (PB3 and PB5) and intention to buy (IB1). Among three indicators measuring product involvement (IV1: importance, IV2: of concern to the subjects, and IV3: meaning to the subjects), only the indicator asking the meaning of the product to the subjects (IV3) influenced those variables. The more meaning the product has for consumers, the more they think the product will provide lots of advantage to their lives (PB3) and will satisfy their needs for prestige (PB5), and the more they want to buy the advertised product (IB1).

3) Perceptual Dimensions

Investigating the perceptual processes evoked by comparative price advertisement cues was thought to be important to understand consumers' perceptions and behaviors in response to comparative price advertisements. In this study, it was proposed that consumers' perceptual processes have a structure which includes perceptual paths. The perceptual paths will indicate the relationships among

perceptions and will identify preceding and subsequent perceptions.

First, stepwise regressions were conducted to examine structural relationships in perceptions and behavioral intentions. Stepwise regressions revealed which variables are important regressing variables on each of the perceptual dimensions. Next, LISREL was used to extract a structural model which identifies perceptual paths. Stepwise regressions and LISREL confirmed most of the proposed perceptual paths. Notably, the proposed independent paths from perceived acquisition value and perceived transaction value to behavioral intentions could not be detected because the two value perceptions were collapsed into one. Although acquisition value perception and transaction value perception are related, the results from this experiment do not conclusively prove that the two value perceptions are actually interchangeable. Rather better measurements for each of the perceptions should be developed because it is conceptually clear that there are two different value perceptions.

a) Price-related Perceptions

This study confirmed that an objective price cue such as advertised reference price leads to a subjective perception

of the price cue. The subjective perception was interpreted in this comparative price advertisement context as the perceived regular selling price of the advertising retailer. Price-related perceptual paths were revealed through this study. As proposed, it was confirmed that the adapted internal reference price is derived from the pre-existing internal reference price and the perceived regular selling price of the advertising retailer. In addition, LISREL showed that the perceived regular selling price of the advertising retailer is influenced by the pre-existing internal reference price. The newly added path seems to be reasonable because price perceptions are made through integration of available price information.

The adapted reference price is also influenced by the advertised sale price, although in this experiment, advertised sale price was constant and thus, not considered as a varying factor. However, this experiment revealed a shift-down effect due to the low advertised sale price; adapted internal reference price and adapted acceptable price range were reduced from pre-existing levels. This unexpected phenomena can be explained by the mentioned shift-down effect due to the low advertised sale price.

This shift-down effect might be Korean specific. Although the shift-down effect due to the advertised sale price on adapted internal reference price was salient in

this experiment, this effect has not been mentioned in previous research. Nevertheless, some negative effects of comparative price advertisements are anticipated in the Korean market because frequent comparative price advertisements for a product will lower consumers' internal reference price level toward the advertised sale price; thus, consumers will not want to buy the product at a higher price than their lowered internal reference price.

b) Product Evaluation

The analysis through LISREL confirmed the proposed paths for product evaluation. First, perceived quality led to perceived benefit. Perceived benefit was defined to incorporate additional utilities such as subjective preference or specific needs beyond utilities related to perceived quality. Secondly, it was proposed that consumers would consider not perceived quality but perceived benefit as the "take" component when they evaluated the perceived value of a product because perceived benefit includes additional utilities to be taken. This proposition was confirmed first by stepwise regression with the dependent variable of perceived value, which revealed that the most significant regressing variable was perceived benefit.

LISREL analysis also confirmed the proposed path from perceived benefit to perceived value.

c) Value Perceptions

This study proposed that consumers judge value by comparing the "give" part (monetary sacrifice) and "take" part (perceived benefit). The results confirmed that perceived benefit leads to perceived value. In this study, monetary sacrifice is equivalent to advertised sale price because the sale price would be paid to get the advertised product. However, in this study, sale price was not considered as a varying factor. Instead, the adapted internal reference price was used to evaluate monetary sacrifice; the difference between the adapted internal reference price and the advertised sale price represents transactional merit. Therefore, the path from the adapted internal reference price to perceived value, which is an integrated one from perceived acquisition value and perceived transaction value, was confirmed.

d) Behavioral Intentions

The proposition that perceived value is a mediating perception that directly leads to behavioral intentions was

confirmed; perceived value has a positive relationship with intention to buy and a negative relationship with intention to search further. One interesting finding here is that the LISREL model revealed a direct path from perceived benefit to intention to buy. The path implies that consumers buy a product which provides specific benefits they need and that they generally evaluate the "take" component (perceived benefit) and the "give" component (monetary sacrifice in this context) together. This newly detected path needs further research.

C. Contributions of This Research

1) Conceptual Contributions

This research conceptualized the effects of advertisement contextual cues by incorporating consumers' perceptual processes. First, in explaining the effects of advertised price cues, this study incorporated the concepts of objective price and subjective price; the advertised reference price was regarded as an objective price, and the objective price was thought to be perceived subjectively (e.g., the perceived regular selling price of the advertising retailer) and to influence subsequent price-related perceptions. Internal reference price and the

subjectively perceived advertised price were thought to lead to adapted internal reference price. This processing of price cue information was explained by adaptation-level theory. Adaptation-level effects were found because the subjects shifted their adaptation-level prices when incoming price cues were perceived. It was also revealed that adaptation-level is context dependent; other advertisement contextual cues such as the country-of-manufacture and retailer type influenced the adaptation-level for price evaluations. This study also found the moderating effects of retailer image on price information processing. This moderating effect was explained by message learning theory; an advertised reference price endorsed by a credible retailer was more accepted as true than one endorsed by a less credible retailer.

In addition to these price-related information processes, this study also developed perceptual paths for product evaluations. An advertisement contextual cue such as the country-of-manufacture influenced perceived quality and perceived benefit. And perceived quality led to perceived benefit because perceived benefit incorporates additional utilities beyond utilities provided by perceived quality. Consequently, this study showed that perceived benefit was an important antecedent of perceived value. This result

suggests that products should be developed to increase the perceived benefits of target consumers.

In the product evaluation, the moderating effect of product knowledge was also revealed. Those who had little product knowledge inferred product quality from contextual cues such as the country-of-manufacture because they had little ability to evaluate the product's quality. Then, the perceptual processes for price cue processing and product evaluation were shown to lead to perceived value, which directly influenced behavioral intentions such as intention to buy and intention to search further.

Consequently, this study contributed to (1) understanding the complete perceptual processes evoked by advertisement contextual cues, and (2) identifying perceptual paths through which the advertisement contextual cues influence behavioral intentions.

2) Methodological Contributions

In addition to the conceptual contributions, this study developed measurement scales for different conceptual constructs. The measurement scales were developed both by building new scales and refining pre-existing scales. The developed measuring scales for the different conceptual constructs proved to be good based on reliability tests.

Especially, measurement scales for internal reference price perception, adapted internal reference price perception, and perception of the advertising retailer's regular selling price were newly developed based on conceptual definitions and then refined through pretests. Although the developed scales were not sufficient, measurements with those scales successfully revealed (1) the proposed price cue information processes, and (2) embedded adaptation-level effects. In addition, measurement scales for country-of-manufacture image were also newly developed from the conceptual review. Country-of-manufacture had a strong effect on behavioral intentions as well as various perceptions.

3) Substantive Contributions

This study helps marketing practitioners by providing information on how to advertise products to enhance consumers' value perceptions and influence their intentions to buy. First, it was shown that country-of-manufacture image and retailer image influenced perceived quality and perceived benefit. Therefore, manufacturers should try to enhance their country-of-manufacture image. Enhancing country-of-manufacture image requires a long term strategy in conjunction with other industries. However, in a specific product category, a country can possess prestigious image by

concentrating on developing high quality products or by advancing technology through research and development. Although a prestigious image seems hard to achieve, country-of-manufacture image is a very important factor by which consumers evaluate product quality and by which consumers are motivated to buy products. In addition, retailer image was also shown to have important effects on price-related perceptions and product evaluations. A prestigious retailer enhanced consumers' perceived quality more and engendered greater acceptance of an advertised reference price than a less prestigious retailer. Accordingly, establishing a prestigious retailer image enhances the favorable influences of comparative price advertising.

On the other hand, this study revealed a strong shift-down effect due to the advertised sale price. Considering that this effect was not mentioned in previous research using comparative price cues, this might be a Korean-specific phenomena. Perhaps retailers' frequent comparative price advertising in Korea has harmed retailers in the long term because low sale prices would lower consumers' internal reference prices. Thus, Korean consumers would not buy the advertised products at regular prices.

One more important finding was that implausibly high reference prices (exaggerated reference prices) did not have more favorable effects than plausibly high reference prices

on perceived quality, perceived benefit, perceived value and behavioral intention. The implausibly high reference price had more shift-up effects on price-related perceptions than the plausibly high reference price level. However, the favorable effects of the implausibly high reference price in price-related perceptions seem to be mitigated by possibly negative message credibility effects of the implausibly high reference price level in product value evaluation and behavioral intentions. Therefore, it appears to be a disadvantage to advertise implausibly high reference prices in the Korean market.

4) Summary

Consequently, the conceptually developed and empirically tested structural model will contribute to the price-promotion stream of research by enhancing our understanding of consumers' perceptions of comparative price advertisements. The measurement scales used for each perceptual construct will be a basis for developing or refining scales for further research. The detailed effects of the investigated comparative price advertisement cues will help actual practitioners (1) position their products or their stores, and (2) advertise their products.

D. Limitations of the Research

Although this study was conducted to investigate consumers' perceptions of retailers' comparative price advertisements, which are common in the U.S.A., the experiment for this study was made with a Korean sample. Therefore, this study may not generalize to an American setting. However, since this research was to test a theoretically developed model, it was expected that the Korean sample might (1) reveal boundaries of this theory-based conceptual model, and (2) provide Korean specific perceptual explanations.

Moreover, the research was conducted using a class-like lab experiment. Therefore, the context within which the perceptions were obtained lacked realism. Considering that in Korea retailers' price promotions are not yet as popular as in the U.S.A., and that retailers have seldom used advertisements presenting implausibly high reference prices, this experiment might have some artificial aspects. In addition, using the American electronic brand 'Realistic' as the controlled brand name for products made in three different countries - Japan, the U.S.A., and South Korea - must have added some artificiality to this experiment. However, including products purportedly made in different countries was meaningful to investigate Korean consumers'

perceptions of foreign products and test domestic products' competitiveness compared to foreign products.

This research also initiated multi-dimensional measurements of consumers' internal reference prices. Although previous research suggested that internal reference price is a multi-dimensional construct, it was hard to find measurements for internal reference price as a multi-dimensional construct. Therefore, based on the literature review, possible bases for internal reference price were initially used in pretests to measure internal reference prices. However, when internal reference prices were measured by many indicators developed from different conceptual bases, the subjects were tired and confused from responding to those repetitive questions. Therefore, two representative indicators ((1) expected price to pay and (2) normal or usual price) were selected for reference price estimation, and the obtained values for the two different indicators were compared. It would have been better if there had been additional indicators to measure internal reference prices. Besides the measurement for internal reference price, LISREL revealed that the measurements of each of the proposed concepts had room for improvement. Each of the concepts had large, unexpected variations when it was measured. Thus, measuring indicators need to be improved by further research.

Data analyses revealed another problem related to the manipulation of the advertised reference price ; the plausibly high advertised reference price was close to the level of the subjects' estimated internal reference prices. Thus, the expected shift-up adaptation-level effect due to the incoming price cue (the advertised reference price) was not great. Instead, the shift-up effect was lessened by a shift-down effect due to the advertised sale price, producing a negative adaptation effect on price perceptions (PAR1 and PAR2 vs. AAR1 and AAR2, and PIRP1 and PIRP2 vs. AIRP1 and AIRP2). This negative adaptation-level effect might be improved by advertising a much higher reference price.

Lastly, this research used a convenience sample -- Yonsei University students. Although the product tested (a mini- cassette tape player) was carefully selected to be one that these students might really purchase, the results of this experiment are limited by this sample.

E. Further Implications

Considering that this study investigated consumers' perceptions of comparative price advertisements, subsequent research using a more general consumer sample seems desirable. By conducting the same research in the U.S.A. or

other countries, the results can be compared, and country-specific findings can be detected and applied to marketing strategies that target consumers in the specific country.

Secondly, it was found that the implausibly high advertised reference price did not have more favorable effects on perceived quality, perceived benefit, perceived value and behavioral intention than the plausibly high reference price. This result might be attributed to the negative message credibility effect of the implausibly high reference price. However, how the negative message credibility influences perceived quality, benefit, value and finally behavioral intention is not known. Therefore, the impact of message credibility on product evaluation and behavioral intention should be an issue for subsequent research.

Thirdly, adaptation-level effects should be further examined in a more realistic context. It was shown that price perceptions adapt to incoming price information. Specifically, it was found that consumers' internal reference price levels shift toward advertised price cues (adaptation-level effect). However, no research has examined how one price cue produces a shift-up adaptation effect while the other price cue produces a shift-down adaptation effect. This is the context of a comparative price advertisement. Previous research usually dealt with

advertised reference price only by increasing or decreasing the advertised price levels. There was no research examining how the advertised sale price influences price adaptation-level. This study detected the shift-down effect of advertised sale prices, which an effect was greater than the shift-up effect of advertised reference prices. Accordingly, it is necessary to examine the effects due to advertised sale prices in order to understand the dynamic nature of price information processing and to evaluate the effect of comparative price advertisements in realistic situations.

Fourth, the moderating effect of product knowledge was partially confirmed. In order to investigate the proposed moderating effects, the range of the phenomena should be narrowed to define a more specific construct. That is, the way consumers use external cues according to their product knowledge levels will be one specific issue for further research.

Lastly, better measurements for perceived transaction value and perceived acquisition value should be developed. In this study, perceived transaction value and perceived acquisition value were collapsed into one, perceived value, because indicators of each of the two concepts failed to be distinguished from each other. However, it is conceptually clear that there are acquisition value perceptions and transaction value perceptions. Therefore, better

measurements for the two perceptions should be developed in order to examine the proposed separate information processes for perceived acquisition value and for perceived transaction value. Moreover, subsequent research should examine the two independent paths from perceived acquisition value to behavioral intentions and from perceived transaction value to behavioral intentions.

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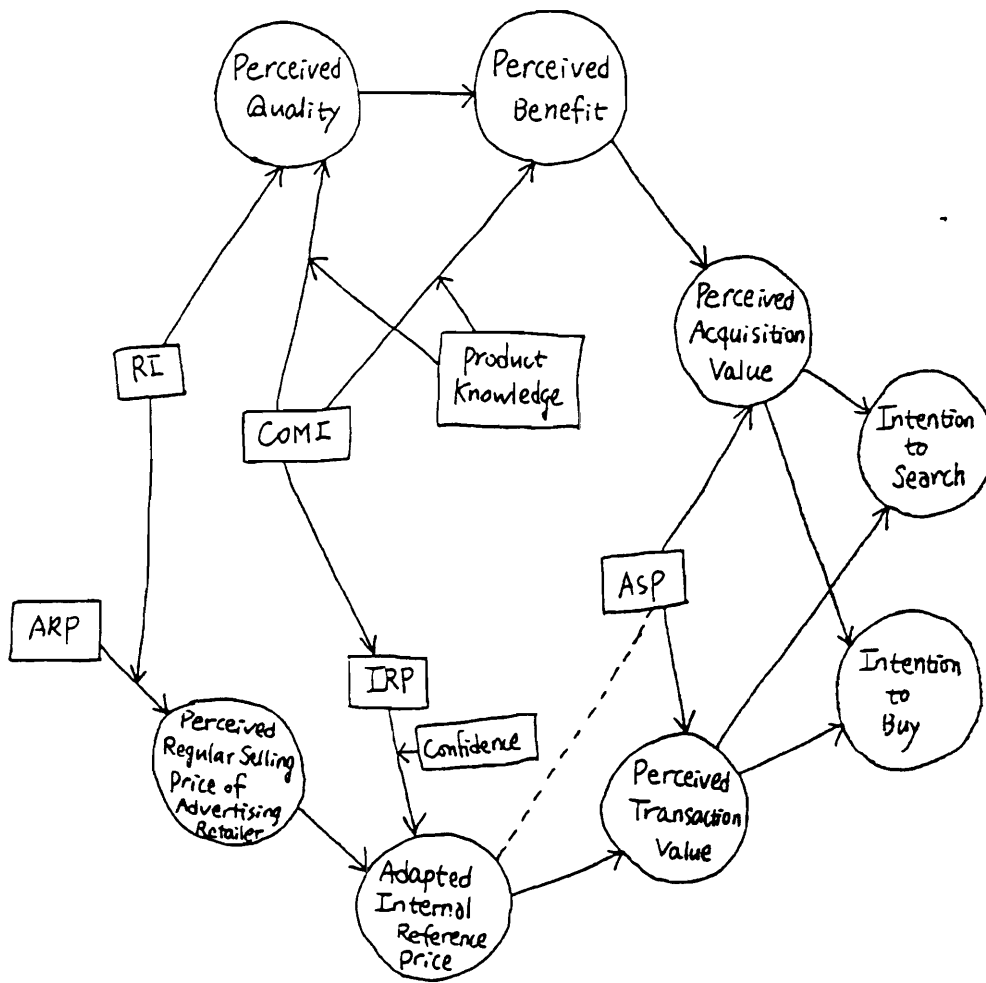
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APPENDIX

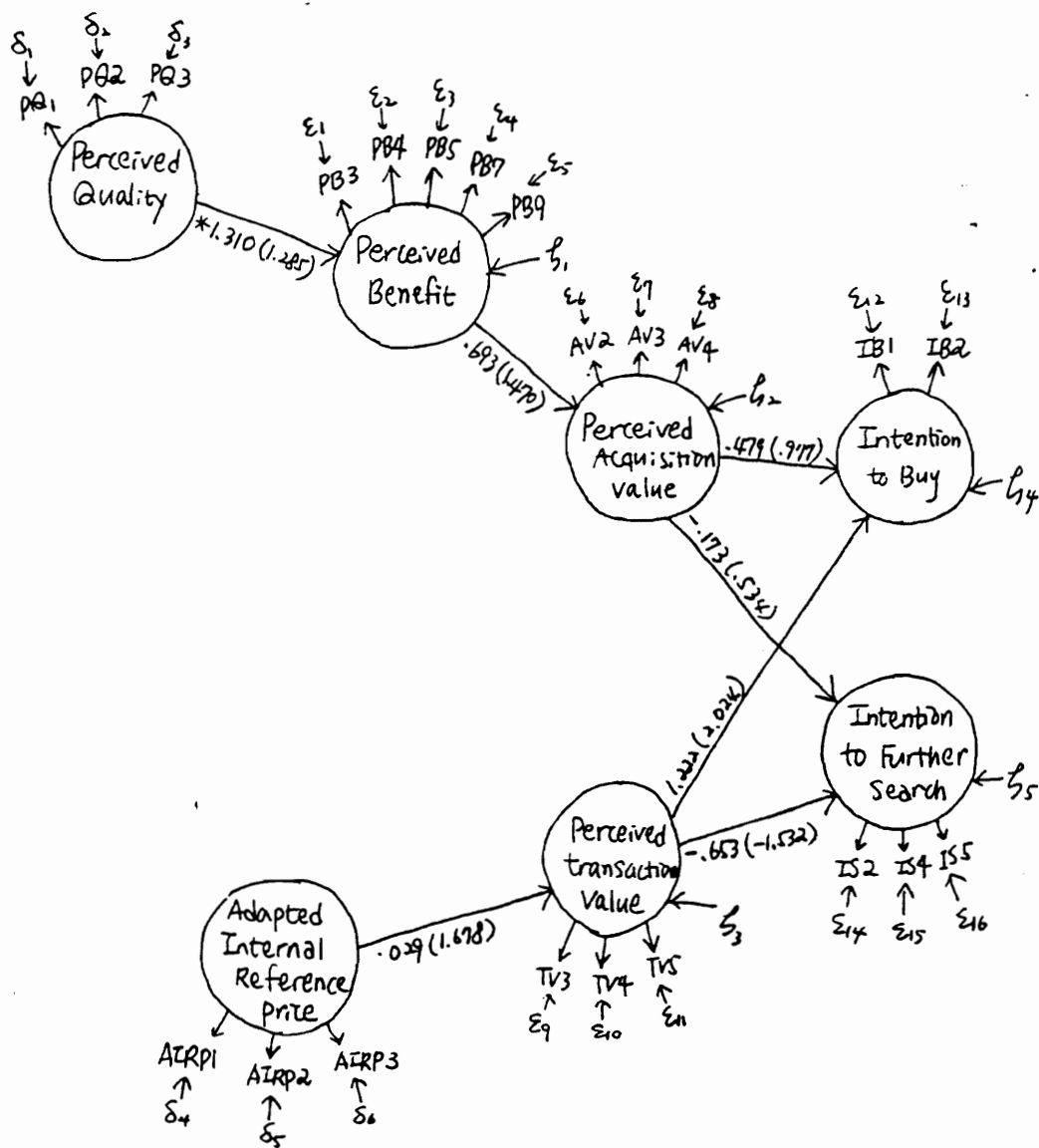
FIGURES



BI: brand image
 COMI: country-of-manufacture image
 RI: retailer (advertising store) image
 ARP: advertised reference price
 IRP: internal reference price
 ASP: advertised sale price

FIGURE 1

CONCEPTUAL MODEL FOR THE EFFECTS OF CONTEXTUAL CUES
 ON CONSUMERS' PERCEPTIONS OF COMPARATIVE PRICE
 ADVERTISEMENTS



* Lisrel estimate, (): t value

Chi-square with 201 degrees of freedom = 43.37 (P=1.00)
 Goodness of fit index = .853
 Adjusted Goodness of fit index = .814
 Root mean square residual = 12.981

FIGURE 2

THE LISREL MODEL CONFIRMED IN PRETEST II

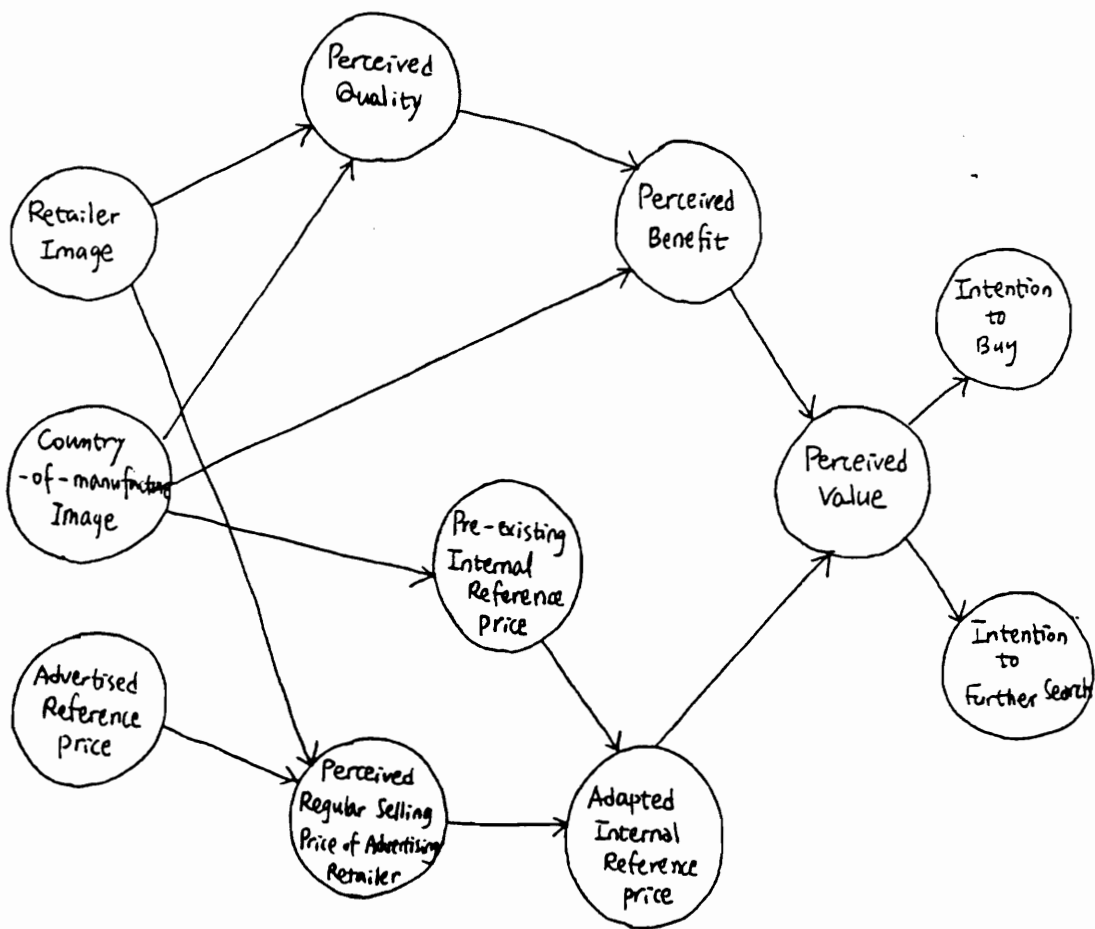
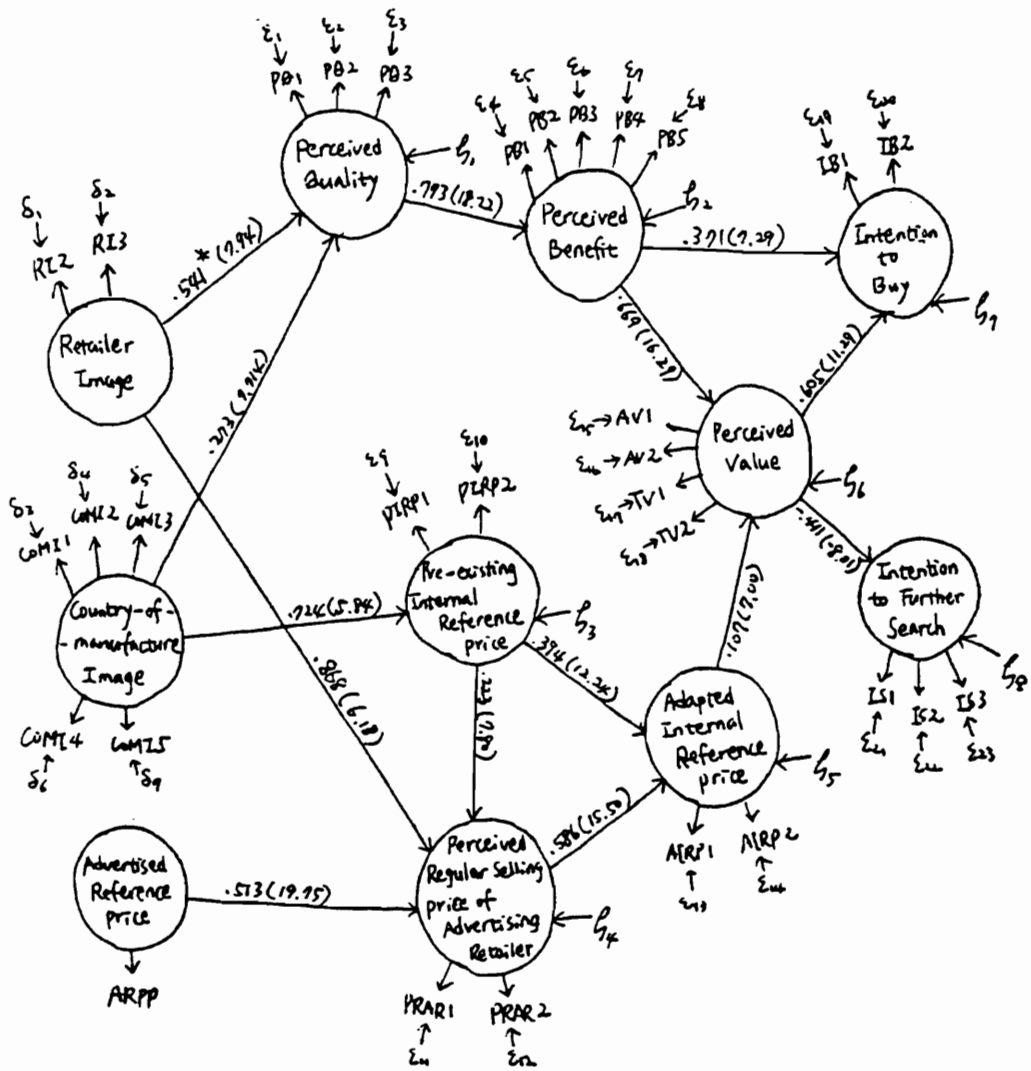


FIGURE 3

THE CONCEPTUAL MODEL INITIALLY ANALYZED BY LISREL



* Lisrel estimate, (): t value

Chi-square with 418 degrees of freedom = 960.52 (P=.000)

Goodness of fit index = .909

Adjusted Goodness of fit index = .892

Root mean square residual = .245

FIGURE 4

THE LISREL MODEL CONFIRMED IN THE ACTUAL EXPERIMENT

TABLES

TABLE 1

**CONTEXTUAL CUES AND CONSUMER PERCEPTIONS STUDIED IN
COMPARATIVE PRICE ADVERTISEMENT STUDIES**

<References>

- 1) Jacoby, Olson and Haddock (1971)
- 2) Fry and McDouall (1974)
- 3) Barnes (1975)
- 4) Keiser and Krum (1976)
- 5) Walton, Berkowitz and Buchholz (1978a)
- 6) Walton and Berkowitz (1978)
- 7) Walton, Berkowitz and Buchholz (1978b)
- 8) Berkowitz and Walton (1980)
- 9) Blair and Landon (1981)
- 10) Della Bitta, Monroe and McGinnis (1981)
- 11) Ahmed and Gulas (1982)
- 12) Bearden, Lichtenstein and Teel (1984)
- 13) Chapman (1987)
- 14) Urbany, Bearden, and Weilbaker (1988)
- 15) Burton and Lichtenstein (1988)
- 16) Mobley, Bearden and Teel (1988)
- 17) Lichtenstein and Bearden (1989)
- 18) Lichtenstein, Burton and O'Hara (1989)
- 19) Goldberg and Hartwick (1989)

TABLE 1 (continued)

<Explanatory variables>

	reference number																		
	1)	2)	3)	4)	5)	6)	7)	8)	9)	10)	11)	12)	13)	14)	15)	16)	17)	18)	19)
Reference price					x			x	x	x	x	x	x	x				x	
Exaggerated reference price				x										x				x	
Discount level		x					x	x		x	x		x	x	x	x			
Semantic cue		x	x		x		x			x							x		
Retailer image(Source credibility)	x	x										x							
Store image(prestige)		x																	
Brand familiarity								x	x										
Brand category												x							
Product category					x	x	x	x	x	x	x					x			
Advertisement carrier			x																
Presence of coupon												x	x						
Ad consistency															x		x		
Ad distinctiveness															x		x		
Product attribution																			x
Person attribution																			x
Circumstance attribution																			x
Extremity of message claim																		x	

<Moderator variables>

	reference number																		
	1)	2)	3)	4)	5)	6)	7)	8)	9)	10)	11)	12)	13)	14)	15)	16)	17)	18)	19)
Shopping experience		x																	
Socio economic data		x	x	x								x							
Homemaker role			x																
Newspaper readership			x																
Retailer familiarity			x																
Brand familiarity			x																
Product involvement					x											x			
Ad credibility					x														
product familiarity								x								x			

<Criterion variables>

	reference number																		
	1)	2)	3)	4)	5)	6)	7)	8)	9)	10)	11)	12)	13)	14)	15)	16)	17)	18)	19)
1) Advertisement evaluation																			
Believability				x	x	x	x							x					
Willingness to read					x														
Source credibility				x			x			x									
Perceived information value															x		x		
Cognitive dimensions															x			x	
Affective dimensions															x				
Overall evaluation															x				

TABLE 1 (continued)

2) Price perception

	reference number																		
	1)	2)	3)	4)	5)	6)	7)	8)	9)	10)	11)	12)	13)	14)	15)	16)	17)	18)	19)
Advertising store's selling price	x								x	x			x						
Product reference price	x																		
Lower price		x							x				x				x		
Average market price										x			x						
Normative price perception																	x		
Fair price perception																		x	
Price acceptability					x	x	x	x				x			x			x	
Perceived sacrifice													x						

3) Product perception

	reference number																		
	1)	2)	3)	4)	5)	6)	7)	8)	9)	10)	11)	12)	13)	14)	15)	16)	17)	18)	19)
Perceived quality	x			x	x	x	x					x							
Product attractiveness				x	x	x			x									x	
Performance expectation				x	x	x													

4) Deal Evaluation

	reference number																		
	1)	2)	3)	4)	5)	6)	7)	8)	9)	10)	11)	12)	13)	14)	15)	16)	17)	18)	19)
Perceived worth				x	x	x	x					x			x			x	
Perceived savings				x	x	x	x	x		x	x				x			x	
Value for the money			x	x	x	x	x		x		x	x	x	x	x	x			
Deal satisfaction				x	x	x													x
Attitude toward deal															x		x		x
Acquisition utility												x							
Transaction utility												x							

5) Behavioral dimension

	reference number																		
	1)	2)	3)	4)	5)	6)	7)	8)	9)	10)	11)	12)	13)	14)	15)	16)	17)	18)	19)
Willingness to buy			x	x	x	x	x	x				x	x						
Attitude toward purchase												x							
Search for more information										x					x				
Direct patronage															x				

TABLE 2

RESEARCH SETTING AND METHOD

References	Lab experiment (questionnaire)	Lab experiment (personal interview)	Mail survey	Field survey
1) Jacoby, Olson and Haddock (1971)	x			
2) Fry and McDouall (1974)		x		
3) Barnes (1975)			x	
4) Keiser and Krum (1976)	x			
5) Walton, Berkowitz and Buchholz (1978a)	x			
6) Walton and Berkowitz (1978)	x			
7) Walton, Berkowitz and Buchholz (1978b)	x			
8) Berkowitz and Walton (1980)	x			
9) Blair and Landon (1981)				x
10) Della Bitta, Monroe and McGinnis (1981)	x			
11) Ahmed and Gulas (1982)			x	
12) Bearden, Lichtenstein and Teel (1984)			x	
13) Winer (1986)			x	
14) Urbany, Bearden, and Weilbaker (1988)	x			
15) Burton and Lichtenstein (1988)	x			
16) Mobley, Bearden and Teel (1988)	x			
17) Lichtenstein and Bearden (1989)	x			
18) Lichtenstein, Burton and O'Hara (1989)	x			
19) Goldberg and Hartwick (1989)	x			

TABLE 3

SUBJECTS USED IN THE PREVIOUS RESEARCH

References	students	housewives or women only	adults
1) Jacoby, Olson and Haddock (1971)	x		
2) Fry and McDouall (1974)		x	
3) Barnes (1975)		x	
4) Keiser and Krum (1976)			x
5) Walton, Berkowitz and Buchholz (1978a)	x		
6) Walton and Berkowitz (1978)			x
7) Walton, Berkowitz and Buchholz (1978b)	x		
8) Berkowitz and Walton (1980)			x
9) Blair and Landon (1981)		x	
10) Della Bitta, Monroe and McGinnis (1981)	x		
11) Ahmed and Gulas (1982)			x
12) Bearden, Lichtenstein and Teel (1984)			x
13) Winer (1986)	x		
14) Urbany, Bearden, and Weilbaker (1988)	x		
15) Burton and Lichtenstein (1988)	x		
16) Mobley, Bearden and Teel (1988)	x		
17) Lichtenstein and Bearden (1989)	x		
18) Lichtenstein, Burton and O'Hara (1989)	x		
19) Goldberg and Hartwick (1989)	x		

TABLE 4

MEASUREMENTS USED IN THE PREVIOUS EXPERIMENT

References	Yes or No	Likert type scale	Bipolar or Semantic type scale	Numeric estimation	Categorical question	Others
1) Jacoby, Olson and Haddock (1971)						x*
2) Fry and McDouall (1974)	x					
3) Barnes (1975)		x				
4) Keiser and Krum (1976)			x			
5) Walton, Berkowitz and Buchholz (1978a)			x			
6) Walton and Berkowitz (1978)			x			
7) Walton, Berkowitz and Buchholz (1978b)			x			
8) Berkowitz and Walton (1980)			x			
9) Blair and Landon (1981)				x	x	
10) Della Bitta, Monroe and McGinnis (1981)			x			
11) Ahmed and Gulas (1982)	x			x		
12) Bearden, Lichtenstein and Teel (1984)			x			
13) Chapman (1987)		x				
14) Urbany, Bearden, and Weilbaker (1988)			x	x		
15) Burton and Lichtenstein (1988)			x			
16) Mobley, Bearden and Teel (1988)			x			
17) Lichtenstein and Bearden (1989)				x		
18) Lichtenstein, Burton and O'Hara (1989)			x			
19) Goldberg and Hartwick (1989)			x			x**

* a graphic 0-100-point scale containing 10 equally spaced, numbered graduations and having labeled end points

** For product evaluation;
instructed to choose a number from 1 to 100 (This question was developed to provide maximum sensitivity in the assessment of any attitude change (Fishbein and Ajzen 1975)
For cognitive response measure;
open-ended question

TABLE 5

PRODUCTS USED IN THE PREVIOUS RESEARCH

- beer (Jacoby, Olson and Haddock 1971)
- sofa and chair (Fry and McDougall 1974)
- dishwasher (Fry and McDougall 1974)
- television (Fry and McDougall 1974; Blair and Landon 1981)
- ladies' house coat (Barnes 1975)
- deodorant (Keiser and Krum 1976)
- auto repair, ring (Walton, Berkowitz and Buchholz 1978)
- shoes (Walton, Berkowitz and Buchholz 1978; Mobley, Bearden and Teel 1988)
- headache remedy (Walton, Berkowitz and Buchholz 1978; Walton and Berkowitz 1978; Berkowitz and walton 1980)
- camera (Walton, Berkowitz and Buchholz 1978; Walton and Berkowitz 1978; Berkowitz and walton 1980)
- electric window fan (Walton and Berkowitz 1978; Berkowitz and walton 1980)
- food processor (Blair and Landon 1981)
- calculator (Della Bitta, Monroe and McGinnis 1981)
- attache case (Ahmed and Gulas 1982)
- glass base table lamp (Ahmed and Gulas 1982)
- humidifier (Ahmed and Gulas 1982)
- alarm clock (Ahmed and Gulas 1982)
- car warmer (Ahmed and Gulas 1982)
- monopoly ~~game~~ (Ahmed and Gulas (1982)
- ping pong table (Ahmed and Gulas 1982)
- paper towel (Bearden, Lichtenstein and Teel 1984)
- cooking oil (Bearden, Lichtenstein and Teel 1984)
- coffee (Winer 1986)
- desk (Burton and Lichtenstein 1988; Lichtenstein and Bearden 1989)
- sport shirts (Mobley, bearden and Teel 1988)
- automobile (Lichtenstein, Burton and O'Hara 1989)

* A main product selection criterion: familiar products for selected respondents

** Maind respondent selection criteria

- 1) actual consumers for the experimented products
- 2) convenience sample

TABLE 6

EFFECT SIZE OF ADVERTISEMENT CONTEXTUAL CUES ON CONSUMER RESPONSE PERCEPTIONS

< Reference >	< Independent variables >	< Product >	< Dependent variables >	< F value > (df)	< Effect Size >	
					#	## (Eta Square)
Jacoby, Olson and Haddock (1971)	price brand name composition difference	beer	overall quality	1.02(1,128)	.008	
		beer	overall quality	1.38(1,128)	.01	
		beer	overall quality	2.92(1, 128)	.022	
Barnes (1975)	Retailer	Ladies' coat	perceived believability	170.33(1,950)	.152	
			perceived value for the money	22.54(1,950)	.175	
			motivation to act	19.84(1,950)	.020	
			price promotional phrase			
			perceived believability	12.93(2,950)	.026	
			perceived value for the money	5.96(2,950)	.012	
Berkowitz and Walton (1980)	semantic cue	aspirin	(MANOVA)			
			perceived worth	1.15(15,1460)	.012	
	comparison cue (20% vs. 40%)	camera	price acceptability	2.57(15,1439)	.026	
		fan	perceived savings	.65 (15,1430)	.007	
		aspirin	value for the money	6.31(5,529)	.056	
		camera	willingness to buy	6.49(5,521)	.059	
	store image	fan		9.70(5,518)	.086	
		aspirin		.69(5,529)	.006	
	com x store	camera		.36(5,521)	.003	
		fan		2.27(5,518)	.021	
		aspirin		4.15(5,529)	.038	
Della Bitta Monroe and McGinnis (1981)	product/price comb(A)	calculator	perceived value		.22	.40
			interest in product/brand		.04	.02
	price discount(B)		information search		.01	.02
			perceived value		.22	.40
	sales information (C)		interest in product/brand			.07
			information search		.10	.15
	A x C		perceived value		.13	.12
			interest in product/brand		.11	
	B x C		perceived value			.12
			interest in product/brand			.09
Bearden, Lichtenstein and Teel (1984)	coupon	paper towel	information search		.12	
			perceived value		.25	.28
	price format	cooking oil	(MANOVA)			
			price perception		.015	.090
	brand	cooking oil	attitudes toward purchase		.000	.030
		paper towel	behavioral intention		.057	.011
		cooking oil	perceived price value		.053	.007
		paper towel			.076	.088
			cooking oil		.086	.118

first study result

follow-up study result

TABLE 6 (continued)

EFFECT SIZE OF ADVERTISEMENT CONTEXTUAL CUES ON CONSUMER RESPONSE PERCEPTIONS. (continued)

< Reference >	< Independent variables >	< Product >	< Dependent variables >	< F value > (df)	< Effect Size >	
					#	## (Eta Square)
Urbany, Bearden and Weilbaker (1988) *	reference price	TV	estimated regular price		.28	.14
			estimated average price		.02	.07
			perceived offer value		.12	.07
			benefits of search		.01	.01
			direct patronage		.12	.05
	exaggerated price		estimated regular price		.31	.40
			estimated average price		.09	.23
			perceived offer value		.20	.10
			benefits of search		.02	.02
			direct patronage		.13	.09
Lichtenstein, Burton and O'Hara (1989)	tensile claim (A)	tennis shoes & sports shirts	perceived value		.15	
			information value		.23	
			perceived price reduction		.25	
			perceived value		.41	
			information value		.53	
	discount level (B)		perceived price reduction		.17	
			perceived value		.11	
			information value		.21	
			perceived price reduction			
			perceived value			
Lichtenstein and Bearden (1989)	reference price (R) desk		normal price perception	173.72	.566	
			low price perception	.87	.006	
			fair price perception	11.62	.080	
			value of the deal	9.26	.065	
			attitude toward deal	5.54	.040	
			source credibility perception	8.89	.063	
			normal price perception	5.44	.020	
			low price perception	.40	.002	
			fair price perception	.95	.004	
			value of the deal	7.73	.028	
	consistency (C) desk		attitude toward deal	4.52	.017	
			normal price perception	1.79	.007	
			low price perception	5.33	.020	
			fair price perception	5.33	.020	
			value of the deal	6.11	.022	
			attitude toward deal	1.94	.007	
			normal price perception	4.01	.029	
			value of the deal	2.71	.020	
			attitude toward deal	2.38	.018	
			normal price perception	3.13	.023	
Goldberg and Hartwick (1989)	advertiser credibility (A)		product evaluation	34.08(1,397)	.079	
			supportive statement	8.44(1,408)	.020	
			positive comments			
			on company	25.99(1,408)	.060	
			commercial's honesty	17.51(1,399)	.042	
			professionalism	6.37(1,396)	.016	
	claim extremity (C)		product evaluation	4.74(3,397)	.035	
			commercial's honesty	5.60(3,399)	.040	
			interest	2.84(3,399)	.021	
			product evaluation	4.54(3,397)	.033	

*Omega Squared values are obtained instead of Eta squared

first study result

follow-up study result

TABLE 7

PRETEST I RESULTS : ESTIMATED INTERNAL REFERENCE PRICES

(comparing with internal reference prices
of AIWA in pretest II)

	Pretest I	Pretest II (Aiwa made in Taiwan)	paired t-test
1) lower bound of acceptable price	\$ 90.6	\$101.4	(.009)*
2) higher bound of acceptable price	\$130.8	\$141.9	(.040)*
3) most acceptable price	\$108.4	\$114.6	(.151)
4) highest price willing to pay	\$128.5	\$135.9	(.116)
5) lowest price willing to pay	\$ 83.3	\$ 91.6	(.046)*
6) lowest possible price	\$ 87.7	\$ 96.7	(.078)
7) highest possible price	\$136.6	\$148.0	(.081)
8) estimated normal or usual price	\$117.0	\$122.0	(.415)
9) price like to pay (aspiration price)	\$103.9	\$113.0	(.015)*
10) reasonable or fair price	\$108.4	\$119.8	(.019)*
11) average retail price	\$119.5	\$128.0	(.076)
12) most frequently charged price	\$121.0	\$131.0	(.091)

* significant difference (alpha = 0.05 level)

TABLE 8

PRETEST II RESULTS : ESTIMATED INTERNAL REFERENCE PRICES
(before and after exposure to comparative price advertisement)

	before	after	t-test
1) lower bound of acceptable price	\$101.4	\$ 97.5	(.188)
2) higher bound of acceptable price	\$141.9	\$135.1	(.070)
3) most acceptable price	\$114.6	\$113.4	(.463)
4) highest price willing to pay	\$135.9	\$130.9	(.082)
5) lowest price willing to pay	\$ 91.6	\$ 86.1	(.050)*
6) lowest possible price	\$ 96.7	\$ 88.6	(.077)
7) highest possible price	\$148.0	\$144.0	(.557)
8) estimated normal or usual price	\$122.0	\$114.0	(.008)*
9) price like to pay (aspiration price)	\$113.0	\$106.7	(.199)
10) reasonable or fair price	\$119.8	\$119.5	(.978)
11) expected price	\$116.8	\$115.6	(.214)
12) average retail price (market price)	\$128.0	\$122.4	(.310)
13) most frequently charged price	\$131.0	\$122.1	(.122)

* significant difference (alpha = 0.05 level)

TABLE 9

BRAND IMAGE, RETAILER IMAGE AND COUNTRY-OF-MANUFACTURE IMAGE
(PRETEST II)

1) brand image (prestige)	4.743
2) brand image (quality)	4.943
3) brand image (popularity)	5.257
4) retailer image (quality merchandiser)	4.657
5) retailer image (sells at high prices)	4.714
6) retailer image (low level of services)	4.286
7) retailer image (low prestige)	4.343
8) retailer image (credibility)	4.343
9) country-of-manufacture image (economic development)	4.886
10) country-of-manufacture image (risk)	3.714
11) country-of-manufacture image (quality perception)	4.574
12) country-of-manufacture image (prestige level)	4.543
13) country-of-manufacture image (popularity)	4.543

TABLE 10

CORRELATIONS BETWEEN OBJECTIVE KNOWLEDGE MEASURES
AND SUBJECTIVE KNOWLEDGE MEASURE

	PKS1	PKS2	PKS3	PKS4	PKS5	PKS6	PKS7
PKO1	-.2827	-.1911	.0486	.0390	.1591	-.0210	.1057
PKO2	.3975*	.2285	.0336	.2129	.2671	.1968	.2597
PKO3	.2484	.4429*	.2212	.3325	.2198	.2073	.4040*
PKO4	.5510*	.4969*	.1972	.3428	.4316*	.4951*	.5443*

PKS : subjective product knowledge measure

PKO : objective product knowledge measure

* significantly correlated (alpha = 0.05 level)

TABLE 11

FACTOR ANALYSIS WITH PERCEIVED QUALITY
AND PERCEIVED BENEFIT INDICATORS

ROTATED FACTOR MATRIX

	FACTOR 1	FACTOR 2
PQ1 (reliability)	-.11035	.74066
PQ2 (quality)	.24362	.77056
PQ3 (dependability)	.26912	.56009
PQ4 (variety in function)	.25178	.64627
PQ5 (made by fine crafts)	-.03017	.58316
PB1 (appeal to use)	.70992	.31477
PB2 (meet specific need)	.06934	.82301
PB3 (convenience to life)	.82903	-.16557
PB4 (fit to life style)	.71942	.27838
PB5 (advantage to life)	.86974	-.19274
PB6 (attractiveness)	.66654	.32560
PB7 (provide benefits)	.75415	.05341
PB8 (desirability)	.59482	.40046
PB9 (satisfy needs for prestige)	.66305	.13071

TABLE 12

COMPARISON BETWEEN PRETEST II AND PRETEST III AND PRETEST IV
 PRETEST II (EXPERIMENTED USING AIWA (MADE IN TAIWAN) BRAND
 PRODUCT)
 PRETEST III (EXPERIMENTED USING REALISTIC (MADE IN U.S.A.) BRAND
 PRODUCT)
 PRETEST IV (EXPERIMENTED USING GOLD STAR (MADE IN SOUTH KOREA)
 BRAND PRODUCT

Indicators (based on pretest II)	pretest II	pretest III	pretest IV
BI1(brand image)	4.74	4.68	4.05
BI2	4.94	5.07	4.02
BI3	5.26	5.07	3.55
COMI1(country-of	4.89	5.22	4.40
COMI2 -manufacture image)	3.71	5.80	3.47
COMI3	4.51	4.20	3.83
COMI4	4.54	4.00	3.63
COMI5	4.54	3.59	3.87
RI1	4.66	----	
RI2	4.71	3.37	3.02
RI3	4.29	----	
RI4	4.34	6.22	3.32
RI5	4.34	2.41	3.22
PQ1(perceived quality)	4.69	3.51	4.00
PQ2	4.51	3.61	3.95
PQ3	4.51	3.66	3.87
PQ4	4.46	4.49	4.47
PQ5	4.54	----	
TV1(perceived transaction value)	3.97	----	
TV2	4.24	----	
TV3	4.26	6.37	
TV4	3.74	3.80	
TV5	4.12	3.49	
TV6	4.09	3.24	
TV7	4.00	----	
AV1(perceived acquisition value)	4.27	----	3.83
AV2	4.14	3.73	4.12
AV3	3.82	4.00	3.58
AV4	4.03	3.32	3.58

TABLE 12 (continued)

COMPARISON BETWEEN PRETEST II AND PRETEST III AND PRETEST IV

PRETEST II (EXPERIMENTED USING AIWA (MADE IN TAIWAN) BRAND
PRODUCT)
PRETEST III (EXPERIMENTED USING REALISTIC (MADE IN U.S.A.) BRAND
PRODUCT)
PRETEST IV (EXPERIMENTED USING GOLD STAR (MADE IN SOUTH KOREA)
BRAND PRODUCT

Indicators (based on pretest II)	pretest II	pretest III	pretest IV
IB1(intention to buy)	3.91	3.66	3.58
IB2	4.11	3.61	3.85
IB3	4.23	----	
IS1(intention to further search)	4.71	5.93	5.52
IS2	4.34	-----	
IS3	3.91	-----	
IS4	4.43	5.49	5.22
IS5	4.34	4.83	5.03
IS6	3.88	----	
MRP1(manipulation check for	4.83	5.32	
MRP2 advertised reference price)	5.37	5.73	
MRP3	3.48	5.56	
MSP1(manipulation check for	4.29	2.98	
MSP2 advertised sale price)	3.80	3.15	
MSP3	----	3.61	

TABLE 13

COMPARISON BETWEEN PRE-INTERNAL REFERENCE PRICE LEVEL
AND ADAPTED INTERNAL REFERENCE PRICE LEVEL IN PRETEST III

PRE-INTERNAL REFERENCE PRICE LEVEL INDICATORS (won)		ADAPTED INTERNAL REFERENCE PRICE INDICATORS (won)		PAIRED T-TEST P VALUE
PIRP1	128,659	AIRP1	130,000	.796
PIRP2	97,317	AIRP2	111.107	.392
PIRP3	116,341	AIRP3	114,878	.727

TABLE 14

ADVERTISEMENT BELIEVABILITY
IN THREE DIFFERENT REFERENCE PRICE GROUPS

INDICATORS	plausibly low reference price group	plausibly high reference price group	implausibly high reference price group
ab1	.60000	.3000	.0500
ab2	4.0500	4.2000	3.1500
ab3	3.9500	3.9500	2.9500

(_____ : multiple comparison results)

_____ broken lines - significantly different
between or among groups

_____ unbroken lines - not significantly
different between or among
groups

TABLE 15

PRICE RELATED PERCEPTIONS
IN THREE DIFFERENT REFERENCE PRICE GROUPS

INDICATORS	plausibly low reference price group	plausibly high reference price group	implausibly high reference price group
PIRP1	10.3500	12.0500	11.5200
PIRP2	9.7500	14.7250	10.0750
PRAR1	8.5727	10.1004	11.1377
PRAR2	8.6700	10.7250	11.4627
AIRP1	9.4500	14.8000	10.8750
AIRP2	8.7250	14.6250	14.7500

(price unit: 10,000 won)

PIRP: pre-internal reference price

PRAR: perceived regular price of advertising retailer

AIRP: adapted internal reference price

(_____ : multiple comparison results)

_____ broken lines - significantly different
between or among groups

_____ unbroken lines - not significantly
different between or among groups

TABLE 16

PERCEIVED TRANSACTION VALUE
IN THREE DIFFERENT REFERENCE PRICE GROUPS

INDICATORS	plausibly low reference price group	plausibly high reference price group	implausibly high reference price group
TV1	4.2000	4.4000	4.1500
TV2	3.9500		3.4000
	3.9500	4.2500	
TV3	3.0000	3.7500	3.3000
TV4	3.6500	3.8000	3.4000

TV: perceived transaction value

(_____ : multiple comparison results)

_____ broken lines - significantly different
between or among groups

_____ unbroken lines - not significantly
different between or among groups

TABLE 17

**MANIPULATION CHECK
IN THREE DIFFERENT REFERENCE PRICE GROUPS**

INDICATORS	plausibly low reference price group	plausibly high reference price group	implausibly high reference price group
MRP1	4.3000	5.3000	6.4000
MRP2	4.4000	5.2000	6.2500
MRP3	4.4000	5.0000	6.1000
MSP1	3.9000	3.5000	3.4500
MSP2	3.8000	3.4500	3.0000
MSP3	4.1500	4.0000	3.6500

MRP: manipulation check for reference price level
(implausibly high, plausibly high, and plausibly low levels)

MSP: manipulation check for sale price (constant)

(_____ : multiple comparison results)

_____ broken lines - significantly different
between or among groups

_____ unbroken lines - not significantly
different between or among groups

TABLE 18

STEPWISE REGRESSION ANALYSES (PRETEST IV)

- 1) AIRP = .75413 PIRP + .87898 PRAR <PIRP, PRAR, RI, GRP>
(.0000) (.0012)
- 2) PQ = .52403 BI + .39631 COMI
(.0005) (.0135)
- 3) PB = .62605 PQ <BI, COMI>
- 4) AV = .84557 PB <BI, RI, COMI, PQ>
(.0000)
- 5) AV = .62472 TV + .29061 PB + .22841 BI <RI, COMI, PQ, PIRP, PRAR, AIRP>
(.0000) (.0359) (.0403)
- 6) TV = .18410 AIRP <PIRP, PRAR, RI,GRP>
(.0006)
- 7) TV = .68028 AV + .09228 AIRP <BI, RI, COMI, PQ, PB, PIRP, PRAR, GRP>
(.0000) (.0104)
- 8) IB = .69414 TV + .38043 AV <BI, RI, COMI, PQ, PB, PIRP, PRAR, AIRP>
(.0001) (.0174)
- 9) IS = -.56041 TV <BI, RI, COMI, PQ, PB, PIRP, PRAR, AIRP, AV, IB>
(.0000)

(): significant level in T test
< >: variables used in the regression but not significant

GRP: group according to advertised reference price level
BI: brand image
RI: retailer image
COMI: country-of-manufacture image
PQ: perceived quality
PB: perceived benefit
PIRP: pre-internal reference price
PRAR: perceived regular selling price
of advertising retailer
AIRP: adapted internal reference price
TV: perceived transaction value
AV: perceived acquisition value
IB: intention to buy
IS: intention to further search

TABLE 19

MEASURED VARIABLES IN THE ACTUAL EXPERIMENT

(CODE)	(Measuring indicators)
BI1	brand image (#1)
BI2	brand image (#2)
BI3	brand image (#3)
RI1	retailer image (#1)
RI2	retailer image (#2)
RI3	retailer image (#3)
COMI1	country-of-manufacture image (#1)
COMI2	country-of-manufacture image (#2)
COMI3	country-of-manufacture image (#3)
COMI4	country-of-manufacture image (#4)
COMI5	country-of-manufacture image (#5)
PKO1	objective product knowledge (#1)
PKO2	objective product knowledge (#2)
PKO3	objective product knowledge (#3)
PKS1	subjective product knowledge (#1)
PKS2	subjective product knowledge (#2)
IV1	product involvement (#1)
IV2	product involvement (#2)
IV3	product involvement (#3)
AB1	advertisement believability (#1)
AB2	advertisement believability (#2)
AB3	advertisement believability (#3)
CL	confidence level
PAR1	lower limit of pre acceptable price range
PAR2	higher limit of pre acceptable price range
AAR1	lower limit of adapted acceptable price range
AAR2	higher limit of adapted acceptable price range
PIRP1	pre-internal reference price (#1)
PIRP2	pre-internal reference price (#2)
PRAR1	perceived regular price of advertising retailer (#1)
PRAR2	perceived regular price of advertising retailer (#2)
AIRP1	adapted internal reference price (#1)
AIRP2	adapted internal reference price (#2)
PQ1	perceived quality (#1)
PQ2	perceived quality (#2)
PQ3	perceived quality (#3)
PQ4	perceived quality (#4)
PB1	perceived benefit (#1)
PB2	perceived benefit (#2)
PB3	perceived benefit (#3)
PB4	perceived benefit (#4)
PB5	perceived benefit (#5)
PB6	perceived benefit (#6)

TABLE 19(continued)

MEASURED VARIABLES IN THE ACTUAL EXPERIMENT

Indicators(CODE)	Variables
TV1	perceived transaction value (#1)
TV2	perceived transaction value (#2)
TV3	perceived transaction value (#3)
AV1	perceived acquisition value (#1)
AV2	perceived acquisition value (#2)
AV3	perceived acquisition value (#3)
AV4	perceived acquisition value (#4)
IB1	intention to buy (#1)
IB2	intention to buy (#2)
IS1	intention to search (#1)
IS2	intention to search (#2)
IS3	intention to search (#3)
MRP1	manipulation check for regular price (#1)
MRP2	manipulation check for regular price (#2)
MRP3	manipulation check for regular price (#3)
MSP1	manipulation check for sale price (#1)
MSP2	manipulation check for sale price (#2)
MSP3	manipulation check for sale price (#3)
I1	sex
I2	major
I3	grade
I4	experience in this kind of research
I5	difficulty in answering questions

TABLE 20

QUESTION ITEM CODE (in actual experiment)

PART I

A.	1) PAR1, PAR2	2) PIRP1	3) PIRP2	4) .CL
B.	1) PKO1	2) PKO2	3) PKO3	4) PKS1
	5) PKS2			
C.	1) IV1	2) IV2	3) IV3	

PART II

1) AB1	2) PRAR1	3) AAR1, AAR2	4) MSP1
5) BI1, BI2, BI3	6) MRP1	7) AB3	8) MRP2
9) COMI1	10) COMI2	11) COMI3	12) COMI4
13) COMI5	14) TV4	15) MRP3	16) AB2
17) RI1, RI2, RI3	18) MSP2	19) IS1	20) AV3
21) IB1	22) AIRP1	23) TV1	24) AV1
25) PRAR2	26) TV3	27) AV2	28) MSP3
29) TV2	30) IS2	31) AIRP2	32) IB2
33) IS3	34) PQ1	35) PB2	36) PQ4
37) PQ3	38) PB4	39) PQ2	40) PB6
41) PB1	42) PB3	43) PB5	

PART III

1) I1	2) I2	3) I3	4) I4
5) I5			

TABLE 21

**DESCRIPTIVE STATISTICS OF VARIABLES
MEASURED IN ACTUAL EXPERIMENT**

VARIABLES	CASES	MEAN	STD DEV
BI1	630	2.8397	1.2269
BI2	630	3.4873	1.1189
BI3	630	3.0095	1.1733
RI1	630	3.7254	1.3705
RI2	630	3.6444	1.1392
RI3	630	3.0571	1.3743
COMI1	629	5.0048	1.3479
COMI2	629	4.1176	1.6304
COMI3	629	4.6328	1.3521
COMI4	629	4.6041	1.4718
COMI5	629	4.6534	1.6348
PKO1	630	1.1667	1.2389
PKO2	630	2.1063	1.3742
PKO3	630	0.8111	0.4154
PKS1	630	5.3873	1.4329
PKS2	630	4.7429	1.5320
IV1	630	4.1175	1.5449
IV2	630	4.0968	1.5734
IV3	630	3.9206	1.5371
AB1	630	0.3127	0.4640
AB2	630	3.7143	1.7565
AB3	630	3.2460	1.2790
CL	630	3.6730	1.4697
PIRP1	627	14.4904	4.0945
PIRP2	627	12.4426	3.8483
PAR1	627	10.5742	3.2048
PAR2	627	15.1962	3.8694
PRAR1	627	11.4911	3.6683
PRAR2	627	11.6782	3.4528
AIRP1	627	12.1280	3.8221
AIRP2	627	9.3070	2.9567
AAR1	627	8.6475	2.7146
AAR2	627	12.2121	3.5674
PQ1	629	3.5246	1.3443
PQ2	629	3.5056	1.2690
PQ3	629	3.6677	1.3220
PQ4	629	4.3816	1.4234
PB1	629	3.8776	1.3901
PB2	629	3.5533	1.4173
PB3	629	3.6868	1.3540
PB4	629	3.8394	1.3131
PB5	629	3.2178	1.3586
PB6	629	3.4913	1.4160
TV1	629	4.4293	1.4867
TV2	629	4.0382	1.5305

TABLE 21 (continued)

DESCRIPTIVE STATISTICS OF VARIABLES
MEASURED IN ACTUAL EXPERIMENT

TV3	629	3.3879	1.5055
TV4	629	3.6025	1.6639
AV1	629	4.0668	1.3968
AV2	629	4.1240	1.5165
AV3	629	3.6916	1.5227
IB1	630	3.7476	1.7191
IB2	630	3.7508	1.6127
IS1	630	5.4476	1.5276
IS2	630	4.8841	1.6307
IS3	630	4.5857	1.7228
MRP1	629	4.5453	1.5861
MRP2	629	4.7949	1.4944
MRP3	629	3.1113	1.4042
MSP1	629	3.1224	1.2903
MSP2	629	3.2321	1.2261
MSP3	629	3.7981	1.4680
I1	630	1.2000	0.4000
I2	630	1.3400	0.4800
I3	630	2.6300	1.0700
I4	630	0.4200	0.5100
I5	630	4.9400	1.5300

TABLE 22

SCALE RELIABILITY (Brand Image)

Correlation Matrix

	BI1	BI2	BI3	Alpha if item deleted
BI1	1.000			.8164
BI2	.6432	1.0000		.8437
BI3	.7304	.6906		.7808

MEAN INTER-ITEM CORRELATION = .6881

RELIABILITY COEFFICIENT: ALPHA = .8683

TABLE 23

SCALE RELIABILITY (Retailer Image)

Correlation Matrix

	RI1	RI2	RI3	Alpha if item deleted
RI1	1.000			.5655
RI2	.3252	1.0000		.1592
RI3	.0865	.4013		.4845

MEAN INTER-ITEM CORRELATION = .2710

RELIABILITY COEFFICIENT: ALPHA = .5085

TABLE 24

SCALE RELIABILITY (Country-of-Manufacture Image)

<u>Correlation Matrix</u>						
	COMI1	COMI1	COMI3	COMI4	COMI5	Alpha if item deleted
COMI1	1.0000					.8999
COMI2	.5246	1.0000				.8955
COMI3	.6394	.7068	1.0000			.8709
COMI4	.6438	.6624	.7933	1.0000		.8653
COMI5	.5924	.6031	.6831	.7642	1.0000	.8836

MEAN INTER-ITEM CORRELATION = .6613

RELIABILITY COEFFICIENT: ALPHA = .9045

TABLE 25

SCALE RELIABILITY (Product Knowledge)

Correlation Matrix

	PKO1	PKO2	PKO3	PKO4	PKO5	Alpha if item deleted
PKO1	1.0000					.6826
PKO2	.2862	1.0000				.7274
PKO3	.2169	.2761	1.0000			.7550
PKS1	.4295	.2944	.1819	1.0000		.6032
PKS2	.4517	.3394	.1956	.7753	1.0000	.5852

MEAN INTER-ITEM CORRELATION = .3447

RELIABILITY COEFFICIENT: ALPHA = .7298

TABLE 26

SCALE RELIABILITY (Product Involvement)

Correlation Matrix

	IV1	IV2	IV3	Alpha if item deleted
IV1	1.000			.8931
IV2	.8820	1.0000		.8906
IV3	.8028	.8071	1.000	.9372

MEAN INTER-ITEM CORRELATION = .8306

RELIABILITY COEFFICIENT: ALPHA = .9364

TABLE 27

SCALE RELIABILITY (Advertisement Believability)

Correlation Matrix

	AB1	AB2	AB3	Alpha if item deleted
AB1	1.000			.5279
AB2	.3136	1.0000		.4104
AB3	.4035	.3768	1.000	.2677

MEAN INTER-ITEM CORRELATION = .3646

RELIABILITY COEFFICIENT: ALPHA = .5280

TABLE 28

SCALE RELIABILITY (Pre-Internal Reference Price)

Correlation Matrix

	PIRP1	PIRP2
PIRP1	1.0000	
PIRP2	.7994	1.0000

TABLE 29

SCALE RELIABILITY
(Perceived regular selling price of advertising retailer)

Correlation Matrix

	PRAR1	PRAR2
PRAR1	1.0000	
PRAR2	.8181	1.0000

TABLE 30

SCALE RELIABILITY (Adapted internal reference price)

<u>Correlation Matrix</u>		
	AIRP1	AIRP2
AIRP1	1.0000	
AIRP2	.5082	1.0000

TABLE 31

SCALE RELIABILITY (Perceived quality)

Correlation Matrix

	PQ1	PQ2	PQ3	PQ4	Alpha if item deleted
PQ1	1.0000				.7524
PQ2	.6277	1.0000			.6839
PQ3	.5834	.7463	1.0000		.6956
PQ4	.2948	.3987	.3930	1.0000	.8481

MEAN INTER-ITEM CORRELATION = .5073

RELIABILITY COEFFICIENT: ALPHA = .7992

TABLE 32

SCALE RELIABILITY (Perceived benefit)

Correlation Matrix

	PB1	PB2	PB3	PB4	PB5	PB6	Alpha if item deleted
PB1	1.0000						.8906
PB2	.6050	1.0000					.9104
PB3	.8109	.6045	1.0000				.8877
PB4	.7488	.6245	.7449	1.0000			.8961
PB5	.5746	.4988	.6243	.5200	1.0000		.9137
PB6	.6910	.6002	.7202	.6654	.6058	1.0000	.8966

MEAN INTER-ITEM CORRELATION = .6426

RELIABILITY COEFFICIENT: ALPHA = .9148

TABLE 33

SCALE RELIABILITY (Perceived value)

Correlation Matrix

	AV1	AV2	AV3	TV1	TV2	TV3	TV4	Alpha if item deleted
AV1	1.0000							.8177
AV2	.6915	1.0000						.8205
AV3	.4179	.3198	1.0000					.8637
TV1	.6760	.6066	.2775	1.0000				.8332
TV2	.6799	.7509	.3590	.5968	1.0000			.8175
TV3	.3837	.3864	.2899	.3347	.4394	1.0000		.8607
TV4	.5286	.4971	.3570	.4391	.4963	.2809	1.0000	.8459

MEAN INTER-ITEM CORRELATION = .4671

RELIABILITY COEFFICIENT: ALPHA = .8577

TABLE 34

SCALE RELIABILITY (Intention to buy)

<u>Correlation Matrix</u>		
	IB1	IB2
IB1	1.0000	
IB2	.7147	1.0000

TABLE 35

SCALE RELIABILITY (Intention to further search)

Correlation Matrix

	IS1	IS2	IS3	Alpha if item deleted
IS1	1.000			.7968
IS2	.5970	1.0000		.6399
IS3	.4745	.6632	1.000	.7320

MEAN INTER-ITEM CORRELATION = .5722

RELIABILITY COEFFICIENT: ALPHA = .8004

TABLE 36

SCALE RELIABILITY
(Manipulation check for advertised reference price)

Correlation Matrix

	MRP1	MRP2	MRP3	Alpha if item deleted
MRP1	1.000			.6732
MRP2	.7602	1.0000		.6243
MRP3	.4571	.5084	1.000	.8629

MEAN INTER-ITEM CORRELATION = .5752

RELIABILITY COEFFICIENT: ALPHA = .8045

TABLE 37

SCALE RELIABILITY
(Manipulation check for advertised sale price)

Correlation Matrix

	MSP1	MSP2	MSP3	Alpha if item deleted
MSP1	1.000			.4046
MSP2	.5753	1.0000		.3066
MSP3	.1826	.2578	1.000	.7299

MEAN INTER-ITEM CORRELATION = .3386

RELIABILITY COEFFICIENT: ALPHA = .5887

TABLE 38

CONSTRUCT VALIDITY BETWEEN PERCEIVED QUALITY
AND PERCEIVED BENEFIT

Correlation Matrix

	PQ1	PQ2	PQ3	PB1	PB2	PB3	PB4	PB5
PQ1	1.0000							
PQ2	.6302	1.0000						
PQ3	.5794	.7448	1.0000					
PB1	.4434	.5632	.4440	1.0000				
PB2	.4926	.5974	.4127	.6058	1.0000			
PB3	.4500	.5464	.4337	.8095	.6049	1.0000		
PB4	.4556	.5849	.4829	.7482	.6237	.7401	.10000	
PB5	.4221	.5124	.4127	.5748	.4997	.6249	.5213	1.0000

- 1) the Inter-Item Correlation of PQ (0.6525)
(PQ1, PQ2, PQ3)
- 2) the Inter-Item Correlation of PB (0.6356)
(PB1, PB2, PB3, PB4, PB5)
- 3) the average Inter-Item Correlation of PQ & PB (0.4653)

Fisher's Z test for

- a) H_0 : average inter-item correlation of PQ
= average inter-item correlation of PQ & PB
 $Z^* = 3.311925 > Z_{(\alpha=0.05)} = 1.96$; H_0 reject
- b) H_0 : average inter-item correlation of PB
= average inter-item correlation of PQ & PB
 $Z^* = 3.0301 > Z_{(\alpha=0.05)} = 1.96$; H_0 reject

TABLE 39

CONSTRUCT VALIDITY FOR PERCEIVED VALUE

Correlation Matrix

	AV1	AV2	TV1	TV2
AV1	1.0000			
AV2	.6944	1.0000		
TV1	.6778	.6077	1.0000	
TV2	.6818	.7519	.5967	1.0000

- 1) the Inter-Item Correlation of AV (0.6944)
(AV1, AV2)
- 2) the Inter-Item Correlation of TV (0.5967)
(TV1, TV2)
- 3) the Average Inter-Item Correlation of AV & TV (0.6798)

Fisher's Z test for

- a) H_0 : the inter-item correlation of TV
= average inter-item correlation of AV & TV
 $Z^* = 0.2775 < Z_{(\alpha=0.05)} = 1.96$; H_0 accept
- b) H_0 : the inter-item correlation of AV
= average inter-item correlation of AV & TV
 $Z^* = 1.4786 < Z_{(\alpha=0.05)} = 1.96$; H_0 accept

TABLE 40

ROTATED FACTOR MATRIX (CONTEXTUAL CUE IMAGE VARIABLES)

Factor analyzed dependent variables

: BI1 BI2 BI3 RI2 RI3 COMI1 COMI2 COMI3 COMI4 COMI5

	FACTOR1	FACTOR2	FACTOR3	COMMUNALITY
BI1		.87899		.78256
BI2		.86487		.75566
BI3		.89552		.81889
RI2			.83238	.71327
RI3			.62781	.44402
COMI1	.78599			.62293
COMI2	.80852			.66906
COMI3	.89849			.81054
COMI4	.90778			.82848
COMI5	.84937			.73182
EIGEN VALUE	3.88740	2.33062	1.41908	

TABLE 41

ROTATED FACTOR MATRIX (PRODUCT KNOWLEDGE, PRODUCT INVOLVEMENT AND ADVERTISEMENT BELIEVABILITY)

Factor analyzed dependent variables

: PKO1, PKO2, PKO3, PKS1, PKS2, IV1, IV2, IV3, AB1, AB2, AB3, CL

	FACTOR1	FACTOR2	FACTOR3	COMMUNALITY
PKO1		.67358		.47941
PKO2		.50784		.32615
PKO3		.32610		.17586
PKS1		.83416		.71498
PKS2		.84608		.74159
IV1	.92041			.89168
IV2	.91957			.89448
IV3	.90762			.84972
AB1			.73554	.56989
AB2			.70957	.50808
AB3			.78499	.62130
CL		-.42497		
EIGEN VALUE	3.71145	1.75485	1.55459	

TABLE 42

ROTATED FACTOR MATRIX (PRICE RELATED PERCPETIONS)

Factor analyzed dependent variables

: PIRP1, PIRP2, PAR1, PAR2, PRAR1, PRAR2, AIRP1, AIRP2,
AAR1, AAR2

	FACTOR1	FACTOR2	COMMUNALITY
PIRP1		.87359	.79989
PIRP2		.88320	.80710
PAR1		.81914	.71546
PAR2		.81841	.71694
PRAR1	.88207		.78198
PRAR2	.83980		.70539
AIRP1	.60923		.54404
AIRP2	.69946		.57529
AAR1	.71282		.61080
AAR2	.71165		.59552
EIGEN VALUE	5.03862	1.80378	

TABLE 43

ROTATED FACTOR MATRIX (PERCEIVED QUALITY AND PERCEIVED
BENEFIT)

Factor analyzed dependent variables

: PQ1, PQ2, PQ3, PB1, PB2, PB3, PB4, PB5

	FACTOR1	FACTOR2	COMMUNALITY
PQ1		.78269	.69524
PQ2		.80139	.81064
PQ3		.86296	.80607
PB1	.85654		.79170
PB2	.71127		.60382
PB3	.87736		.82226
PB4	.81485		.75459
PB5	.65413		.52693
EIGEN VALUE	5.86469	1.01571	

TABLE 44
ROTATED FACTOR MATRIX (PERCEIVED VALUE AND BEHAVIORAL
INTENTIONS)

Factor analyzed dependent variables
: AV1, AV2, TV1, TV2, IB1, IB2, IS1, IS2, IS3

	FACTOR1	FACTOR2	COMMUNALITY
AV1	.83604		.72284
AV2	.81356		.68710
TV1	.76694		.59033
TV2	.82214		.69538
IB1	.75368		.59650
IB2	.78858		.64505
IS1		.76047	.60661
IS2		.86383	.77649
IS3		.85994	.74282
EIGEN VALUE	5.37004	1.79818	

TABLE 45

ROTATED FACTOR MATRIX (MANIPULATION CHECKS)

Factor analyzed dependent variables
: MRP1, MRP2, MRP3, MSP1, MSP2, MSP3

	FACTOR1	FACTOR2	COMMUNALITY
MRP1	.79877		.67995
MRP2	.89331		.83020
MRP3	.54563		.32061
MSP1		.63850	.43770
MSP2		.86731	.76171
MSP3		.27764	.09219
EIGEN VALUE	2.23625	.88611	

TABLE 46

MANOVA RESULTS FOR CONTEXTUAL CUE IMAGE VARIABLES

A. Dependent variables : BI1, BI2, BI3

* no significant effect

B. Dependent variables : RI2, RI3

1) Significant main effect

a) Advertised reference price

Hotellings T^2 test:	10.09519	P = .000
Wilk's Lamda	: 9.95218	P = .000

b) Retailer type

Hotellings T^2 test:	23.67202	P = .000
Wilk's Lamda	: 23.67202	P = .000

C. Dependent variables : COMI1, COMI2, COMI3, COMI4, COMI5

1) Significant main effect

a) Country-of-manufacture

Hotellings T^2 test:	92.70716	P = .001
Wilk's Lamda	: 75.35171	P = .001

2) Significant interaction effect

a) Retailer type X Advertised reference price

Hotellings T^2 test:	2.35914	P = .009
Wilk's Lamda	: 2.36234	P = .009

TABLE 47

MANOVA RESULTS FOR PRODUCT KNOWLEDGE, PRODUCT INVOLVEMENT,
AND ADVERTISEMENT BELIEVABILITY

A. Dependent variables : PKO1, PKO2, PKO3, PKS1,
PKS2, PKS3, CL

* no significant effect

B. Dependent variables : IV1, IV2, IV3

* no significant effect

C. Dependent variables : AB1, AB2, AB3

1) Significant main effect

a) Advertised reference price

Hotellings T^2 test:	13.27318	P = .000
Wilk's Lamda	: 13.10254	P = .000

b) Retailer type

Hotellings T^2 test:	4.41496	P = .004
Wilk's Lamda	: 4.41496	P = .004

TABLE 48

MANOVA RESULTS FOR PRICE-RELATED PERCEPTIONS

A. Dependent variables : PIRP1, PIRP2, PAR1, PAR2 -

1) Significant main effect

a) Country-of-manufacture

Hotellings T^2 test:	6.65958	P = .000
Wilk's Lamda	: 6.68862	P = .000

B. Dependent variables : PRAR1, PRAR2, AIRP1, AIRP2,
AAR1, AAR2

a) Advertised reference price

Hotellings T^2 test:	32.14732	P = .000
Wilk's Lamda	: 28.39314	P = .000

b) Retailer type

Hotellings T^2 test:	7.70399	P = .000
Wilk's Lamda	: 7.70399	P = .000

c) Country-of-manufacture

Hotellings T^2 test:	4.09083	P = .000
Wilk's Lamda	: 4.24127	P = .000

TABLE 49

MANOVA RESULTS FOR PERCEIVED QUALITY AND PERCEIVED BENEFIT

A. Dependent variables : PQ1, PQ2, PQ3

1) Significant main effect

a) Country-of-manufacture

Hotellings T^2 test:	6.33998	P = .000
Wilk's Lamda	: 6.31974	P = .000

2) Significant interaction effect

a) Advertised reference price x Country-of-manufacture

Hotellings T^2 test:	2.04787	P = .018
Wilk's Lamda	: 2.04359	P = .018

B. Dependent variables : PB1, PB2, PB3, PB4, PB5

1) Significant main effect

a) Country-of-manufacture

Hotellings T^2 test:	3.13589	P = .000
Wilk's Lamda	: 3.10568	P = .000

TABLE 50

MANOVA RESULTS FOR PERCEIVED VALUE AND BEHAIORAL INTENTIONS

A. Dependent variables : AV1, AV2, TV1, TV2

1) Significant main effect

a) Advertised reference price

Hotellings T^2 test:	3.43710	P = .001
Wilk's Lamda	: 3.42162	P = .001

b) Country-of-manufacture

Hotellings T^2 test:	3.01896	P = .002
Wilk's Lamda	: 2.99689	P = .002

B. Dependent variables : IB1, IB2

1) Significant main effect

a) Country-of-manufacture

Hotellings T^2 test:	6.47372	P = .000
Wilk's Lamda	: 6.41816	P = .000

C. Dependent variables : IS1, IS2, IS3

1) Significant main effect

a) Country-of-manufacture

Hotellings T^2 test:	2.16978	P = .044
Wilk's Lamda	: 2.16230	P = .044

TABLE 51

MANOVA RESULTS FOR MANIPULATION CHECKS

A. Dependent variables : MRP1, MRP2, MRP3

1) Significant main effect

a) Advertised reference price

Hotellings T^2 test:	55.49058	P = .000
Wilk's Lamda	: 49.72213	P = .000

b) Country-of-Manufacture

Hotellings T^2 test:	2.95228	P = .007
Wilk's Lamda	: 2.95201	P = .007

B. Dependent variables : MSP1, MSP2, MSP3

1) Significant main effect

a) Advertised reference price

Hotellings T^2 test:	3.80195	P = .001
Wilk's Lamda	: 3.79613	P = .001

b) Country-of-manufacture

Hotellings T^2 test:	2.76212	P = .011
Wilk's Lamda	: 2.57314	P = .011

TABLE 52

ANALYSIS OF VARIANCE RESULTS FOR BRAND IMAGE

1) BI1

Main effect

Country-of-manufacture	F(2,612) = 3.385	P = .034*
Retailer type	F(1,612) = 1.613	P = .204
Advertised reference price	F(2,612) = .497	P = .608

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(2.75)	COM2(3.02)	COM3(2.75)	:	<u>2.75</u>	<u>3.02</u>
RT1 (2.90)	RT2 (2.78)				
ARP1(2.77)	ARP2(2.88)	ARP3(2.87)			

2) BI2

Main effect

Country-of-manufacture	F(2,612) = 1.883	P = .153
Retailer type	F(1,612) = 1.738	P = .188
Advertised reference price	F(2,612) = 0.127	P = .881

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(3.42)	COM2(3.61)	COM3(3.43)	:
RT1 (3.55)	RT2 (3.43)		
ARP1(3.47)	ARP2(3.47)	ARP3(3.52)	

3) BI3

Main effect

Country-of-manufacture	F(2,612) = 4.549	P = .011*
Retailer type	F(1,612) = 0.019	p = .892
Advertised reference price	F(2,612) = 0.852	P = .427

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(2.94)	COM2(3.20)	COM3(2.88)	:	<u>2.88</u>	<u>2.94</u>	<u>3.20</u>
RT1 (3.55)	RT2 (3.43)					
ARP1(3.47)	ARP2(3.47)	ARP3(3.52)				

* Country-of-manufacture level :

COM1(U.S.A.) COM2(JAPAN) COM3(SOUTH KOREA)

* Retailer type level :

RT1 (Hyundai department store) RT2 (Hi-Mart)

* Advertised reference price level :

ARP1 (\$120) ARP2 (\$167) ARP3 (\$250)

TABLE 53

ANALYSIS OF VARIANCE RESULTS FOR RETAILER IMAGE

1) RI1

Main effect

Country-of-manufacture	F(2,612) = 3.514	P = .053
Retailer type	F(1,612) = 133.202	P = .000*
Advertised reference price	F(2,612) = 2.894	P = .056

multiple comparison
(Fisher's LSD)Means in each level

COM1(3.79)	COM2(3.85)	COM3(3.56)
RT1 (4.30)	RT2 (3.16)	
ARP1(3.57)	ARP2(3.79)	ARP3(3.85)

2) RI2

Main effect

Country-of-manufacture	F(2,612) = 0.629	P = .533
Retailer type	F(1,612) = 43.344	P = .000*
Advertised reference price	F(2,612) = 2.121	P = .121

multiple comparison
(Fisher's LSD)Means in each level

COM1(3.58)	COM2(2.67)	COM3(3.69)
RT1 (3.93)	RT2 (3.36)	
ARP1(3.73)	ARP2(3.69)	ARP3(3.52)

3) RI3

Main effect

Country-of-manufacture	F(2,612) = 0.791	P = .454
Retailer type	F(1,612) = 17.377	p = .000*
Advertised reference price	F(2,612) = 20.128	P = .000*

multiple comparison
(Fisher's LSD)Means in each level

COM1(3.06)	COM2(3.14)	COM3(2.98)	
RT1 (3.28)	RT2 (2.84)		
ARP1(3.30)	ARP2(3.29)	ARP3(2.59)	: <u>2.59</u> <u>3.29</u> <u>3.30</u>

TABLE 54

ANALYSIS OF VARIANCE RESULTS FOR
COUNTRY-OF-MANUFACTURE IMAGE

1) COMI1

Main effect

Country-of-manufacture	F(2,611) = 172.673	P = .000*
Retailer type	F(1,611) = 0.114	P = .735
Advertised reference price	F(2,611) = 0.705	P = .494

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(4.90)	COM2(6.03)	COM3(4.08)	:	<u>4.08</u>	<u>4.90</u>	<u>6.03</u>
RT1 (4.98)	RT2 (5.02)					
ARP1(4.95)	ARP2(5.08)	ARP3(4.98)				

Significant interaction effect

RT X ARP F(2,611) = 6.429 P = .002

	ARP1	ARP2	ARP3
RT1	5.13	5.09	4.76
RT2	4.88	5.07	5.19

2) COMI2

Main effect

Country-of-manufacture	F(2,611) = 136.854	P = .000*
Retailer type	F(1,611) = 0.679	P = .410
Advertised reference price	F(2,611) = 0.863	P = .422

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(3.88)	COM2(5.31)	COM3(3.16)	:	<u>3.16</u>	<u>3.88</u>	<u>5.31</u>
RT1 (4.08)	RT2 (4.16)					
ARP1(4.19)	ARP2(4.15)	ARP3(4.03)				

Significant interaction effect

RT X ARP F(2,611) = 4.587 P = .011

	ARP1	ARP2	ARP3
RT1	4.36	3.91	3.95
RT2	4.02	4.38	4.09

TABLE 54 (CONTINUED)

ANALYSIS OF VARIANCE RESULTS FOR
COUNTRY-OF-MANUFACTURE IMAGE

1) COMI3

Main effect

Country-of-manufacture	F(2,611) = 198.549	P = .000*
Retailer type	F(1,611) = 0.269	P = .604
Advertised reference price	F(2,611) = 0.289	P = .749

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(4.73)	COM2(5.79)	COM3(3.83)	:	<u>3.83</u>	<u>4.73</u>	<u>5.79</u>
RT1 (4.91)	RT2 (4.65)					
ARP1(5.05)	ARP2(4.688)	ARP3(4.62)				

2) COMI4

Main effect

Country-of-manufacture	F(2,611) = 331.415	P = .000*
Retailer type	F(1,611) = 0.028	P = .868
Advertised reference price	F(2,611) = 0.075	P = .929

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(4.78)	COM2(6.00)	COM3(3.48)	:	<u>3.48</u>	<u>4.78</u>	<u>6.00</u>
RT1 (4.91)	RT2 (4.00)					
ARP1(5.05)	ARP2(4.59)	ARP3(4.62)				

3) COMI5

Main effect

Country-of-manufacture	F(2,611) = 315.791	P = .000*
Retailer type	F(1,611) = 2.218	p = .137
Advertised reference price	F(2,611) = 0.445	P = .641

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(4.55)	COM2(6.26)	COM3(3.60)	:	<u>3.60</u>	<u>4.55</u>	<u>6.26</u>
RT1 (5.02)	RT2 (4.58)					
ARP1(5.11)	ARP2(4.60)	ARP3(4.70)				

TABLE 55

ANALYSIS OF VARIANCE RESULTS FOR
ADVERTISEMENT BELIEVABILITY

1) AB1

Main effect

Country-of-manufacture	F(2,612) = 0.256	P = .774
Retailer type	F(1,612) = 6.950	P = .009*
Advertised reference price	F(2,612) = 32.7402	P = .000*

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(0.32)	COM2(0.32)	COM3(0.30)	:	
RT1 (0.36)	RT2 (0.27)		:	
ARP1(0.44)	ARP2(0.38)	ARP3(0.11)	:	<u>0.11</u> <u>0.38</u> <u>0.44</u>

Significant interaction effect

RT X ARP F(2,612) = 3.926 P = .020

	ARP1	ARP2	ARP3
RT1	0.55	0.37	0.15
RT2	0.32	0.39	0.08

2) AB2

Main effect

Country-of-manufacture	F(2,612) = 0.670	P = .512
Retailer type	F(1,612) = 2.565	P = .110
Advertised reference price	F(2,612) = 10.2892	P = .000*

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(3.63)	COM2(3.82)	COM3(3.69)	:	
RT1 (3.83)	RT2 (3.60)		:	
ARP1(3.67)	ARP2(4.12)	ARP3(3.56)	:	<u>3.56</u> <u>3.67</u> <u>4.11</u>

2) AB3

Main effect

Country-of-manufacture	F(2,612) = 0.109	P = .897
Retailer type	F(1,612) = 11.046	P = .001*
Advertised reference price	F(2,612) = 8.9064	P = .002*

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(3.24)	COM2(3.28)	COM3(3.22)	:	
RT1 (3.41)	RT2 (3.08)		:	
ARP1(3.34)	ARP2(3.45)	ARP3(2.95)	:	<u>2.95</u> <u>3.34</u> <u>3.45</u>

TABLE 56

**ANALYSIS OF VARIANCE RESULTS FOR
PRE-EXISTING ACCEPTABLE PRICE RANGE**

1) PARI

Main effect

Country-of-manufacture	F(2,611) = 10.563	P = .000*
Retailer type	F(1,611) = 3.494	P = .062
Advertised reference price	F(2,611) = 0.837	P = .434

Means in each levelmultiple comparison
(Fisher's LSD)

COMI(10.50)	COM2(11.32)	COM3 (9.92)	: <u>9.9</u>	<u>10.49</u>	<u>11.32</u>
RT1 (10.82)	RT2 (10.35)				
ARP1(10.36)	ARP2(10.65)	ARP3(10.74)			

1) PAR2

Main effect

Country-of-manufacture	F(2,611) = 14.001	P = .000*
Retailer type	F(1,611) = 0.029	P = .864
Advertised reference price	F(2,611) = 0.302	P = .740

Means in each levelmultiple comparison
(Fisher's LSD)

COMI(15.80)	COM2(15.70)	COM3(14.08)	: <u>14.08</u>	<u>15.80</u>	<u>15.70</u>
RT1 (15.23)	RT2 (15.17)				
ARP1(15.06)	ARP2(15.19)	ARP3(15.35)			

* Response value unit is 10.000 won (\$12.82).

TABLE 57

**ANALYSIS OF VARIANCE RESULTS FOR
PRE-INTERNAL REFERENCE PRICE**

1) PIRP1

Main effect

Country-of-manufacture	F(2,611) = 12.668	P = .000*
Retailer type	F(1,611) = 0.982	P = .332
Advertised reference price	F(2,611) = 0.006	P = .994

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(14.61) COM2(15.44) COM3(13.47) : 13.47 14.61 15.44
 RT1 (14.66) RT2 (14.34)
 ARP1(14.48) ARP2(14.52) ARP3(14.50) :

2) PIRP2

Main effect

Country-of-manufacture	F(2,611) = 15.180	P = .000*
Retailer type	F(1,611) = 1.081	P = .299
Advertised reference price	F(2,611) = 0.462	P = .630

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(12.74) COM2(13.31) COM3(11.33) : 11.33 12.74 13.31
 RT1 (12.62) RT2 (12.30)
 ARP1(12.29) ARP2(12.65) ARP3(12.44) :

3) t test for difference between indicators

$$H_0 : \text{PIRP1} = \text{PIRP2}$$

	Cases	Means	SD	SE
PIRP1	629	14.5016	4.094	.163
PIRP2	629	12.4603	3.857	.154

(Correlation between the two indicators = .795 (P = .000))

t value = 20.03 (P = .000) H_0 reject

* Response value unit is 10,000 won (\$12.82).

TABLE 58

**ANALYSIS OF VARIANCE RESULTS FOR
ADAPTED ACCEPTABLE PRICE RANGE**

1) AARI

Main effect

Country-of-manufacture	F(2,612) = 6.734	P = .000*
Retailer type	F(1,612) = 5.447	P = .020*
Advertised reference price	F(2,612) = 22.226	P = .000*

Means in each levelmultiple comparison
(Fisher's LSD)

COMI(8.85)	COM2(8.99)	COM3(8.12)	:	<u>8.12</u>	<u>8.85</u>	<u>8.99</u>
RT1 (8.90)	RT2 (8.41)					
ARP1(7.74)	ARP2(8.81)	ARP3(9.41)	:	<u>7.74</u>	<u>8.81</u>	<u>9.41</u>

2) AAR2

Main effect

Country-of-manufacture	F(2,612) = 12.190	P = .000*
Retailer type	F(1,612) = 2.088	P = .149
Advertised reference price	F(2,612) = 21.908	P = .000*

Means in each levelmultiple comparison
(Fisher's LSD)

COMI(12.74)	COM2(12.63)	COM3(11.28)	:	<u>11.28</u>	<u>12.63</u>	<u>12.74</u>
RT1 (12.41)	RT2 (12.02)					
ARP1(11.06)	ARP2(12.36)	ARP3(13.23)	:	<u>11.06</u>	<u>12.36</u>	<u>13.23</u>

3) t test to check adaptation effect

a) H_0 : PAR1 = AAR1

	Cases	Means	SD	SE
PAR1	630	10.5794	3.206	.128
AAR1	630	8.6540	2.719	.128

t value = 15.50 (P = .000) H_0 rejectb) H_0 : PAR2 = AAR2

	Cases	Means	SD	SE
PAR2	630	15.1889	3.869	.154
AAR2	630	12.2175	3.570	.142

t value = 19.15 (P = .000) H_0 reject

* Response value unit is 10,000 won (\$12.82).

TABLE 59

**ANALYSIS OF VARIANCE RESULTS FOR
PERCEIVED REGULAR SELLING PRICE OF ADVERTISING RETAILER**

1) PRAR1

Main effect

Country-of-manufacture	F(2,610) = 7.421	P = .001*
Retailer type	F(1,610) = 22.895	P = .000*
Advertised reference price	F(2,610) = 119.366	P = .000*

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(12.12)	COM2(11.94)	COM3(10.85)	: <u>10.85</u>	<u>11.94</u>	<u>12.12</u>
RT1 (12.36)	RT2 (10.92)				
ARP1(9.25)	ARP2(11.79)	ARP3(13.87)	: <u>9.25</u>	<u>11.79</u>	<u>13.87</u>

2) PRAR2

Main effect

Country-of-manufacture	F(2,610) = 13.326	P = .000*
Retailer type	F(1,610) = 30.989	P = .000*
Advertised reference price	F(2,610) = 186.924	P = .000*

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(11.96)	COM2(12.19)	COM3(10.93)	: <u>10.93</u>	<u>11.96</u>	<u>12.19</u>
RT1 (12.29)	RT2 (11.09)				
ARP1(9.28)	ARP2(11.51)	ARP3(14.29)	: <u>9.28</u>	<u>11.51</u>	<u>14.29</u>

Significant interaction effect

RT X ARP F(2,610) = 4.524 P = .011

	ARP1	ARP2	ARP3
RT1	9.56	12.00	15.29
RT2	9.01	11.03	13.25

* Response value unit is 10,000 won (\$12.82).

TABLE 60

**ANALYSIS OF VARIANCE RESULTS FOR
ADAPTED INTERNAL REFERENCE PRICE**

1) AIRP1

Main effect

Country-of-manufacture	F(2,610) = 13.406	P = .001*
Retailer type	F(1,610) = 1.261	P = .262
Advertised reference price	F(2,610) = 24.956	P = .000*

Means in each levelmultiple comparison
(Fisher's LSD)

COMI(12.77)	COM2(12.90)	COM3(11.14):	<u>11.14</u>	<u>12.77</u>	<u>12.90</u>
RT1 (12.57)	RT2 (11.98)				
ARP1(10.83)	ARP2(12.30)	ARP3(13.70) :	<u>10.83</u>	<u>12.30</u>	<u>13.70</u>

2) AIRP2

Main effect

Country-of-manufacture	F(2,610) = 7.019	P = .001*
Retailer type	F(1,610) = 0.160	P = .690
Advertised reference price	F(2,610) = 32.482	P = .000*

Means in each levelmultiple comparison
(Fisher's LSD)

COMI(10.02)	COM2(9.63)	COM3(8.72) :	<u>8.72</u>	<u>9.63</u>	<u>10.02</u>
RT1 (9.55)	RT2 (9.36)				
ARP1(8.16)	ARP2(9.43)	ARP3(10.78) :	<u>8.16</u>	<u>9.43</u>	<u>10.78</u>

Significant interaction effect

RT X ARP F(2,610) = 3.740 P = .024

	ARP1	ARP2	ARP3
RT1	10.94	12.01	13.96
RT2	10.73	12.58	12.64

3) t test for difference between indicators

 $H_0 : \text{AIRP1} = \text{AIRP2}$

	Cases	Means	SD	SE
AIRP1	629	12.1403	3.826	.153
AIRP2	629	9.3116	2.953	.118

(Correlation between the two indicators = .509 (P = .000))
t value = 20.60 (P = .000) H_0 reject

* Response value unit is 10,000 won (\$12.82).

TABLE 61

ANALYSIS OF VARIANCE RESULTS FOR PERCEIVED QUALITY

1) PQ1

Main effect

Country-of-manufacture	F(2,612) = 14.130	P = .000*
Retailer type	F(1,612) = 0.0000	P = 1.000
Advertised reference price	F(2,612) = 2.745	P = .065

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(3.31)	COM2(3.91)	COM3(3.33)	:	<u>3.31</u>	<u>3.33</u>	<u>3.91</u>
RT1 (3.52)	RT2 (3.52)					
ARP1(3.47)	ARP2(3.69)	ARP3(3.40)				

2) PQ2

Main effect

Country-of-manufacture	F(2,612) = 15.704	P = .000*
Retailer type	F(1,612) = 0.037	P = .848
Advertised reference price	F(2,612) = 0.493	P = .611

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(3.36)	COM2(3.89)	COM3(3.26)	:	<u>3.26</u>	<u>3.36</u>	<u>3.89</u>
RT1 (3.51)	RT2 (3.49)					
ARP1(3.45)	ARP2(3.57)	ARP3(3.49)				

3) PQ3

Main effect

Country-of-manufacture	F(2,612) = 9.614	P = .000*
Retailer type	F(1,612) = 0.731	p = .393
Advertised reference price	F(2,612) = 1.116	P = .328

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(3.57)	COM2(3.98)	COM3(3.45)	:	<u>3.45</u>	<u>3.57</u>	<u>3.98</u>
RT1 (3.71)	RT2 (3.62)					
ARP1(3.60)	ARP2(3.78)	ARP3(3.62)				

TABLE 62

ANALYSIS OF VARIANCE RESULTS FOR PERCEIVED BENEFIT

1) PB1

Main effect

Country-of-manufacture	F(2,611) = 8.164	P = .000*
Retailer type	F(1,611) = 0.075	P = .785
Advertised reference price	F(2,611) = 2.096	P = .124

Means in each level multiple comparison
(Fisher's LSD)

COM1(3.70)	COM2(4.19)	COM3(3.72)	:	<u>3.70</u>	<u>3.72</u>	<u>4.19</u>
RT1 (3.85)	RT2 (3.89)					
ARP1(3.72)	ARP2(4.00)	ARP3(3.90)				

2) PB2

Main effect

Country-of-manufacture	F(2,611) = 8.138	P = .000*
Retailer type	F(1,611) = 0.167	P = .683
Advertised reference price	F(2,611) = 0.086	P = .918

Means in each level multiple comparison
(Fisher's LSD)

COM1(3.37)	COM2(3.87)	COM3(3.41)	:	<u>3.37</u>	<u>3.41</u>	<u>3.87</u>
RT1 (3.57)	RT2 (3.53)					
ARP1(3.52)	ARP2(3.54)	ARP3(3.59)				

3) PB3

Main effect

Country-of-manufacture level	F(2,611) = 10.201	P = .000*
Retailer type	F(1,611) = 0.167	p = .683
Advertised reference price level	F(2,611) = 2.148	P = .118

Means in each level multiple comparison
(Fisher's LSD)

COM1(3.47)	COM2(4.02)	COM3(3.55)	:	<u>3.47</u>	<u>3.55</u>	<u>4.02</u>
RT1 (3.66)	RT2 (3.71)					
ARP1(3.52)	ARP2(3.76)	ARP3(3.77)				

SIGNIFICANT COVARIATE

product involvement indicator 3 (IV3)
F(1, 611) = 4.897 P = .027

TABLE 62 (CONTINUED)

ANALYSIS OF VARIANCE RESULTS FOR PERCEIVED BENEFIT

1) PB4

Main effect

Country-of-manufacture	F(2,611) = 8.415	P = .000*
Retailer type	F(1,611) = 0.223	P = .637
Advertised reference price	F(2,611) = 1.727	P = .179

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(4.17)	COM2(4.14)	COM3(3.67)	:	<u>3.67</u>	<u>4.14</u>	<u>4.17</u>
RT1 (4.12)	RT2 (3.86)					
ARP1(4.20)	ARP2(3.97)	ARP3(3.80)				

2) PB5

Main effect

Country-of-manufacture	F(2,611) = 11.148	P = .000*
Retailer type	F(1,611) = 0.001	P = .977
Advertised reference price	F(2,611) = 1.812	P = .164

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(3.04)	COM2(3.57)	COM3(3.03)	:	<u>3.03</u>	<u>3.04</u>	<u>3.57</u>
RT1 (3.21)	RT2 (3.22)					
ARP1(3.10)	ARP2(3.35)	ARP3(3.19)				

SIGNIFICANT COVARIATEproduct involvement indicator 3 (IV3)
F(1, 611) = 5.603 P = .018

TABLE 63

ANALYSIS OF VARIANCE RESULTS FOR
PERCEIVED VALUE

1) TV1

Main effect

Country-of-manufacture	F(2,612) = 5.478	P = .004*
Retailer type	F(1,612) = 1.237	P = .266
Advertised reference price	F(2,612) = 5.198	P = .006*

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(4.31)	COM2(4.70)	COM3(4.27)	:	<u>4.27</u>	<u>4.31</u>	<u>4.70</u>
RT1 (4.36)	RT2 (4.49)					
ARP1(4.16)	ARP2(4.59)	ARP3(4.53)	:	<u>4.16</u>	<u>4.53</u>	<u>4.59</u>

2) TV2

Main effect

Country-of-manufacture	F(2,612) = 9.690	P = .000*
Retailer type	F(1,612) = 0.314	P = .575
Advertised reference price	F(2,612) = 9.474	P = .000*

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(3.89)	COM2(4.40)	COM3(3.82)	:	<u>3.82</u>	<u>3.89</u>	<u>4.40</u>
RT1 (4.00)	RT2 (4.07)					
ARP1(3.67)	ARP2(4.24)	ARP3(4.20)	:	<u>3.67</u>	<u>4.20</u>	<u>4.24</u>

TABLE 63 (CONTINUED)

ANALYSIS OF VARIANCE RESULTS FOR
PERCEIVED VALUE

1) AV1

Main effect

Country-of-manufacture	F(2,612) = 10.180	P = .000*
Retailer type	F(1,612) = .021	P = .885
Advertised reference price	F(2,612) = 3.977	P = .019*

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(3.90)	COM2(4.41)	COM3(3.88)	:	<u>3.88</u>	<u>3.90</u>	<u>4.41</u>
RT1 (4.06)	RT2 (4.07)					
ARP1(3.85)	ARP2(4.13)	ARP3(4.21)	:	<u>3.85</u>	<u>4.13</u>	<u>4.21</u>

2) AV2

Main effect

Country-of-manufacture	F(2,612) = 7.091	P = .001*
Retailer type	F(1,612) = 0.185	P = .667
Advertised reference price	F(2,612) = 10.395	P = .000*

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(3.96)	COM2(4.44)	COM3(3.97)	:	<u>3.96</u>	<u>3.97</u>	<u>4.44</u>
RT1 (4.10)	RT2 (4.15)					
ARP1(3.75)	ARP2(4.26)	ARP3(4.36)	:	<u>3.75</u>	<u>4.26</u>	<u>4.36</u>

TABLE 64

ANALYSIS OF VARIANCE RESULTS FOR INTENTION TO BUY

1) IB1

Main effect

Country-of-manufacture	$F(2,612) = 11.356$	$P = .000^*$
Retailer type	$F(1,612) = 0.027$	$P = .869$
Advertised reference price	$F(2,612) = 3.181$	$P = .042^*$

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(3.59)	COM2(4.20)	COM3(3.46)	:	<u>3.46</u>	<u>3.59</u>	<u>4.20</u>
RT1 (3.76)	RT2 (3.74)					
ARP1(3.51)	ARP2(3.90)	ARP3(3.84)	:	<u>3.51</u>	<u>3.84</u>	<u>3.90</u>

SIGNIFICANT COVARIATE

product involvement indicator 3 (IV3)
 $F(1, 612) = 4.818$ $P = .029$

2) IB2

Main effect

Country-of-manufacture	$F(2,612) = 10.579$	$P = .000^*$
Retailer type	$F(1,612) = 0.599$	$P = .439$
Advertised reference price	$F(2,612) = 2.493$	$P = .083$

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(3.59)	COM2(4.16)	COM3(3.50)	:	<u>3.50</u>	<u>3.59</u>	<u>4.16</u>
RT1 (3.70)	RT2 (3.80)					
ARP1(3.58)	ARP2(3.92)	ARP3(3.75)				

TABLE 65

ANALYSIS OF VARIANCE RESULTS FOR INTENTIONS TO SEARCH

1) IS1

Main effect

Country-of-manufacture	F(2,612) = 5.277	P = .005*
Retailer type	F(1,612) = 0.539	P = .463
Advertised reference price	F(2,612) = 0.138	P = .871

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(5.56)	COM2(5.17)	COM3(5.61)	:	<u>5.17</u>	<u>5.56</u>	<u>5.61</u>
RT1 (5.60)	RT2 (5.53)					
ARP1(5.48)	ARP2(5.40)	ARP3(5.46)				

2) IS2

Main effect

Country-of-manufacture	F(2,612) = 0.258	P = .772
Retailer type	F(1,612) = 0.001	P = .981
Advertised reference price	F(2,612) = 1.168	P = .312

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(4.88)	COM2(4.83)	COM3(4.94)	:			
RT1 (4.89)	RT2 (4.88)					
ARP1(5.01)	ARP2(4.77)	ARP3(4.88)				

3) IS3

Main effect

Country-of-manufacture	F(2,612) = 0.610	P = .544
Retailer type	F(1,611) = 1.867	p = .172
Advertised reference price	F(2,611) = 0.586	P = .557

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(4.62)	COM2(4.48)	COM3(4.66)	:			
RT1 (4.68)	RT2 (4.49)					
ARP1(4.67)	ARP2(4.60)	ARP3(4.49)				

TABLE 66

**ANALYSIS OF VARIANCE RESULTS FOR
MANIPULATION CHECK FOR ADVERTISED REFERENCE PRICE**

1) MRP1

Main effect

Country-of-manufacture	F(2,611) = 5.732	P = .003*
Retailer type	F(1,611) = 0.354	P = .552
Advertised reference price	F(2,611) = 103.538	P = .000*

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(4.40)	COM2(4.44)	COM3(4.80)	:	<u>4.40</u>	<u>4.44</u>	<u>4.80</u>
RT1 (4.58)	RT2 (4.51)					
ARP1(3.70)	ARP2(4.34)	ARP3(5.60)	:	<u>3.70</u>	<u>4.34</u>	<u>5.60</u>

2) MRP2

Main effect

Country-of-manufacture	F(2,611) = 5.187	P = .006*
Retailer type	F(1,611) = 1.511	P = .219
Advertised reference price	F(2,611) = 149.529	P = .000*

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(4.67)	COM2(4.70)	COM3(5.01)	:	<u>4.67</u>	<u>4.70</u>	<u>5.01</u>
RT1 (4.86)	RT2 (4.73)					
ARP1(3.89)	ARP2(4.58)	ARP3(5.92)	:	<u>3.89</u>	<u>4.58</u>	<u>5.92</u>

3) MRP3

Main effect

Country-of-manufacture	F(2,611) = 1.013	P = .318
Retailer type	F(1,611) = 1.754	P = .186
Advertised reference price	F(2,612) = 60.505	P = .000*

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(4.93)	COM2(4.71)	COM3(5.02)	:			
RT1 (4.82)	RT2 (4.96)					
ARP1(4.36)	ARP2(4.64)	ARP3(5.67)	:	<u>4.36</u>	<u>4.64</u>	<u>5.67</u>

TABLE 67

**ANALYSIS OF VARIANCE RESULTS FOR
MANIPULATION CHECK FOR ADVERTISED SALE PRICE**

1) MSP1

Main effect

Country-of-manufacture	F(2,612) = 4.155	P = .016*
Retailer type	F(1,612) = 0.004	P = .950
Advertised reference price	F(2,612) = 7.965	P = .000*

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(3.02)	COM2(3.02)	COM3(3.33)	:	<u>3.02</u>	<u>3.33</u>
RT1 (3.13)	RT2 (3.12)				
ARP1(3.38)	ARP2(3.11)	ARP3(2.89)	:	<u>2.89</u>	<u>3.11</u> <u>3.38</u>

2) MSP2

Main effect

Country-of-manufacture	F(2,612) = 1.006	P = .366
Retailer type	F(1,612) = 0.053	P = .818
Advertised reference price	F(2,612) = 5.626	P = .004*

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(3.20)	COM2(3.16)	COM3(3.32)	:		
RT1 (3.24)	RT2 (3.22)				
ARP1(3.44)	ARP2(3.21)	ARP3(3.04)	:	<u>3.04</u>	<u>3.21</u> <u>3.44</u>

3) MRP3

Main effect

Country-of-manufacture	F(2,612) = 4.409	P = .013*
Retailer type	F(1,612) = 1.260	P = .262
Advertised reference price	F(2,612) = 3.420	P = .033*

Means in each levelmultiple comparison
(Fisher's LSD)

COM1(4.36)	COM2 (3.96)	COM3(4.29)	:	<u>3.96</u>	<u>4.29</u> <u>4.36</u>
RT1 (4.26)	RT2 (4.13)				
ARP1(4.40)	ARP2 (4.01)	ARP3(4.20)	:	<u>4.01</u>	<u>4.20</u> <u>4.40</u>

TABLE 68

MODERATING EFFECT OF CONFIDENCE LEVEL

< Frequency table of Confidence Level >

Value	Frequency	Percent	Cummulative percent
1.00	34	5.4	5.4
2.00	123	19.5	24.9
3.00	142	22.5	47.5
4.00	134	21.3	68.7
5.00	124	19.7	88.4
6.00	59	9.4	97.8
7.00	14	2.2	100.0
Total	630	100.0	

t test in (AIRP-PIRP)

 $H_0 : CL1 = CL2$

	Cases	Means	SD	SE
CL1	298	-2.7813	3.152	.183
CL2	330	-2.7373	3.525	.194

t value = 0.17

P = .861 H_0 accept

TABLE 69

**ADAPTATION-LEVEL EFFECT
DUE TO ADVERTISED REFERENCE PRICE (ARP) LEVEL**

- 1) Independent variable : ARP
- 2) Dependent variable : DIF (= AIRP-PIRP)
- 3) ANOVA result $F(2,626) = 25.5293$ $P = .0000^*$

Multiple comparison

ARP1(-3.8889) ARP2(-2.7444) ARP3(-1.6358)

TABLE 70

MODERATING EFFECT OF RETAILER IMAGE

- 1) ANOVA result for
perceived regular selling price of advertising retailer (PRAR)
 $PRAR = (PRAR1 + PRAR2) / 2$

Main effect

Country-of-manufacture	$F(2,610) = 11.638$	$P = .000^*$
Retailer type	$F(1,610) = 31.237$	$P = .000^*$
Advertised reference price	$F(2,610) = 174.178$	$P = .000^*$

Means in each level

multiple comparison
(Fisher's LSD)

COM1(11.83)	COM2(12.07)	COM3(10.89)	:	<u>10.89</u>	<u>11.83</u>	<u>12.07</u>
RT1 (12.18)	RT2 (11.01)					
ARP1(9.27)	ARP2(11.43)	ARP3(14.08)	:	<u>9.27</u>	<u>11.43</u>	<u>14.08</u>

Significant interaction effect

RT X ARP $F(2,610) = 3.287$ $P = .038^*$

	ARP1	ARP2	ARP3
RT1	9.64	11.86	15.05
RT2	8.90	11.01	13.11

- 2) t test for (ARP-PRAR)

H_0 : RT1 = RT2 (Hyundai department store = Hi-Mart)

	Cases	Means	SD	SE
RT1	314	1.7727	3.425	.193
RT2	314	2.9480	3.617	.204

t value (by separate variance estimate) = -4.18
 $P = .000$ H_0 reject

TABLE 71

MODERATING EFFECT OF PRODUCT KNOWLEDGE

- 1) ANOVA result for
perceived quality (PQ)
 $< PQ = (PQ1 + PQ2 + PQ3) / 3 >$

Independent variables

Country-of-manufacture (COM1 COM2 COM3)

Product knowledge (PK1 PK2 PK3 PK4)

* If PK $\leq$ 2.2, PK=PK1.If PK $>$ 2.2, and PK $\leq$ 2.8, PK=PK2.If PK $>$ 2.8, and PK $\leq$ 3.6, PK=PK3.If PK $>$ 3.6, PK=PK4.Main effect

Country-of-manufacture	F(2,608) = 17.248	P = .000*
Product knowledge	F(3,608) = 3.883	P = .009*

Means in each levelmultiple comparison
(Fisher's LSD)

COM1 (3.41)	COM2 (3.93)	COM3 (3.34)	:	<u>3.34</u>	<u>3.41</u>	<u>3.93</u>
PK1(3.51)	PK2(3.71)	PK3(3.56)	PK4(3.20)	:	<u>3.20</u>	<u>3.51</u> <u>3.56</u> <u>3.71</u>

Interaction effect

COM X PK F(6,610) = 2.379 P = .028

	COM1	COM2	COM3
PK1	3.84	3.36	3.31
PK2	3.53	4.14	3.51
PK3	3.30	3.97	3.32
PK4	2.94	3.82	2.94

TABLE 71 (CONTINUED)

MODERATING EFFECT OF PRODUCT KNOWLEDGE

- 1) ANOVA result for
perceived benefit (PB)
 $< PB = (PB1 + PB2 + PB3 + PB4 + PB5) / 5 >$

Independent variables

Country-of-manufacture (COM1 COM2 COM3)
Product knowledge level (PK1 PK2 PK3 PK4)
* If $PK \leq 2.2$, $PK=PK1$.
If $PK > 2.2$, and $PK \leq 2.8$, $PK=PK2$.
If $PK > 2.8$, and $PK \leq 3.6$, $PK=PK3$.
If $PK > 3.6$, $PK=PK4$.

Main effect

Country-of-manufacture	$F(2,608) = 13.094$	$P = .000^*$
Product knowledge	$F(3,608) = 2.900$	$P = .034^*$

Means in each level

multiple comparison
(Fisher's LSD)

COM1 (3.47)	COM2 (3.96)	COM3 (3.47)	:	<u>3.47</u>	<u>3.47</u>	<u>3.96</u>
PK1(3.53)	PK2(3.74)	PK3(3.67)	PK4(3.30)	:	<u>3.30</u>	<u>3.53</u> <u>3.67</u> <u>3.74</u>

Significant interaction effect

COM X PK $F(6,610) = 1.812$ $P = .094$

	COM1	COM2	COM3
PK1	3.54	3.56	3.48
PK2	3.50	4.01	3.74
PK3	3.46	4.04	3.42
PK4	3.29	4.00	2.79

TABLE 72

STEPWISE REGRESSION ANALYSIS

- 1) $PIRP = .68705 \text{ COMI}$
 SE(.11525)
 $t = 5.961$
 $P = .0000$
 BETA (.23177)
 * independent variables entered for stepwise regression
 (COMI)
- 2) $PRAR = 2.4607 \text{ ARP} + .23666 \text{ PIRP} + .66640 \text{ RI}$
 SE (.12625) (.02737) (.11229)
 $t = 19.490$ 8.647 5.935
 $P = .0000$.0000 .0000
 BETA (.59216) (.26198) (.11229)
 * independent variables entered for stepwise regression
 (COMI, RI, PIRP, PRAR, ARP, PQ, PB)
- 3) $AIRP = .44737 \text{ PRAR} + .30859 \text{ PIRP}$
 SE (.02487) (.02243)
 $t = 17.987$ 13.760
 $P = .0000$ $P = .0000$
 BETA (.51458) (.39364)
 * independent variables entered for stepwise regression
 (COMI, RI, PIRP, PRAR, ARP, PQ, PB)
- 4) $PQ = .30514 \text{ COMI} + .34518 \text{ RI}$
 SE(.03234) (.04467)
 $t = 9.436$ 7.729
 $P = .0000$.0000
 BETA (.33722) (.27615)
 * independent variables entered for stepwise regression
 (COMI, RI, PIRP, PRAR, AIRP)
- 5) $PB = .64652 \text{ PQ}$
 SE (.03054)
 $t = 21.168$
 $P = .0000$
 BETA (.64589)
 * independent variables entered for stepwise regression
 (COMI, RI, PIRP, PRAR, AIRP, PQ)
- 6) $TV = .14707 \text{ AIRP}$
 SE (.01477)
 $t = 9.957$
 $P = .0000$
 BETA (.37028)
 * independent variables entered for stepwise regression
 (COMI, RI, PIRP, PRAR, AIRP, PQ, PB)

TABLE 72 (CONTINUED)

STEPWISE REGRESSION ANALYSIS

- 7) $TV = .77557 AV$
 SE (.02420)
 $t = 32.053$
 $P = .0000$
 BETA (.78876)
 * independent variables entered for stepwise regression
 (COMI, RI, PIRP, PRAR, AIRP, PQ, PB, AV)
- 8) $AV = .43649 PB + .23170 PQ + .90483 COMI$
 SE (.04201) (.04331) (.03129)
 $t = 10.390 \quad 5.352 \quad 3.301$
 $P = .0000 \quad .0000 \quad .0025$
 BETA (.42219) (.22397) (.10131)
 * independent variables entered for stepwise regression
 (COMI, RI, PIRP, PRAR, AIRP, PQ, PB)
- 9) $AV = .80075 TV$
 SE (.02503)
 $t = 31.998$
 $P = .0000$
 BETA (.78776)
 * independent variables entered for stepwise regression
 (COMI, RI, PIRP, PRAR, AIRP, PQ, PB, TV)
- 10) $IB = .35217 AV + .37933 PB + .38472 TV$
 SE (.05980) (.04682) (.05767)
 $t = 5.890 \quad 8.101 \quad 6.671$
 $p = .0000 \quad .0000 \quad .0000$
 BETA (.26734) (.28305) (.29632)
 * independent variables entered for stepwise regression
 (COMI, RI, PIRP, PRAR, AIRP, PQ, PB, AV, TV)
- 11) $IS = -.24348 TV + -.17906 AV$
 SE (.07178) (.07045)
 $t = -3.392 \quad -2.542$
 $P = .0007 \quad .0113$
 BETA -.20724 -.15529
 * independent variables entered for stepwise regression
 (COMI, RI, PIRP, PRAR, AIRP, PQ, PB, AV, TV)

TABLE 73

LISREL MODEL SELECTION BASED ON THE PROPOSED CONCEPTUAL MODEL

1) Model 1 *

Measures of goodness of fit for the whole model

Chi-square with 419 degrees of freedom = 1068.25 (P = .000)
Goodness of fit index = .902
Adjusted goodness of fit index = .884
Root mean square residual = .421

1) Model 2

Modified points (from the initial model)

- a) delete the path from country-of-manufacture image (COMI) to perceived benefit (PB)
(t value for the path = .668 ; not significant)
- b) add the path from pre-internal reference price (PIRP) to perceived regular selling price of advertising retailer (PRAR)
(modification index = 54.036 (chi-square value))

Measures of goodness of fit for the whole model

Chi-square with 419 degrees of freedom = 1009.50 (P = .000)
Goodness of fit index = .907
Adjusted goodness of fit index = .890
Root mean square residual = .249

1) Model 3 **

Modified point (from the modified model)

- a) add the path from perceived benefit (PB) to intention to buy (IB)
(modification index = 46.196 (chi-square value))

Measures of goodness of fit for the whole model

Chi-square with 418 degrees of freedom = 960.52 (P = .000)
Goodness of fit index = .909
Adjusted goodness of fit index = .892
Root mean square residual = .245

* The initial conceptual model (Model 1) tested by LISREL is shown in Figure 3.

** The selected LISREL model is shown in Figure 4.

TABLE 73 (CONTINUED)

Summary table of Goodness of Fit Indices
in Models 1, 2 , and 3

<u>Goones of fit indices</u>	<u>Model 1</u>	<u>Model 2</u>	<u>Model 3</u>
Chi-square	1068.25	1009.50	960.52
Goodness of fit index	.902	.907	.909
Adjusted Goodness of fit index	.884	.890	.892
Root Mean Square Residual	.421	.249	.245

TABLE 74

**MEASUREMENT MODEL PARAMETER ESTIMATES
(THE SELECTED MODEL IN LISREL ANALYSIS)**

<u>True variables</u>	<u>Observed</u>	<u>True score</u>	<u>Error</u>	<u>Slope</u>	<u>T value</u>
		<u>variance</u>	<u>variance</u>		
Retailer image (RI)	RI2	1.071	.926	.588	8.501
	RI3		.820	1.000	-----
Country-of -manufacture image (COMI)	COMI1	1.769	.878	.728	19.765
	COMI2		1.135	.931	21.222
	COMI3		.419	.893	26.082
	COMI4		.393	1.003	27.157
	COMI5		.904	1.000	-----
Advertised reference price (ARP)	ARPP	17.640	.000	1.000	-----
Perceived quality (PQ)	PQ1	1.296	.856	.854	20.794
	PQ2		.310	1.000	-----
	PQ3		.587	.943	24.526
Perceived benefit (PB)	PB1	1.486	.453	1.000	-----
	PB2		.963	.841	21.518
	PB3		.385	.989	30.711
	PB4		.497	.905	27.790
	PB5		1.008	.751	19.410
Pre-internal reference price (PIRP)	PIRP1	14.535	2.248	1.000	-----
	PIRP2		4.044	.862	21.162
Perceived regular selling price of advertising retailer (PRAR)	PRAR1	10.173	2.937	1.017	29.336
	PRAR2		1.743	1.000	-----
Adapted internal reference price (AIRP)	AIRP1	9.355	5.231	1.000	-----
	AIRP2		5.025	.632	15.501
Perceived value (PV)	AV1	1.607	.591	.896	24.505
	AV2		.635	.995	25.252
	AV3		1.007	.845	20.463
	AV4		.670	1.000	-----
Intention to buy (IB)	IB1	1.839	1.072	1.000	-----
	IB2		.515	1.050	21.834
Intention to further search (IS)	IS1	2.155	1.332	.664	14.887
	IS2		.449	1.000	-----
	IS3		1.374	.858	16.271

TABLE 75

**STRUCTURAL COEFFICIENT IN METRIC FORM
(THE SELECTED MODEL IN LISREL ANALYSIS)**

<u>Predetermined variables</u>	<u>Dependent variables</u>							
	PQ	PB	PIRP	PRAR	AIRP	PV	IB	IS
RI	.541			.868				
COMI	.273		.724					
ARP				.513				
PQ		.773						
PB						.669	.371	
PIRP				.223	.394			
PRAR					.586			
AIRP						.107		
PV							.605	-.411
IB								
IS								

TABLE 76

**STRUCTURAL COEFFICIENT IN STANDARD FORM
(THE SELECTED MODEL IN LISREL ANALYSIS)**

<u>Predetermined variables</u>	<u>Dependent variables</u>							
	PQ	PB	PIRP	PRAR	AIRP	PV	IB	IS
RI	.492			.282				
COMI	.320		.253					
ARP				.676				
PQ		.722						
PB						.643	.334	
PIRP				.266	.491			
PRAR					.611			
AIRP						.259		
PV							.566	-.355
IB								

TABLE 77

T VALUES OF STRUCTURAL COEFFICIENTS
(THE SELECTED MODEL IN LISREL ANALYSIS)

<u>Predetermined variables</u>	<u>Dependent variables</u>							
	PQ	PB	PIRP	PRAR	AIRP	PV	IB	IS
RI	7.94			6.18				
COMI	7.74		5.84					
ARP				19.75				
PQ		18.22						
PB						16.29	7.29	
PIRP				7.80	12.24			
PRAR					15.50			
AIRP						7.00		
PV							11.29	-8.01
IB								
IS								

TABLE 78

ANOVA RESULTS BY GENDER

1) AB1	F(1,628) = 3.4107	P = .0652*
	M(.2954) F(.3798)	
AB2	F(1,628) = 5.0517	P = .0249*
	M(3.6347) F(4.0233)	
AB3	F(1,628) = 7.7860	P = .0290*
	M(3.1896) F(3.4651)	
2) BI1	F(1,628) = 4.9936	P = .0258*
	M(2.7844) F(3.0543)	
BI2	F(1,628) = 10.9393	P = .0010*
	M(3.4132) F(3.7752)	
BI3	F(1,628) = 3.3688	P = .0669*
	M(2.9661) F(3.1783)	
3) RI1	F(1,628) = 1.2350	P = .2669
	M(3.6946) F(3.8450)	
RI2	F(1,628) = .8867	P = .3467
	M(3.6228) F(3.7287)	
RI3	F(1,628) = 2.2006	P = .1385
	M(3.0160) F(3.2171)	
4) COMI1	F(1,628) = .6720	P = .4127
	M(5.0240) F(4.9147)	
COMI2	F(1,628) = .0005	P = .9828
	M(4.1198) F(4.1163)	
COMI3	F(1,628) = .0480	P = .8267
	M(4.6387) F(4.6094)	
COMI4	F(1,628) = .1284	P = .7202
	M(4.6418) F(4.5625)	
COMI5	F(1,628) = .0005	P = .9825
	M(4.6527) F(4.5663)	
5) PKO1	F(1,628) = 27.5344	P = .0000*
	M(1.2954) F(.6667)	
PKO2	F(1,628) = 5.9146	P = .0152*
	M(2.1737) F(1.8450)	
PKO3	F(1,628) = .1505	P = .6982
	M(.8144) F(.7984)	
PKS1	F(1,628) = 14.6528	P = .0001*
	M(5.4970) F(4.9612)	
PKS2	F(1,628) = 8.4449	P = .0038*
	M(4.8323) F(4.3953)	

* significantly different by gender

TABLE 78 (CONTINUED)
ANOVA RESULTS BY GENDER

6) IV1	F(1,628) = .014	P = .906
	M(4.110) F(4.130)	
IV2	F(1,628) = .718	P = .397
	M(4.070) F(4.200)	
IV3	F(1,628) = .021	P = .886
	M(3.940) F(3.920)	
7) CL	F(1,628) = 1.8404	P = .1754
	M(3.6327) F(3.8295)	
8) PIRP1	F(1,625) = 5.5082	P = .0192*
	M(14.31) F(15.26)	
PIRP2	F(1,625) = 3.1438	P = .0767
	M(12.32) F(13.00)	
PRAR1	F(1,625) = 8.4538	P = .0038*
	M(11.29) F(12.33)	
PRAR2	F(1,625) = 5.2252	P = .0226*
	M(11.53) F(12.31)	
AIRP1	F(1,625) = 7.1730	P = .0076*
	M(11.93) F(12.94)	
AIRP2	F(1,625) = .3153	P = .5746
	M(9.28) F(9.44)	
PAR1	F(1,625) = 4.0587	P = .0444*
	M(10.45) F(11.09)	
PAR2	F(1,625) = 8.3589	P = .0040*
	M(14.96) F(16.06)	
AAR1	F(1,625) = 1.4054	P = .2363
	M(8.59) F(8.91)	
AAR2	F(1,625) = 1.6879	P = .1944
	M(12.12) F(12.58)	
9) PQ1	F(1,627) = 1.5245	P = .2174
	M(3.4870) F(3.6512)	
PQ2	F(1,627) = 9.4296	P = .0022*
	M(3.4232) F(3.8062)	
PQ3	F(1,627) = 12.5623	P = .0004*
	M(3.5729) F(4.0310)	
PB1	F(1,627) = 3.5064	P = .0616
	M(3.8204) F(4.0775)	
PB2	F(1,627) = 11.8848	P = .0006*
	M(3.4511) F(3.9302)	
PB3	F(1,627) = 2.1107	P = .1468
	M(3.6427) F(3.8372)	
PB4	F(1,627) = 6.8796	P = .0089*
	M(3.7700) F(4.1085)	
PB5	F(1,627) = 2.8822	P = .0901
	M(3.1677) F(3.3953)	

* significantly different by gender

TABLE 78 (CONTINUED)

ANOVA RESULTS BY GENDER

10) AV1	F(1,627) = 1.7326	P = .1886
	M(4.0279) F(4.2093)	
AV2	F(1,627) = .4266	P = .5139
	M(4.1038) F(4.2016)	
TV1	F(1,627) = 1.2631	P = .2615
	M(4.3932) F(4.5581)	
TV2	F(1,627) = 4.6425	P = .0316
	M(3.9701) F(4.2946)	
11) IB1	F(1,627) = 2.5109	P = .1136
	M(3.6926) F(3.9612)	
IB2	F(1,627) = 1.2349	P = .2669
	M(3.7146) F(3.8915)	
IS1	F(1,627) = .0212	P = .8841
	M(5.4431) F(5.4651)	
IS2	F(1,627) = .0000	P = .9975
	M(4.8842) F(4.8837)	
IS3	F(1,627) = 3.4951	P = .0620
	M(4.6507) F(4.3333)	

* significantly different by gender

TABLE 79

ANOVA RESULTS BY OTHER DEMOGRAPHICS

A. ANOVA by major < Business(B) vs. Non-Business (NB) >

AB1	F(1,627) = .1353	P = .7132
	B(.3083) NB(.3226)	
AB2	F(1,627) = .1139	P = .7359
	B(3.7015) NB(3.7512)	
AB3	F(1,627) = .3341	P = .5634
	B(3.2694) NB(3.2074)	
PIRP1	F(1,626) = 11.4696	P = .0008*
	B(14.10) NB(15.26)	
PIRP2	F(1,626) = 11.6865	P = .0007*
	B(12.07) NB(13.17)	
PRAR1	F(1,626) = 5.2461	P = .0223*
	B(11.25) NB(11.95)	
PRAR2	F(1,627) = 2.6715	P = .1027
	B(11.53) NB(12.00)	
AIRP1	F(1,626) = 9.3043	P = .0024*
	B(11.80) NB(12.77)	
AIRP2	F(1,626) = 1.5820	P = .2089
	B(9.20) NB(9.52)	
PAR1	F(1,627) = 10.1795	P = .0015*
	B(10.28) NB(11.13)	
PAR2	F(1,627) = 5.2892	P = .0218*
	B(14.92) NB(15.67)	
AAR1	F(1,627) = .9295	P = .3354
	B(8.57) NB(8.79)	
AAR2	F(1,627) = .3510	P = .5538
	B(12.27) NB(12.09)	

B. ANOVA by grade < Freshman(1) Sophomore(2) Junior(3) Senior(4) >

BI1	F(3,626) = 3.0280	P = .0289*
	1(2.98) 2(3.01) 3(2.69) 4(2.72)	
BI2	F(3,626) = 2.7425	P = .0424*
	1(3.64) 2(3.61) 3(3.43) 4(3.33)	
IS1	F(3,626) = 3.8528	P = .0095*
	1(5.56) 2(5.39) 3(5.70) 4(5.17)	

C. ANOVA by experience in survey < Experience(Y) No experience(NY) >

BI2	F(1,627) = 15.5478	P = .0001*
	Y(3.6341) NY(3.2808)	
BI3	F(1,627) = 10.3967	P = .0013*
	Y(3.1382) NY(2.8346)	

* significantly different

TABLE 80

RESULTS FOR HYPOTHESES TESTS

<TESTED HYPOTHESES>

- H1: There will be a positive relationship between subjects' pre-existing internal reference price and their perceptions of country-of-manufacture.
- H2: The advertised regular price will be positively related with the perceived regular selling price of the advertising retailer.
- H3: The influence of the advertise regular price on the perception of the advertising retailer's regular selling price will be moderated by the retailer's image.
- H4: Subjects' pre-existing internal reference prices will be positively related with their adapted internal reference prices.
- H5: subjects' perceived regular selling price of the advertising retailer will be positively related with their adapted internal reference prices.
- H6: There will be a negative relationship between subjects' confidence in their pre-existing internal reference prices and the degree that their internal reference prices change after seeing the comparative price advertisement.
- H7: Country-of-manufacture image will be positively related with perceived quality.
- H8: Retailer image will be positively related with perceived quality.
- H9: Country-of-manufacture image will have more influence on perceived quality for consumers who have much or little product knowledge as compared to consumers who have moderate product knowledge.
- H10: Perceived quality will be positively related with perceived benefit.
- H11: There will be a positive relationship between country-of-manufacture image and consumers' perceived benefits.

TABLE 80 (CONTINUED)
RESULTS FOR HYPOTHESES TESTS

<TESTED HYPOTHESES>

H12#: Adapted internal reference price will be positively related with perceived value.

H13#: Perceived benefit will be positively related with perceived value.

H14: Perceived transaction value and perceived acquisition value will be positively correlated with each other.

H15+H16#: Perceived value will be positively related with intention to buy.

H17+H18#: Perceived value will be negatively related with intentions to search further

#: modified hypotheses (because perceived acquisition value and perceived transaction value were collapsed as one perception, perceived value)

TABLE 80 (CONTINUED)

RESULTS FOR HYPOTHESES TESTS

< HYPOTHESIS >	< TESTED METHOD >	
H1: CONFIRMED	(SR)*	(L)**
H2: CONFIRMED	(SR)	(L)
H3: CONFIRMED	(ANOVA)	
H4: CONFIRMED	(SR)	(L)
H5: CONFIRMED	(SR)	(L)
H6: NOT CONFIRMED	(T test)	
H7: CONFIRMED	(SR)	(L)
H8: CONFIRMED	(SR)	(L)
H9: PARTIALLY CONFIRMED	(ANOVA)	
H10: CONFIRMED	(SR)	(L)
H11: NOT CONFIRMED	(SR)	(L)
H12#: CONFIRMED	(SR)	(L)
H13#: CONFIRMED	(SR)	(L)
H14: CONFIRMED	(SR)	(L)
H15#: CONFIRMED	(SR)	(L)
H16#: CONFIRMED	(SR)	(L)
H17#: CONFIRMED	(SR)	(L)
H18#: CONFIRMED	(SR)	(L)

* SR: Stepwise Regression ** L: LISREL

#: confirmed in a posteriori hypoyhese

(additionally revealed structural relationships)

1. the path from perceived benefit to intention to buy (L)
2. the path from pre-existing internal reference price to perceived regular selling price of advertising retailer (L)
3. the significant main effect of product knowledge level on perceived quality and perceived benefit (ANOVA)
4. the shift-down effect of advertised sale price on price perceptions (T test)

APPENDICES

APPENDIX 1

OTHER CONTEXTUAL CUES OR MODERATING EFFECTS

< Other Contextual Cues >

1) Advertisement distinctiveness and consistency

The effect of the two contextual advertising variables, the consistency with which the advertiser has advertised such an offer and the distinctiveness of the advertised offer, were examined on affective and cognitive components of attitude toward the advertisement (Burton and Lichtenstein 1988). The consistency had a significant effect on a cognitive measure such as informative-uninformative, effective-ineffective, persuasive-nonpersuasive, believable-unbelievable, and convincing-not convincing, and an overall measure toward advertisements when perceptions of the value of the deal was not included as a covariate. However, in the analysis including the covariate, neither consistency nor distinctiveness had a statistically significant effect on any measures toward advertisement. Therefore, further research is needed to examine the magnitude of the advertisement distinctiveness and consistency effects.

2) Extremity of advertising claim

The effects of message extremity on advertising

effectiveness were examined by Goldberg and Hartwick (1989). It was expected that a message that was highly extreme had considerable potential for attitude change, but was difficult to accept. Results of their study confirmed that superior product features claimed in the advertisement were evaluated more favorably by subjects given the two-sided message (message which carries both positive points and negative points) than the most extreme commercial (one-sided message). In addition to that, claim extremity was found to influence the subjects' perceptions of honesty and interest, with the most extreme commercial leading to perceptions of less honest, but more interesting. In a broad sense, it is known that message credibility embedded on claim extremity or characteristic (two-sided vs. one-sided) moderates consumer perceptions toward advertisements.

< Other Moderating Variable >

Consumer characteristics

As consumer characteristic related effects, Barnes (1975) suggested that (1) subjects who were highly skeptical of the trustfulness of retail sales were less likely to believe the purchase offer in a "sale" advertisement, (2) subjects who held a positive opinion of media advertising produced more positive overall reaction to the advertisements, and (3)

subject's attitude toward discount stores influenced their perceptions toward advertising about a discount store. Although consumer characteristics such as shopping experience and social class or demographics were expected to produce effects on consumer perceptions, those variables except sex failed to show any significant differences (Fry and McDougall 1974; Ahmed and Gulas 1982; Bearden, Lichtenstein and Teel 1984). However, in another study only sex was confirmed as a covariate with store image and trust (Bearden, Lichtenstein and Teel 1984). This covariate effect of sex seems to be ascribed to the fact that experimented products, cooking oil and paper towel are usually purchased by women, thus women should have a higher product familiarity than men. Accordingly, product familiarity rather than sex may be a more valid source of the moderating effect.

APPENDIX 2

PREVIOUS RESEARCH TO IDENTIFY PERCEPTUAL DIMENSIONS

Walton, Berkowitz and Buchholz (1978a) conducted an experiment to identify the dimensions or structure of consumer responses to price cues. Two identified factors were an economic value factor and a product characteristic factor. The economic value factor included perceptions about value for the money, perceived worth, perceived savings; product characteristic factors included perceptions about performance expectations, satisfaction and quality. Perceptions of product attractiveness, willingness to buy, and believability of information were loaded in two factors inconsistently, sometimes to the economic value factor, and other times to the product characteristic factor. One thing to be noticed is that one-half of the variation in the analysis was not explained by the two factors. This result implies that consumer perceptions toward advertisements have more latent dimensions besides the economic value and product characteristic factors. Additionally, the pattern of loadings on both factors varies by product category. Therefore, it can be inferred that consumer responses to price cues differ depending on the product category.

Successively, they tried to identify an expected set of price-related predictor responses and to ascertain the relative importance of these predictors in explaining

variation in appropriate criterion variables. They proposed that there would be multiple responses to mediate their behavioral impact since price cues are complex stimuli. A high degree of consistency evident across advertisements supported the expectation that there would be reliable underlying structure on consumer perceptual process toward comparative advertisements. As to particular findings, 1) quality was an important price-related response, 2) quality perceptions such as expected quality and performance expectation were related to buy for the money, 3) perceived savings, quality, and price acceptability were significant predictors on the perceptions of buy for the money and willingness to buy, and 4) buy for the money was overall the best single predictor of willingness to buy.

Additionally, Berkowitz and Walton (1980) mentioned that diverse description and theoretical approaches supported the use of a range of cognitive dimensions to model the encoding process of consumers' responses toward advertisements. It was regarded that in the encoding process, the consumer interprets and evaluates the price cue. Particularly, this interpretation and evaluation were assumed to take place on a number of price-related cognitive dimensions such as 1) quality (Gardner 1971; Keiser and Krum 1976; Monroe 1973; Olson 1973; Wheatly and Chiu 1977; Woodside and Sims 1974), 2) perceived worth (Szybillo and Jacoby 1974), 3) value for the money (Barnes 1974), 4) price acceptability (Gabor and Granger 1969), and 5) willingness to buy (Deering and Jacoby 1972). Therefore, it

was also recommended that future efforts should include an expanded range of cognitive dimensions, besides those mentioned above. In addition, the comprehensive perceptual dimensions should be examined with various products and various contextual cues because the perceptual dimensions are found to be dependent on product type and contextual cues.

APPENDIX 3

RESEARCH ISSUES TO BE INVESTIGATED IN THIS STUDY

- (1) There is a need to know relevant influences of advertisement contextual cues on various conceptual dimensions.

Considering that the most desirable result of the communication through price advertisements is to motivate consumers to purchase the advertised products, how contextual cues are processed, accepted and perceived in consumer minds is examined in order to get subsequent impacts of contextual cues on behavioral intentions through those perceptual processes.

- (2) There is a need to understand underlying dimensions of perceptual structures.

It is known that there are multidimensional effects on consumer perceptual processing for advertised information. Therefore, it is needed to know the paths and interrelationships among perceptual dimensions which incorporate a comprehensive range of consumers' perceptual processes.

- (3) There is need to determine moderating variables for each perceptual process.

Besides the concerned contextual cues, other variables

are expected to be embedded into consumer information processes with moderating effects. Accordingly, in order to develop a conceptual model to explain consumer perceptual processes, sources and paths of moderating effects are needed to be investigated.

- (4) There is a need to know underlying theories which explain perceptual processes.

In explaining consumer information processes, theories from psychology, economics or consumer behavior have been applied. Similarly, for these specific consumer perceptions, relevant theories will suggest reasonings behind proposed impacts and directions. Theories may also help to get a comprehensive set of explainable variables for consumer perceptions toward comparative advertisements. In addition, it is desirable to test the proposed directions and effects based on theories.

- (5) There is a need to know price-quality relationships with presence of other cues such as brand name and retailer name.

Better understanding of the price-perceived quality relationship has been one of the most important issues to be examined in pricing research. Consumer perceptions of advertised product quality by price cues may be one of key determinants of their perceptions toward the advertised deal. Furthermore, it was suggested that the price-perceived quality

relationship was enhanced when other contextual cues such as brand name or store image were presented with price cues (Rao and Monroe 1989). Therefore, it is motivated in this study to examine price-perceived quality relationship in the presence of other cues in comparative price advertisement contexts.

- (6) There is a need to know how advertisement cues influences transaction utility and acquisition utility.

Two components of value perception are transaction utility and acquisition utility. By decomposing the value perception into two parts, specific influences of contextual cues on value perception can be understood. Furthermore, comparative price advertisement is expected to induce favorable consumer value perception mostly by increasing transaction utility, because discounted prices lead to enhanced transaction utility in specific occasions. Therefore, the contextual cue effects or prior perceptual influences on transaction value perception should be investigated with more concern.

- (7) There is a need to know the impact of perceptions to behavioral intentions.

Considering that advertising retailers' final goals for comparative price advertisements is to increase their sales, it will be one of the most important issue to investigate how and how much consumer perceptions invoked by advertised contextual cues affect consumers' behavioral intention such as

willingness to buy or further search for best deal.

APPENDIX 4

RESEARCH ISSUES IN THE STREAM OF STUDIES FOR COMPARATIVE PRICE ADVERTISING

- 1) To examine the effect of advertisement contextual cues
(Jacob, Olson and Haaddock 1971; Barnes 1975; Keiser and Krum 1976; Walton, Berkowitz and Buchholz 1978a; Walton, Berkowitz and Buchholz 1978b; Berkowitz and walton 1980; Blair and Landon 1981; Della Bitta, Monroe and McGinnis 1981; Ahmed and Gulas 1982; Bearden, Lichtenstein and Teel 1984; Burton and Lichtenstein 1988; Mobley, Bearden and Teel 1988; Lichtenstein, Burton and O'Hara 1989; Goldberg and Hartwick 1989)
- 2) To examine the structure of consumer responses toward comparative price advertisement
(Walton, Berkowitz and Buchholz 1978a; Walton, Berkowitz 1978)
- 3) To examine moderating effects on consumer perceptions toward comparative price cues
(Jacoby, Olson and Haddock 1971; Fry and McDougall 1974; Barnes 1975; Ahmed and Gulas 1982; Bearden, Lichtenstein and Teel 1984; Lichtenstien, Block and Black 1988)
- 4) To examine the influence of overstated price or discount

cues

(Kaiser and Krum 1976; Urbany, Bearden and Weilbaker 1988)

5) To examine mediating process on acceptance of advertising messages

(Wright 1973)

6) To examine consumer brand choice decision with a reference price model (Winer 1986)

7) To explain consumer perceptions toward advertised cues based on theories

a) assimilation-contrast theory

(Bearden, Lichtenstein and Teel 1984; Urbany, Bearden and Weilbaker 1988; Lichtenstein and Bearden 1989; Bearden, Kaiker and Teel 1989)

b) attribution theory

(Lichtenstein, Burton and O'Hara 1989)

c) message learning theory

(Wright 1973; Barn 1975; Mobley, Bearden and Teel 1988;

Goldberg and Hartwick 1989)

d) transaction utility theory

(Chapman 1987; Urbany, Bearden and Weilbaker 1988)

e) discounting hypothesis

(Urbany, Bearden and Weilbaker 1988)

APPENDIX 5

VARIABLES USED IN THE EXPERIMENT

I. Independent variables (contextual cues)

(1) Advertised reference price (ARP):

IPH(Implausible high),

PH (Plausible high),

PL (Plausible low)

(2) Retailer image (RI): Consumers' perceived retailer image will be measured.

National department store vs. Discount store

(e.g., Hyundai Department store vs.

Hi-mart in Yongsan electronic street (discount store))

(3) Country-of-manufacture image (COMI)

made in U.S.A.

made in Japan

made in South korea

* Advertised sale price will be fixed.

* Fixed comparative price format:

regular price / sale price

* fixed brand name: 'Realistic'

(unknown brand name to Korean respondents)

II. Moderating variables

- (1) Confidence in Internal Reference Price (CIP)
- (2) Consumer Product Knowledge (PK)

III. Dependent variables

A. Before Advertisement Exposure

- (1) Pre-existing Internal Reference Price (IRP)
- (2) Pre-existing Acceptable Price Range (AR)

B. After Advertisement Exposure

- (3) Advertisement Believability (AB)
- (4) Perceived Regular Selling Price of
Advertising Retailer (PRAR)
- (5) Adapted Internal Reference Price (AIRP)
- (6) Adapted Acceptable Price Range (AAR)
- (7) Perceived Quality (PQ)
- (8) Perceived Benefit (PB)
- (9) Perceived Acquisition Value (AV)
- (10) Perceived Transaction value (TV)
- (11) Intention to Buy (IB)
- (12) Intention to Further Search (IS)

APPENDIX 6

EXPERIMENTAL DESIGN FOR THE EXPERIMENT

I. Product to be used in the experiment

mini cassette tape player

II. Subjects for the experiment

students of Yonsei University at Seoul, South Korea

(Convenience sample)

III. 3 x 2 x 3 factorial design

(1) 3 levels of advertised regular price (PL, PH, IPH)

(2) 2 levels of retailer image (Hyundai Department store
(prestigious store) vs. Hi-mart in Yongsan
Electronic street in Seoul (discount store)

(3) 3 levels of country-of-manufacture

a) made in U.S.A.

b) made in Japan

c) made in South Korea

APPENDIX 7

SCALE ITEMS FOR RELATED CONSTRUCTS

I. Constructs related to contextual cues

A. Brand image (BI)

The brand featured in the advertisements

- 1) is of very low prestige --- is of very high prestige
- 2) is of very low quality --- is of very high quality
- 3) has very low popularity --- has very high popularity

B. Retailer image (RI)

The advertising store

- 1) sells products at very low prices ---
sells products at very high prices
- 2) is of very low prestige ---
is of very high prestige
- 3) is not credible in its advertised prices ---
is credible in its advertised prices
- 4) is low quality merchandiser ---
is high quality merchandiser
- 5) provides low level of service ---
provides high level of service

C. Country-of-manufacture image (COMI)

- 1) The country in which the advertised product is made is
(very low in economic development ---
very high in economic development)

- 2) How much risk do you feel when you purchase the product which is made in the country
(very little risk --- very much risk)
- 3) What is your overall quality perception of products made in the country
(of very low quality --- of very high quality)
- 4) How do you generally evaluate products made in the country in terms of the prestige level?
(is of very low prestige -- is of very high prestige)
- 5) Can you generally say that products made in this country are popular in terms of South Korea?
(very unlikely -- very likely)

II. Constructs related to moderating variables

A. Confidence in internal reference price (CI)

How confident are you in your reference price estimation for the described product?

(very much confident -- not at all confident)

B. Consumer product knowledge (PK)

< Objective measure > (PKO)

- 1) Please list all the features you know about a mini cassette tape player except the features described.
- 2) Please list all the brand names (including imported ones)

you know for a mini cassette tape player.
- 3) If possible, rank the listed brands according to

your perceived quality.

- 4) How many times have you purchased a mini cassette tape player ? (number of purchasing)

< Subjective measure > (PKS)

- 1) How knowledgeable are you about the features of the a mini cassette tape player?

(Not knowledgeable at all -- Extremely knowledgeable)

- 2) If somebody asked you about the features of a mini cassette tape player, how much could you tell them?

(Almost nothing -- a lot)

- 3) How much have you used any electronic products carrying the brand name?

(Almost never -- very often)

- 4) How familiar are you with the advertised product in general ?

(Not at all familiar -- Extremely familiar)

- 5) Have you ever used the product ? (yes / no)

- 6) How familiar are you with the brand name ?

(Not at all familiar -- Extremely familiar)

- 7) How many times have you ever used any electronic made in the specified country ? (Almost nothing -- A lot)

III. Constructs related to dependent variables

A. Advertisement Believability (AB)

- 1) Do you believe that the amount of this advertised regular price is a trustful claim? (Yes/No)

- 2) I think I can save as much money as the difference between the regular price and sale price, if I purchase the advertised product on this sale, compared to the price I would pay for the product before the sale ?

(Strongly disagree -- Strongly agree)

- 3) The quality of the advertised brand will be high as advertised. (Strongly disagree -- Strongly agree)

- 4) If you purchase the product on this sale, do you think you can save as much money as the differences between the regular price and sale price, compared to the price you should pay for the product before sale ?

(Strongly disagree -- Strongly agree)

B. Price perceptions

Under the consideration that consumer internal reference price (IRP) is a multi-dimensional construct, this study uses several measures which have been used in a number of advertised reference price studies (Lichtenstein and Bearden 1989; Urbany, Bearden and Weilbaker 1988).

1) Pre-existing Internal Reference Price (PIRP)

(before advertisement exposure)

- a) What is your estimated normal or usual price for the mini cassette tape player?

- b) What is the price for the mini cassette tape player you would like to pay ?
(aspiration price)
 - c) What will be your expected price for the mini cassette tape player ? (expected price)
 - d) What will be a reasonable price or a fair price ? (fair price)
 - e) What do you think is the average retail price for this product ? (market price)
 - f) What do you think is the price most frequently charged ? (historical price)
- 2) Pre-existing Acceptable Price Range (PAR)
(before advertisement exposure)
- a) Please circle all the prices you can consider acceptable to pay for the described mini cassette tape player.
 - b) Which one of prices you circle would be the most acceptable price for you to pay ?
 - c) Please write the lowest price you consider acceptable to pay for the described product.
 - d) Please write the highest price you consider acceptable to pay for the described product.
- 3) Perception of regular selling price of advertising retailer (PRAR)
- a) At what price do you think this store regularly sells this product (not-on-sale)?
\$ _____

b) Compared to the advertised regular price, what price do you think the retailer has regularly sold the advertised product at?
\$ _____

c) The price level you think the retailer has regularly sold the advertised product (not-on-sale) is \$ _____

d) Compared to the advertised regular price, what do you think the regular selling price of this item was at this store before the sale ?

4) Adapted Internal Reference price (AIRP)

(After advertisement exposure)

- a) What is your estimate of the normal or usual price for the mini cassette tape player described?
- b) What is the price you would like to pay for the mini cassette tape player? (aspiration price)
- c) What will be your expected price for the mini cassette tape player ?(expected price)
- d) What will be a reasonable price or a fair price ? (fair price)
- e) What do you think is the average retail price for this product ? (market price)
- f) What do you think is the price most frequently charged? (historical price)

5) Adapted Acceptable Price Range (AAR)

(after advertisement exposure)

- a) Please circle all the prices you can consider acceptable to pay for the described product.
- b) Which one of prices you circle would be the most acceptable price for you to pay ?
- c) Please write the lowest price you consider acceptable to pay for the described product.
- d) Please write the highest price you consider acceptable to pay for the described product.
- e) What is the lowest possible price for this product ?
- f) What is the highest possible price for this product ?

C. Product perceptions

1) Perceived quality (PQ)

(Urbany and Bearden 1990; Chapman and Monroe 1990)

- a) The likelihood that the advertised product will be reliable is (very low -- very high)
- b) This advertised product appears to be of (very poor quality -- very good quality)
- c) This advertised product would seem to be dependable (strongly disagree -- strongly agree)
- d) The likelihood that the advertised product will have variety in function is

(very low -- very high)

e) This product seems to be made by fine crafts.

(not at all -- very likely)

2) Perceived benefit (PB) (Grewal 1990)

a) How appealing to you is the thought of using this
product ? (Not at all appealing -- Extremely)

b) To what extent does this product meet your
specific needs ?

(Strongly disagree -- Strongly agree)

c) This mini cassette tape player will give me
convenience to my everyday life

(Strongly disagree -- Strongly agree)

d) This mini cassette tape player seems to fit to my
life style (Strongly disagree -- Strongly
agree)

e) This mini cassette tape player seems to provide
lots of advantages to my life.

(Not at all advantageous -- Extremely
advantageous)

f) The idea of using this product is extremely
attractive to me

(Strongly disagree -- Strongly agree)

g) Using this mini cassette tape player would
provide benefits to me

(Strongly disagree -- Strongly agree)

h) Using this product satisfies my needs for

prestige

(Strongly disagree -- Strongly agree)

- i) Using this mini cassette tape player satisfies my
needs for prestige

(Strongly disagree -- Strongly agree)

D. Value perceptions

1) Perceived transaction value (TV)

- a) Advertised sale price is much lower than I
expected to pay.

(Strongly disagree -- Strongly agree)

- b) Compared to my internal reference price, the sale
price in this promotion seems to bring a lots
of savings to me

(Strongly disagree -- Strongly agree)

- c) This price offer for the product is a
(very poor deal -- very good deal)

- d) People who purchase this product using this offer
would save a lot of money.

(strongly disagree -- strongly agree)

- e) Compared to the advertised sale price, the lowest
possible price at which you could buy the
advertised product if you shop around would be
(much lower -- much higher)

- f) Purchasing this product at this deal is extremely
attractive to me.

(strongly disagree -- strongly agree)

2) Perceived acquisition value (AV)

- a) Compared to the benefits I can get from the average of this product, this product offer is
(very poor -- very good value)
- b) This product is a good value for this amount of money
(strongly disagree -- strongly agree)
- c) Considering the benefit of this product, I think buying this product at this price is a good buy
(strongly disagree -- strongly agree)
- d) Buying this product at this price will give me more gain than saving the money
(strongly disagree -- strongly agree)

E. Behavioral intention

1) Intentions to buy (IB)

- a) If I were interested in purchasing a mini cassette, the likelihood that I would purchase this product given the offer described is
(very low -- very high)
- b) If I were interested in purchasing a mini cassette, my willingness to buy this product given this offer is
(very unwilling -- very willing)
- c) I would not consider buying this product given the offer described
(Strongly disagree -- Strongly agree)

2) Intentions to further search (IS)

- a) Given the offer described, the likelihood that I would search for a better product is
(very low -- very high)
- b) If I need to buy a mini cassette, my willingness to further search to get a better product is
(very unwilling -- very willing)
- c) I would not consider additional search for the product described in the advertisement
(Strongly disagree -- Strongly agree)
- d) If I need to buy a mini cassette, the likelihood that I would search for a better deal is
(very low -- very high).
- e) If I need to buy a mini cassette, my willingness to further search to get a cheaper price offer is (very unwilling -- very willing)
- f) I would not consider additional search for this product given the price offer described
(Strongly disagree -- Strongly agree)

V. Constructs for manipulation check

A. Manipulated levels for advertised regular price (MRP)

- 1) Compared to other prices for a mini cassette, the suggested regular price in the advertisement is
(extremely low -- extremely high)
- 2) How do you evaluate the advertised regular price for

the mini cassette tape player ?

(very low priced -- very highly priced)

- 3) The advertised regular price is a fair price for the mini cassette tape player.

(strongly disagree -- strongly agree)

B. Manipulated levels for advertised sale price (MSP)

- 1) Compared to other prices for a mini cassette tape player, the suggested sale price for the advertised product is

(extremely low -- extremely high)

- 2) How do you evaluate the advertised sale price for the mini cassette tape player ?

(very low priced -- very high priced)

- 3) The advertised sale price is a fair price for the mini cassette tape player.

(strongly disagree -- strongly agree)

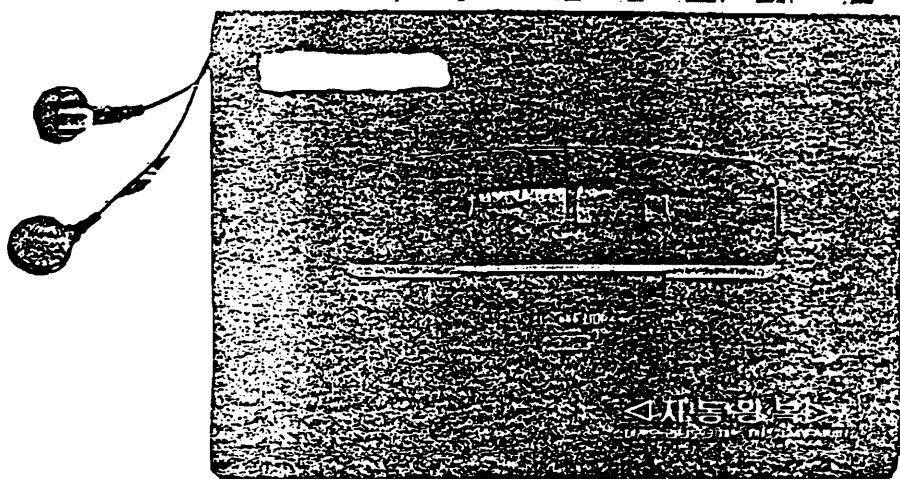
APPENDIX 8

PRETEST I MATERIAL

This is a product description. I think this product (mini cassette tape player) will be familiar to you although you may have not yet purchased this product for you. I am asking (1) what is your expected price levels for this product and (2) your knowledge of this described product. This question is made in order to help my experiment to investigate consumers' perceptions toward comparative price advertisements. Your response will be helpful for me to get ideas for experimented price levels of this product. Thank you for your participation!

Product : Mini Cassette Tape Player

Features: Recording function equipped
AM / FM
Auto reverse
Super base sound (SBS)
Super mini size
Special cover treatment for new design
Include best quality earphone



- I.
- A. Please circle all the prices that you can consider acceptable for this product
\$51 \$64 \$77 \$90 \$103 \$115 \$128 \$144 \$154 \$167 \$179 \$192 \$205
 - B. Which one of the prices you circled is the most acceptable price for you to pay? _____
 - C. What is the highest price you willing to pay ?

 - D. What is the lowest price you are willing to pay ?

II.

A. What is the lowest possible price for this product ?

B. What is the highest possible price for this product ?

III.

A. What is your estimated normal or usual price for the product described ?

B. What is the price you would like to pay (aspiration price) ?

C. What will be a reasonable price or a fair price for the product (expected price)?

D. What do you think is the average retailer price for this product (market price) ?

E. What do you think is the price most frequently charged (historical price) ?

F. How much are you confident in your reference price estimations for the described product ?
(Please circle the number on the scale corresponding to your response)

very much (1) (2) (3) (4) (5) (6) (7) not at all
confident confident

IV.

A. Please list all the features you know about the product regardless of whether the features are described or not.

B. Please list all the brand names you know for the product. (including imported ones)

C. If possible, rank the listed brands according to your perceived quality.

D. How many times have you purchased the product?
(number of purchasing)

Please circle the number on the scale that best corresponds to your response.

E. Have you ever used the proeuct ?

Not at all (1) (2) (3) (4) (5) (6) (7) A lot

F. How familiar are you with the advertised product
in general ?

not at all (1) (2) (3) (4) (5) (6) (7) Extremely
familiar familiar

G. How knowledgeable are you about the features of the described
product ?

not at all (1) (2) (3) (4) (5) (6) (7) Extremely
knowledgeable knowledgeable

H. If somebody asked you about the product attributes, how
much could you tell them ?

Almost nothing (1) (2) (3) (4) (5) (6) (7) A lot

I. How familiar are you with the brand name ?

not at all (1) (2) (3) (4) (5) (6) (7) Extremely
familiar familiar

J. How much have you ever used any electronic products carrying
the brand name ?

Almost nothing (1) (2) (3) (4) (5) (6) (7) A lot

K. How many times have you ever used any electronics made in the
specified country ?

Almost nothing (1) (2) (3) (4) (5) (6) (7) A lot

APPENDIX 9

PRETEST II MATERIAL

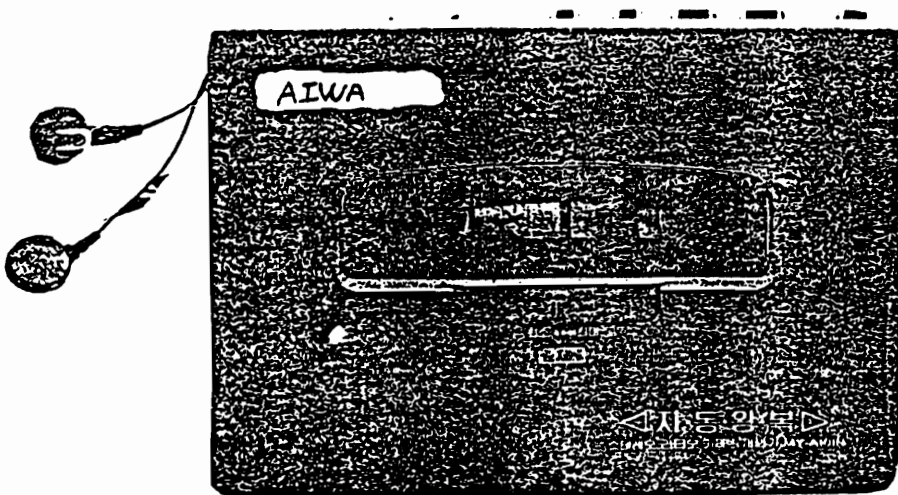
SURVEY RESPONSE BOOKLET

PART I

This is a product description. I think this product (mini cassette tape player) will be familiar to you although you may have not yet purchased this product for you. I am asking (1) what is your expected price levels for this product and (2) your knowledge of this described product. This question is made in order to help my experiment to investigate consumers' perceptions toward comparative price advertisements. Your response will be helpful for me to get ideas for experimented price levels of this product. Thank you for your participation!

Product : Aiwa MiniCassette Tape Player
(made in Taiwan)

Features: Recording function equipped
AM / FM
Auto reverse
Super base sound (SBS)
Super mini size
Special cover treatment for new design
Include best quality earphone



A.

- 1) Please circle all the prices that you can consider acceptable for this product

\$51 \$64 \$77 \$90 \$103 \$115 \$128 \$144 \$154 \$167 \$179 \$192 \$205

- 2) Which one of the prices you circled is the most acceptable price for you to pay? _____

- 3) What is the highest price you willing to pay _____

- 4) What is the lowest price you are willing to pay _____

- 5) What is the lowest possible price for this product ? _____

- 6) What is the highest possible price for this product ? _____

B.

- 1) What is your estimated normal or usual price for the product described ? _____

- 2) What is the price you would like to pay (aspiration price) ? _____

- 3) What will be a reasonable price or a fair price for the product (expected price)? _____

- 4) What will be your expected price for the product ? _____

- 5) What do you think is the average retailer price for this product (market price) ? _____

- 6) What do you think is the price most frequently charged (historical price) ? _____

- 7) How much are you confident in your reference price estimations for the described product ?
(Please circle the number on the scale corresponding to your response)

very much (1) (2) (3) (4) (5) (6) (7) not at all
confident confident

C. 1) Please list all the features you know about the product regardless of whether the features are described or not.

2) Please list all the brand name you know for the product. (including imported ones)

3) If possible, rank the listed brands according to your perceived quality.

4) How many times have you purchased the product? (number of purchasing)

Please circle the number on the scale that best corresponds to your response.

5) Have you ever used the product ?

Not at all (1) (2) (3) (4) (5) (6) (7) A lot

6) How familiar are you with the advertised product in general ?

not at all (1) (2) (3) (4) (5) (6) (7) Extremely familiar familiar

7) How knowledgeable are you about the features of the described product ?

not at all (1) (2) (3) (4) (5) (6) (7) Extremely knowledgeable knowledgeable

8) If somebody asked you about the product attributes, how much could you tell them ?

Almost nothing (1) (2) (3) (4) (5) (6) (7) A lot

9) How familiar are you with the brand name ?

not at all (1) (2) (3) (4) (5) (6) (7) Extremely familiar familiar

10) How much have you ever used any electronic products
carrying the brand name ?

Almost nothing (1) (2) (3) (4) (5) (6) (7) A lot

11) How many times have you ever used any electronics made in
the specified country ?

Almost nothing (1) (2) (3) (4) (5) (6) (7) A lot

PART II

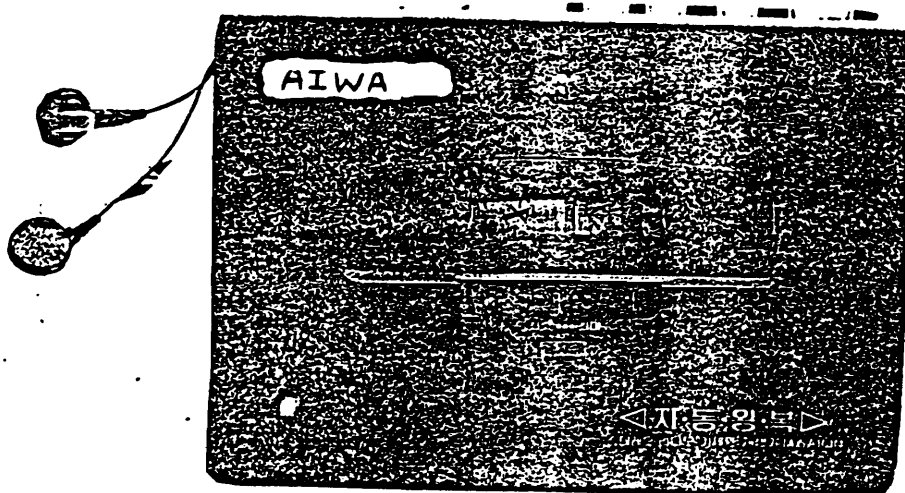
Assume that the advertisement below came to your attention when you are searching to buy the advertised product, minicassette. After carefully read the advertisement, please respond the questions related to your perceptions toward the advertised product.

HYUNDAI DEPARTMENT STORE SALES PROMOTION (9/1 - 9/15)

Product : Aiwa Mini Cassette Tape Player
(Aiwa corp. made in Taiwan)

Features: Recording function equipped
AM / FM
Auto reverse
Super base sound (SBS)
Super mini size
Special cover treatment for new design
Include best quality earphone

Regular Price : 158,000 (\$203)
Sale price : 88,000 (\$113)



You can remove this advertisement page from the response booklet for ease of reference.

- 1) Do you believe that the amount of this advertised regular price is a trustful claim ? (Yes / No)
- 2) At what price do you think this store regularly sells this product ? _____
- 3) Please circle all the prices that you can consider acceptable for this product
\$51 \$64 \$77 \$90 \$103 \$115 \$128 \$144 \$154 \$167 \$179 \$192 \$205
- 4) Which one of the prices you circled is the most acceptable price for you to pay? _____
- 5) What is the highest price you willing to pay _____
- 6) What is the lowest price you are willing to pay _____
- 7) Compared to other sale prices, the suggested sale price is (Please circle the number corresponds to your response)
Extremely (1) (2) (3) (4) (5) (6) (7) Extremely
low high
- 8) What will be a reasonable price or a fair price for the product (expected price)? _____
- 9) The brand featured in the advertisements is of (Please circle the number corresponds to your responses)
 - a) Very low (1) (2) (3) (4) (5) (6) (7) Very high
prestige prestige
 - b) Very low (1) (2) (3) (4) (5) (6) (7) Very high
quality quality
 - c) Very low (1) (2) (3) (4) (5) (6) (7) Very high
popular popular
- 10) Compared to other normal prices, the suggested regular price in the advertisement is
Extremely (1) (2) (3) (4) (5) (6) (7) Extremely
lower higher
- 11) How much do you believe the quality of the advertised brand products ?
Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disbelieve believe

12) What is the lowest possible price for this product ?

13) Compared to the advertised regular price, what do you think the regular selling price of this item was at this store before the sale ? (Please circle the number corresponds to your perceptions.)

Extremely higher
than the

advertised (1) (2) (3) (4) (5) (6) (7) regular price

Same with
the advertised
regular price

Extremely lower
than the

advertised
regular price

14) What is the highest possible price for this product ?

15) How do you evaluate the advertised regular price ?

Very low
priced

(1) (2) (3) (4) (5) (6) (7)

Very high
priced

16) The country in which the advertised product is made is

Very low
in economic
development

(1) (2) (3) (4) (5) (6) (7)

Very high
in economic
development

17) How much risk do you feel when you purchase the product which is made in the country ?

Very little
risky

(1) (2) (3) (4) (5) (6) (7)

Very much
risky

18) What is your overall quality perception of products made in the country ?

Of very low
quality

(1) (2) (3) (4) (5) (6) (7)

Of very high
quality

19) How do you generally evaluate products made in the country in the prestige level ?

Is of very
low prestige

(1) (2) (3) (4) (5) (6) (7)

is of very
high prestige

20) Can you generally say that products made in the country are popular in South Korea ?

Very unlikely

(1) (2) (3) (4) (5) (6) (7)

Very likely

21) Purchasing this product at this deal is extremely attractive to me

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

22) Do you think the advertised regular price is a fair price ?

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

23) What is the price you would like to pay (aspiration price) ?

24) Compared to the advertised regular price, the price level you think the retailer has regularly sold the advertised items is?

Extremely higher than the advertised (1) (2) (3) (4) (5) (6) (7) advertised regular price	Extremely lower than the advertised regular price
Same with the advertised regular price	

25) Do you think you can save as much money as the difference between the regular price and sale price, if you purchase the product on this sale, compared to the price you should pay for the product before the sale ?

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

26) I would not consider buying this product given the offer described.

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

27) The advertising store
(Please circle the numbers correspond to your responses)

a) is low (1) (2) (3) (4) (5) (6) (7) is high quality quality merchandiser merchandiser

b) sells (1) (2) (3) (4) (5) (6) (7) sells products at very products at very low prices high prices

c) provides (1) (2) (3) (4) (5) (6) (7) provides low level of high level of services services

- d) is of (1) (2) (3) (4) (5) (6) (7) is of
very low prestige very high prestige
- e) is not (1) (2) (3) (4) (5) (6) (7) is credible
credible in its in its
advertised prices advertised products
- 28) How do you evaluate the advertised sale price ?
very low (1) (2) (3) (4) (5) (6) (7) very high
priced priced
- 29) Advertised sale price is much lower than I expected to pay.
Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree
- 30) Given the offer described, the likelihood that I would search
for a better product is
Very low (1) (2) (3) (4) (5) (6) (7) Very high
- 31) Compared to my internal reference price, the sale price in
this promotion seems to bring a lots of savings to me
Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree
- 32) Buying this product at this price will give me more gain than
saving the money.
Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree
- 33) Given the offer described, the likelihood that I would
purchase this product is
Very low (1) (2) (3) (4) (5) (6) (7) Very high
- 34) I would not consider additional search for this product given
the price offer described.
Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree
- 35) What is your estimated normal or usual price for the
product described ? _____
- 36) I would not consider additional search for the product
described in the advertisement
Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

- 37) This price offer for the product is a
 very poor deal (1) (2) (3) (4) (5) (6) (7) Very good deal
- 38) This product is a good value for this amount of money
 Strongly disagree (1) (2) (3) (4) (5) (6) (7) Strongly agree
- 39) Compared to the advertised regular price, the price the store
 ususally sells this product is ?
 Extremely higher than the advertised regular price (1) (2) (3) (4) (5) (6) (7) Same with the advertised regular price
 Extremely lower than the advertised regular price
- 40) Compared to the advertised sale price, the lowest possible
 price at which you could buy the advertised product if you
 shop around would be
 Much lower (1) (2) (3) (4) (5) (6) (7) Much higher
- 41) What do you think is the average retailer price for this
 product (market price) ? _____
- 42) What do you think is the price most frequently charged
 (historical price) ? _____
- 43) Considering the quality of this product, I think
 buying this porudct at this price is a good buy
 Strongly disagree (1) (2) (3) (4) (5) (6) (7) Strongly disagree
- 44) People who purchase this product using this offer would save
 a lot of money
 Strongly disagree (1) (2) (3) (4) (5) (6) (7) Strongly agree
- 45) Given the offer desccribed, the likelihood that I would search
 for a better deal is
 Very low (1) (2) (3) (4) (5) (6) (7) Very high
- 46) Given the offer described, my willingness to further search
 to get a better product is
 Very unwilling (1) (2) (3) (4) (5) (6) (7) Very willing

47) Given the offer described, my willingness to further search to get a cheaper price offer is

Very unwilling (1) (2) (3) (4) (5) (6) (7) Very willing

48) Given the offer described, my willingness to buy this product is

Very unwilling (1) (2) (3) (4) (5) (6) (7) Very willing

49) What will be you expected price for the product ?
(expected price) _____

50) This price offer for the product gives me much satisfaction because I can save lots of money.

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

51) If I compare the benefits I can get from the average of this product with the selling price at this price offer is

Very poor (1) (2) (3) (4) (5) (6) (7) Very good
value value

B.

1) The likelihood that the product will be reliable is

Very low (1) (2) (3) (4) (5) (6) (7) Very high

2) To what extent does this product meet your specific need ?

Not at all (1) (2) (3) (4) (5) (6) (7) Very much

3) The idea of using this product is extremely attractive to me

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

4) This product seems to fit to my life style

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

5) The likelihood that the product will have variety in function is

Very low (1) (2) (3) (4) (5) (6) (7) Very high

6) This product would seem to dependable

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

- 7) Using this product would provide benefits to me
- | | | | | | | | | |
|-------------------|-----|-----|-----|-----|-----|-----|-----|----------------|
| Strongly disagree | (1) | (2) | (3) | (4) | (5) | (6) | (7) | Strongly agree |
|-------------------|-----|-----|-----|-----|-----|-----|-----|----------------|
- 8) This product is very desirable
- | | | | | | | | | |
|-------------------|-----|-----|-----|-----|-----|-----|-----|----------------|
| Strongly disagree | (1) | (2) | (3) | (4) | (5) | (6) | (7) | Strongly agree |
|-------------------|-----|-----|-----|-----|-----|-----|-----|----------------|
- 9) This product appears to be of
- | | | | | | | | | |
|-------------------|-----|-----|-----|-----|-----|-----|-----|-------------------|
| Very poor quality | (1) | (2) | (3) | (4) | (5) | (6) | (7) | Very good quality |
|-------------------|-----|-----|-----|-----|-----|-----|-----|-------------------|
- 10) How appealing to you is the thoughts of using this product ?
- | | | | | | | | | |
|----------------------|-----|-----|-----|-----|-----|-----|-----|---------------------|
| Not at all appealing | (1) | (2) | (3) | (4) | (5) | (6) | (7) | Extremely appealing |
|----------------------|-----|-----|-----|-----|-----|-----|-----|---------------------|
- 11) This product will give me convenience to my everyday life..
- | | | | | | | | | |
|-------------------|-----|-----|-----|-----|-----|-----|-----|----------------|
| Strongly disagree | (1) | (2) | (3) | (4) | (5) | (6) | (7) | Strongly agree |
|-------------------|-----|-----|-----|-----|-----|-----|-----|----------------|
- 12) This porduct seems to provide lots of advantages to my life.
- | | | | | | | | | |
|-------------------------|-----|-----|-----|-----|-----|-----|-----|------------------------|
| Not at all advantageous | (1) | (2) | (3) | (4) | (5) | (6) | (7) | Extremely advantageous |
|-------------------------|-----|-----|-----|-----|-----|-----|-----|------------------------|
- 13) This product seems to be made by fine crafts
- | | | | | | | | | |
|------------|-----|-----|-----|-----|-----|-----|-----|-------------|
| Not at all | (1) | (2) | (3) | (4) | (5) | (6) | (7) | very likely |
|------------|-----|-----|-----|-----|-----|-----|-----|-------------|
- 14) Using this product satisfies my needs for prestige
- | | | | | | | | | |
|-------------------|-----|-----|-----|-----|-----|-----|-----|----------------|
| Strongly disagree | (1) | (2) | (3) | (4) | (5) | (6) | (7) | Strongly agree |
|-------------------|-----|-----|-----|-----|-----|-----|-----|----------------|

APPENDIX 10

PRETEST III MATERIAL

SURVEY RESPONSE BOOKLET

PART I

This is a product description. I think this product (mini cassette tape player) will be familiar to you although you may have not yet purchased this product for you. I am asking (1) what is your internal reference price levels for this product and (2) your knowledge of this described product. You need not have any burden to answer right these questions. There is no right or wrong answer. Just I will appreciate if you respond these questions frankly as you know or as you perceive.

Thank you for your participation!

product : Realistic (made in U.S.A.)
mini cassette tape player

Features: Recording function equipped
AM / FM
Auto reverse
Super base sound (SBS)
Super mini size
Special cover treatment for new design
Include best quality earphone



A.

- 1) Please circle all the prices that you can consider acceptable for this Realistic mini cassette tape player.

\$51 \$64 \$77 \$90 \$103 \$115 \$128 \$144 \$154 \$167 \$179 \$192
\$205 \$218 \$231 \$244 \$256 \$269 \$282 \$295

- 2) What is your estimated normal or usual price for the product described ? _____

- 3) What is the price you would like to pay for the Realistic product (aspiration price)? _____

- 4) What will be your expected price for Gold Star product ? _____

- 5) How much are you confident in your reference price estimations for the described Realistic mini cassette tape player ? (Please circle the number on the scale corresponding to your response)

very much (1) (2) (3) (4) (5) (6) (7) not at all
confident confident

- B. 1) Please list all the features you know about the product regardless of whether the features are described or not.

- 2) Please list all the brand name you know for a mini cassette tape player (including imported ones).

- 3) If possible, rank the listed brands according to your perceived quality.

- 4) How many times have you purchased a mini cassette tape player? (number of purchasing)

Please circle the number on the scale that best corresponds to your response.

- 5) How knowledgeable are you about the features of the described product ?

not at all (1) (2) (3) (4) (5) (6) (7) Extremely
knowledgeable knowledgeable

- 6) If somebody asked you about the product features of a mini cassette tape player, how much could you tell them ?

Almost nothing (1) (2) (3) (4) (5) (6) (7) A lot

- 7) How much have you ever used any electronic products carrying the brand name, Realistic ?

Almost nothing (1) (2) (3) (4) (5) (6) (7) A lot

PART II

Assume that the advertisement below came to your attention when you are searching to buy the advertised product, mini cassette tape player. After carefully read the advertisement, please respond the questions related to your perceptions toward the advertised product.

HI-MART (in Yongsan Electronic Street) SALES PROMOTION
(12/1 - 12/15)

Product : Realistic mini cassette tape player
(made in U.S.A.)

Features: Recording function equipped
AM / FM
Auto reverse
Super base sound (SBS)
Super mini size
Special cover treatment for new design
Include best quality earphone

Regular Price : \$250 (195,000 WON)
Sale price : \$93 (72,540 WON)



You can remove this advertisement page from the response booklet for ease of reference.

- 1) Do you believe that the amount of this advertised regular price is a trustful claim for the Realistic mini cassette tape player? (Yes / No)
- 2) At what price do you think this store regularly sells this Realistic product ? _____
- 3) Please circle all the prices that you can consider acceptable for this Realistic mini cassette tape player.
\$51 \$64 \$77 \$90 \$103 \$115 \$128 \$144 \$154 \$167 \$179 \$192
\$205 \$218 \$231 \$244 \$256 \$269 \$282 \$295
- 4) Compared to other prices for a mini cassette tape player, the suggested sale price for the Realistic product is
(Please circle the number corresponds to your response)
Extremely (1) (2) (3) (4) (5) (6) (7) Extremely
low high
- 5) The brand, Realistic, featured in the advertisements is of
(Please circle the number corresponds to your responses)
 - a) Very low (1) (2) (3) (4) (5) (6) (7) Very high
prestige prestige
 - b) Very low (1) (2) (3) (4) (5) (6) (7) Very high
quality quality
 - c) Very low (1) (2) (3) (4) (5) (6) (7) Very high
popular popular
- 6) Compared to other prices for a mini cassette tape player, the suggested regular price for the Realistic product in the advertisement is
Extremely (1) (2) (3) (4) (5) (6) (7) Extremely
lower higher
- 7) The quality of the advertised Realistic mini cassette tape player will be as high as advertised.
Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disbelieve believe
- 8) How do you evaluate the advertised regular price for the Realistic product?
Very low (1) (2) (3) (4) (5) (6) (7) Very high
priced priced

- 9) The country in which the advertised product is made (U.S.A.)
is
- Very low (1) (2) (3) (4) (5) (6) (7) Very high
in economic development in economic development
- 10) How much risk do you feel when you purchase the electronic
product which is made in U.S.A.?
- Very much (1) (2) (3) (4) (5) (6) (7) Very little
risky risky
- 11) What is your overall quality perception of electronic
products made in U.S.A.?
- Of very low (1) (2) (3) (4) (5) (6) (7) Of very high
quality quality
- 12) How do you generally evaluate electronic products made in
U.S.A. in the prestige level ?
- Is of very (1) (2) (3) (4) (5) (6) (7) is of very
low prestige high prestige
- 13) Can you generally say that electronic products made in U.S.A.
are popular in South Korea ?
- Very unlikely (1) (2) (3) (4) (5) (6) (7) Very likely
- 14) Purchasing this advertised Realistic product at this deal is
extremely attractive to me.
- Stronlly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree
- 15) Do you think the advertised regular price is a fair price for
the Realistic mini cassette tape player?
- Too Low (1) (2) (3) (4) (5) (6) (7) Too high
priced priced
- 16) What is the price you would like to pay for the Realistic
mini cassette tape player (aspiration price) ?
\$ _____
- 17) The price level you think the retailer has regularly sold the
advertised Realistic mini cassette tape player is ?
\$ _____

- 18) I think I can save as much money as the difference between the regular price and sale price, if I purchase the product on this sale, compared to the price I should pay for the Gold Star product before the sale.

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

- 19) The advertising store, Hi-Mart (in Yongsan Electronic Street)
(Please circle the numbers correspond to your responses)

a) sells (1) (2) (3) (4) (5) (6) (7) sells
products at very products at very
low prices high prices

b) is of (1) (2) (3) (4) (5) (6) (7) is of
very low very high
prestige prestige

c) is not (1) (2) (3) (4) (5) (6) (7) is credible
credible in its in its
advertised prices advertised products

- 20) How do you evaluate the advertised sale price for the
Realistic mini cassette tape player?

very low (1) (2) (3) (4) (5) (6) (7) very high
priced priced

- 21) If I need to buy a mini cassette tape player, my willingness
to further search to get a better product than the advertised
one is

Very low (1) (2) (3) (4) (5) (6) (7) Very high

- 22) Buying this advertised Realitic product at this price will
give me more gain than saving the money.

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

- 23) If I were interested in purchasing a mini cassette tape
player, the likelihood that I would purchase this advertised
product is

Very low (1) (2) (3) (4) (5) (6) (7) Very high

- 24) What is your estimated normal or usual price for the
Realistic mini cassette tape player described?

\$ _____

- 25) This advertised price offer for the Realistic is a

very poor (1) (2) (3) (4) (5) (6) (7) Very good
deal deal

- 26) This advertised Realitic product is a good value for this amount of money

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

- 27) Compared to the advertised regular price, what do you think is the actual price the store has usually sold this Realitic product (not-on-sale)?

\$ _____

- 28) Compared to the advertised sale price, the lowest possible price at which you could buy the advertised Realitic product if you shop around would be

Much lower (1) (2) (3) (4) (5) (6) (7) Much higher

- 29) Considering the benefit of this product, I think buying this product at this price is a good buy

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

- 30) Do you think the advertised sale price is a fair price for the advertised Realistic product?

Too low (1) (2) (3) (4) (5) (6) (7) Too high
priced priced

- 31) People who purchase this Realitic product using this offer would save a lot of money

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

- 32) If I need to buy a mini cassette tape player, the likelihood that I would search for a better deal than the advertised one is

Very low (1) (2) (3) (4) (5) (6) (7) Very high

- 33) What will be your expected price for the advertised Realistic mini cassette tape player? (expected price)

\$ _____

- 34) If I were interested in purchasing a mini cassette tape player, my willingness to buy the advertised Realistic product is

Very unwilling (1) (2) (3) (4) (5) (6) (7) Very willing

35) If I need to buy a mini cassette tape player, my willingness to further search to get a cheaper price offer is

Very unwilling (1) (2) (3) (4) (5) (6) (7) Very willing

36) The likelihood that the advertised Realistic product will be reliable is

Very low (1) (2) (3) (4) (5) (6) (7) Very high

37) The advertised Realistic mini cassette tape player seems to fit to my life style

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

38) The likelihood that the advertised Realistic product will have variety in function is

Very low (1) (2) (3) (4) (5) (6) (7) Very high

39) The advertised Realistic mini cassette tape player would seem to be dependable

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

40) Using the Realistic mini cassette tape player would provide benefits to me

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

41) The advertised Realistic product appears to be of

Very poor (1) (2) (3) (4) (5) (6) (7) Very good
quality quality

42) How appealing to you is the thoughts of using the Realistic product ?

Not at all (1) (2) (3) (4) (5) (6) (7) Extremely
appealing appealing

43) The advertised Realistic product will give me convenience to my everyday life.

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

44) The advertised Realistic product seems to provide lots of advantages to my life.

Not at all (1) (2) (3) (4) (5) (6) (7) Extremely
advantageous advantageous

45) Using the Realistic mini cassette tape player satisfies my needs for prestige

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

These are questions related not to perceptions toward the advertisement but to information about you. If you respond these questions additionally, it will be helpful to analyze and interpret the obtained data more adequately.

1) Your sex F M

3) Your grade _____

Yes	No

Extremely easy	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Extremely difficult

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APPENDIX 11

PRETEST IV MATERIAL

SURVEY RESPONSE BOOKLET

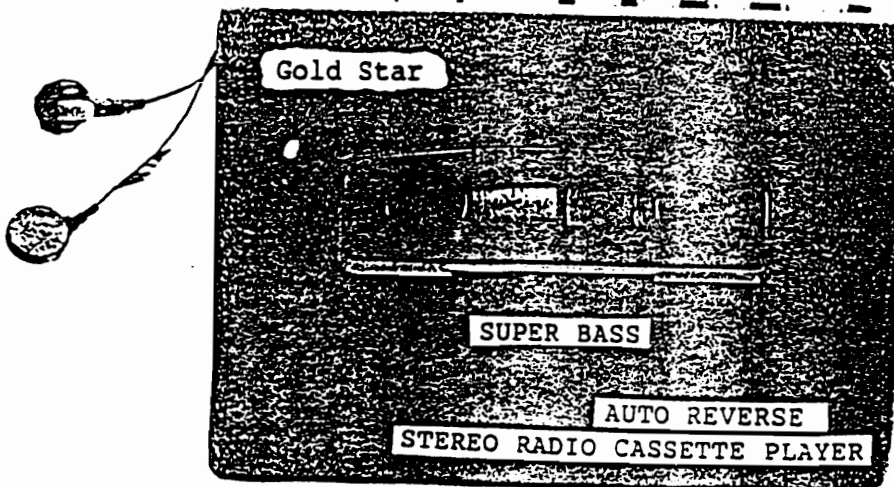
PART I

This is a product description. I think this product (mini cassette tape player) will be familiar to you although you may have not yet purchased this product for you. I am asking (1) what is your internal reference price levels for this product and (2) your knowledge of this described product. You need not have any burden to answer right these questions. There is no right or wrong answer. Just I will appreciate if you respond these questions frankly as you know or as you perceive.

Thank you for your participation!

product : Gold Star
mini cassette tape player

Features: Recording function equipped
AM / FM
Auto reverse
Super base sound (SBS)
Super mini size
Special cover treatment for new design
Include best quality earphone



A.

- 1) Please circle all the prices that you can consider acceptable for this Gold Star mini cassette tape player.

\$51 \$64 \$77 \$90 \$103 \$115 \$128 \$144 \$154 \$167 \$179 \$192
\$205 \$218 \$231 \$244 \$256 \$269 \$282 \$295

- 2) What is your estimated normal or usual price for the product described ? _____

- 3) What will be your expected price for Gold Star product ? _____

- 4) How much are you confident in your reference price estimations for the described Gold Star mini cassette tape player (Please circle the number on the scale corresponding to your response)

very much (1) (2) (3) (4) (5) (6) (7) not at all
confident confident

- B. 1) Please list all the features you know about a mini cassette tape player beyond the features described.

- 2) How many times have you purchased a mini cassette tape player? (number of purchasing)

Please circle the number on the scale that best corresponds to your response.

- 3) How knowledgeable are you about the features of the described mini cassette tape player?

not at all (1) (2) (3) (4) (5) (6) (7) Extremely
knowledgeable knowledgeable

- 4) If somebody asked you about the product features of a mini cassette tape player, how much could you tell them ?

Almost nothing (1) (2) (3) (4) (5) (6) (7) A lot

PART II

Assume that the advertisement below came to your attention when you are searching to buy the advertised product, mini cassette tape player. After carefully read the advertisement, please respond the questions related to your perceptions toward the advertised product.

HI-MART (in Yongsan Electronic Street) SALES PROMOTION
(12/1 - 12/15)

Product : Gold Star mini cassette tape player

Features: Recording function equipped
AM / FM
Auto reverse
Super base sound (SBS)
Super mini size
Special cover treatment for new design
Include best quality earphone

Regular Price : \$120 (93,600 WON)

Sale price : \$93 (72,540 WON)



You can remove this advertisement page from the response booklet for ease of reference.

- 1) Do you believe that the amount of this advertised regular price is a trustful claim for the Gold Star mini cassette tape player? (Yes / No)
- 2) At what price do you think this store regularly sells this Gold Star product ?
\$ _____
- 3) Please circle all the prices that you can consider acceptable for this Gold Star mini cassette tape player.
\$51 \$64 \$77 \$90 \$103 \$115 \$128 \$144 \$154 \$167 \$179 \$192
\$205 \$218 \$231 \$244 \$256 \$269 \$282 \$295
- 4) Compared to other prices for a mini cassette tape player, the suggested sale price for the Gold Star product is
(Please circle the number corresponds to your response)
Extremely (1) (2) (3) (4) (5) (6) (7) Extremely
low high
- 5) The brand, Gold Star, featured in the advertisement is of
(Please circle the number corresponds to your responses)
 - a) Very low (1) (2) (3) (4) (5) (6) (7) Very high
prestige prestige
 - b) Very low (1) (2) (3) (4) (5) (6) (7) Very high
quality quality
 - c) Very low (1) (2) (3) (4) (5) (6) (7) Very high
popular popular
- 6) Compared to other prices for a mini cassette tape player, the suggested regular price for the Gold Star product in the advertisement is
Extremely (1) (2) (3) (4) (5) (6) (7) Extremely
lower higher
- 7) The quality of the advertised Gold Star mini cassette tape player will be as high as advertised.
Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disbelieve believe
- 8) How do you evaluate the advertised regular price for the Gold Star product?
Very low (1) (2) (3) (4) (5) (6) (7) Very high
priced priced

- 9) The country in which the advertised product is made (South Korea) is
- Very low (1) (2) (3) (4) (5) (6) (7) Very high
in economic development in economic development
- 10) How much risk do you feel when you purchase the electronic product which is made in South Korea?
- Very much (1) (2) (3) (4) (5) (6) (7) Very little
risky risky
- 11) What is your overall quality perception of electronic products made in South Korea?
- Of very low (1) (2) (3) (4) (5) (6) (7) Of very high
quality quality
- 12) How do you generally evaluate electronic products made in South Korea in the prestige level ?
- Is of very (1) (2) (3) (4) (5) (6) (7) is of very
low prestige high prestige
- 13) Can you generally say that electronic products made in South Korea are popular in South Korea ?
- Very unlikely (1) (2) (3) (4) (5) (6) (7) Very likely
- 14) Purchasing this advertised Gold Star product at this deal is extremely attractive to me.
- Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree
- 15) Do you think the advertised regular price is a fair price for the Gold Star mini cassette tape player?
- Too low (1) (2) (3) (4) (5) (6) (7) Too high
priced priced
- 16) I think I can save as much money as the difference between the regular price and sale price, if I purchase the product on this sale, compared to the price I should pay for the Gold Star product before the sale ?
- Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

17) The advertising store, Hi-Mart (in Yongsan Electronic street)

(Please circle the numbers correspond to your responses)

- a) sells (1) (2) (3) (4) (5) (6) (7) sells
products at very low prices products at very high prices .
- b) is of (1) (2) (3) (4) (5) (6) (7) is of
very low prestige very high prestige
- c) is not (1) (2) (3) (4) (5) (6) (7) is credible
credible in its advertised prices in its advertised products

18) How do you evaluate the advertised sale price for the Gold Star mini cassette tape player?

very low (1) (2) (3) (4) (5) (6) (7) very high
priced priced

19) If I need to buy a mini cassette tape player, my willingness to further search to get a better product than the advertised one is

Very low (1) (2) (3) (4) (5) (6) (7) Very high

20) Buying this advertised Gold Star product at this price will give me more gain than saving the money.

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

21) If I were interested in purchasing a mini cassette tape player, the likelihood that I would purchase this advertised product is

Very low (1) (2) (3) (4) (5) (6) (7) Very high

22) What is your estimated normal or usual price for the Gold Star mini cassette tape player described?

\$ _____

23) This advertised price offer for the Gold Star product is a

very poor (1) (2) (3) (4) (5) (6) (7) Very good
deal deal

24) This advertised Gold Star product is a good value for this amount of money

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

- 25) Compared to the advertised regular price, what do you think is the actual price the store has usually sold this Gold Star product (not-on-sale)?

\$ _____

- 26) Compared to the advertised sale price, the lowest possible price at which you could buy the advertised Gold Star product if you shop around would be

Much lower (1) (2) (3) (4) (5) (6) (7) Much higher

- 27) Considering the benefit of this product, I think buying this product at this price is a good buy

Strongly disagree (1) (2) (3) (4) (5) (6) (7) Strongly disagree

- 28) Do you think the advertised sale price is a fair price for the advertised Gold Star product?

Too low priced (1) (2) (3) (4) (5) (6) (7) Too high priced

- 29) People who purchase this Gold Star product using this offer would save a lot of money

Strongly disagree (1) (2) (3) (4) (5) (6) (7) Strongly agree

- 30) If I need to buy a mini cassette tape player, the likelihood that I would search for a better deal than the advertised one is

Very low (1) (2) (3) (4) (5) (6) (7) Very high

- 31) What will be your expected price for the advertised Gold Star mini cassette tape player? (expected price)

\$ _____

- 32) If I were interested in purchasing a mini cassette tape player, my willingness to buy the advertised Gold Star product is

Very unwilling (1) (2) (3) (4) (5) (6) (7) Very willing

- 33) If I need to buy a mini cassette tape player, my willingness to further search to get a cheaper price offer is

Very unwilling (1) (2) (3) (4) (5) (6) (7) Very willing

34) The likelihood that the advertised Gold Star product will be reliable is

Very low (1) (2) (3) (4) (5) (6) (7) Very high

35) The advertised Gold Star mini cassette tape player seems to fit to my life style

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

36) The likelihood that the advertised Gold Star product will have variety in function is

Very low (1) (2) (3) (4) (5) (6) (7) Very high

37) The advertised Gold Star mini cassette tape player would seem to be dependable

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

38) Using the Gold Star mini cassette tape player would provide benefits to me

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

39) The advertised Gold Star product appears to be of

Very poor (1) (2) (3) (4) (5) (6) (7) Very good
quality quality

40) How appealing to you is the thoughts of using the Gold Star product ?

Not at all (1) (2) (3) (4) (5) (6) (7) Extremely
appealing appealing

41) The advertised Gold Star product will give me convenience to my everyday life.

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

42) The advertised Gold Star product seems to provide lots of advantages to my life.

Not at all (1) (2) (3) (4) (5) (6) (7) Extremely
advantageous advantageous

43) Using the Gold Star mini cassette tape player satisfies my needs for prestige

Strongly disagree	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Strongly agree

PART III

These are questions related not to perceptions toward the advertisement but to information about you. If you respond these questions additionally, it will be helpful to analyze and interpret the obtained data more adequately.

Please answer these questions directly on the questionnaire.

- 1) Your sex F _____ M _____
- 2) Your major _____
- 3) Your grade _____
- 4) Have you taken part in a research study similar to this before?
Yes _____ No _____
- 5) How do you evaluate difficulty in responding this questionnaire?
Extremely easy (1) (2) (3) (4) (5) (6) (7) Extremely difficult

Thank you very much for your cooperation !

APPENDIX 12

TEST FOR COUNTRY-OF-MANUFACTURE CUE ABSENT SITUATION

Below is a product description for a mini cassette tape player. After reading this description, please answer short questions by checking or inscribing.

product	Reslistic mini cassette tape player
features	Recording function equipped AM/FM Auto reverse Inner speak included Super base sound (SBS) Super mini size Battery, earphone, and handy case included

- 1) Do you think this product is made from South Korea or foreign countries?

South Korea _____ Foreign countries _____

- 2) If this product is a imported one, from which country do you think this product is made ? Please write down the counry you guess.

country name _____ or can't guess at all _____

APPENDIX 13

ACTUAL EXPERIMENT INSTRUMENT

SURVEY RESPONSE BOOKLET

PART I

Below is a product description for a mini cassette tape player. I am asking you to give some estimates about prices for this product, and to indicate your knowledge of this described product. There is no right or wrong answer to these questions. Please respond to these questions as frankly as you can.

Thank you for your participation!

product : Realistic (made in U.S.A.)
mini cassette tape player

Features: Recording function equipped
AM / FM
Auto reverse
Super base sound (SBS)
Super mini size
Special cover treatment for new design
Includes best quality earphone



A.

- 1) Please circle all the prices that you consider acceptable to pay for this Realistic mini cassette tape player.

\$51 \$64 \$77 \$90 \$103 \$115 \$128 \$144 \$154 \$167 \$179 \$192
\$205 \$218 \$231 \$244 \$256 \$269 \$282 \$295

- 2) What do you believe is the normal or usual price in Seoul for the product described ? _____

- 3) If you were going to buy this product, what price do you expect you will have to pay for this Realistic product ? _____

- 4) How confident are you in the price estimations you gave above for the described Realistic mini cassette tape player (Please circle the number on the scale corresponding to your response)

very (1) (2) (3) (4) (5) (6) (7) not at all
confident confident

- B. 1) Please list all the features you know about a mini cassette tape player beyond the features described.

- 2) How many times have you purchased a mini cassette tape player? (number of purchasing)

- 3) Do you currently own a mini cassette tape player?

yes _____ no _____

Please circle the number on the scale that best corresponds to your response.

- 4) How knowledgeable are you about the different features of the described mini cassette tape player?

not at all (1) (2) (3) (4) (5) (6) (7) Extremely
knowledgeable knowledgeable

- 5) If somebody asked you about the product features of a mini cassette tape player, how much could you tell them ?

Almost nothing (1) (2) (3) (4) (5) (6) (7) A lot

C. Shown below are questions related to your impressions of mini cassette tape player. Please circle the number on the scale that best describes your impression in general.

1) unimportant	(1)	(2)	(3)	(4)	(5)	(6)	(7)	important
2) of no concern to me	(1)	(2)	(3)	(4)	(5)	(6)	(7)	of concern to me
3) mean nothing to me	(1)	(2)	(3)	(4)	(5)	(6)	(7)	mean a lot to me

PART II

Assume that the advertisement below came to your attention when you are searching to buy the advertised product, mini cassette tape player. After carefully read the advertisement, please respond to the questions related to your perceptions toward the advertised product.

HYUNDAI DEPARTMENT STORE SALES PROMOTION (12/1 - 12/15)

**Product : Realistic mini cassette tape player
(made in U.S.A.)**

Features: Recording function equipped
AM / FM
Auto reverse
Super base sound (SBS)
Super mini size
Special cover treatment for new design
Includes best quality earphone

**Regular Price : \$120
Sale price : \$93**



- 1) Do you believe that the amount of this advertised regular price is a trustful claim for the Realistic mini cassette tape player? (Yes / No)
- 2) At what price do you think this store regularly sells this Realistic product ?
\$ _____
- 3) Please circle all the prices that you can consider acceptable for this Realistic mini cassette tape player.

\$51 \$64 \$77 \$90 \$103 \$115 \$128 \$144 \$154 \$167 \$179 \$192
\$205 \$218 \$231 \$244 \$256 \$269 \$282 \$295
- 4) The suggested sale price for the Realistic product is \$93. Compared to other prices for a mini cassette tape player, this price is
(Please circle the number corresponding to your response)

Extremely (1) (2) (3) (4) (5) (6) (7) Extremely
low high
- 5) The brand, Realistic, featured in the advertisement is of
(Please circle the number corresponding to your responses)
 - a) Very low (1) (2) (3) (4) (5) (6) (7) Very high
prestige prestige
 - b) Very low (1) (2) (3) (4) (5) (6) (7) Very high
quality quality
 - c) Not very (1) (2) (3) (4) (5) (6) (7) Very
popular popular
- 6) The suggested regular price for the Realistic product in the advertisement is \$250. Compared to other prices for a mini cassette tape player, this price is

Extremely (1) (2) (3) (4) (5) (6) (7) Extremely
low high
- 7) The advertisement for the Realistic brand is believable.

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree
- 8) How do you evaluate the advertised regular price for the Realistic product?

Very low (1) (2) (3) (4) (5) (6) (7) Very high
priced priced

- 9) The country in which the advertised product is made (South Korea) is
- | | | | | | | | | |
|-------------|-----|-----|-----|-----|-----|-----|-----|-------------|
| Very low | (1) | (2) | (3) | (4) | (5) | (6) | (7) | Very high |
| in economic | | | | | | | | in economic |
| development | | | | | | | | development |
- 10) How much risk do you feel when you purchase the electronic product which is made in South Korea?
- | | | | | | | | | |
|-----------|-----|-----|-----|-----|-----|-----|-----|-------------|
| Very much | (1) | (2) | (3) | (4) | (5) | (6) | (7) | Very little |
| risk | | | | | | | | risk |
- 11) What is your overall quality perception of electronic products made in South Korea?
- | | | | | | | | | |
|-------------|-----|-----|-----|-----|-----|-----|-----|--------------|
| Of very low | (1) | (2) | (3) | (4) | (5) | (6) | (7) | Of very high |
| quality | | | | | | | | quality |
- 12) How do you generally evaluate electronic products made in South Korea in terms of prestige ?
- | | | | | | | | | |
|--------------|-----|-----|-----|-----|-----|-----|-----|---------------|
| Is of very | (1) | (2) | (3) | (4) | (5) | (6) | (7) | is of very |
| low prestige | | | | | | | | high prestige |
- 13) Generally, products made in South Korea are popular in South Korea.
- | | | | | | | | | |
|----------|-----|-----|-----|-----|-----|-----|-----|----------|
| Strongly | (1) | (2) | (3) | (4) | (5) | (6) | (7) | Strongly |
| disagree | | | | | | | | agree |
- 14) Purchasing this advertised Realistic product at this deal is extremely attractive to me.
- | | | | | | | | | |
|----------|-----|-----|-----|-----|-----|-----|-----|----------|
| Strongly | (1) | (2) | (3) | (4) | (5) | (6) | (7) | Strongly |
| disagree | | | | | | | | agree |
- 15) The advertised regular price is a fair price for the Realistic mini cassette tape player.
- | | | | | | | | | |
|----------|-----|-----|-----|-----|-----|-----|-----|----------|
| Strongly | (1) | (2) | (3) | (4) | (5) | (6) | (7) | Strongly |
| disagree | | | | | | | | agree |
- 16) I think I can save as much money as the difference between the regular price and sale price, if I purchase the product on this sale, compared to the price I would have had to pay for the Realistic product before the sale ?
- | | | | | | | | | |
|----------|-----|-----|-----|-----|-----|-----|-----|----------|
| Strongly | (1) | (2) | (3) | (4) | (5) | (6) | (7) | Strongly |
| disagree | | | | | | | | agree |

17) The advertising store, Hyundai department store
(Please circle the numbers corresponding to your responses)

a) sells (1) (2) (3) (4) (5) (6) (7) sells
products at very products at very
low prices high prices

b) is of (1) (2) (3) (4) (5) (6) (7) is of
very low very high
prestige prestige

c) is not (1) (2) (3) (4) (5) (6) (7) is very credible
credible in its in its
advertised prices advertised prices

18) How do you evaluate the advertised sale price for the
mini cassette tape player?

very low (1) (2) (3) (4) (5) (6) (7) very high
priced priced

19) If I need to buy a mini cassette tape player, my willingness
to further search to get a better product than the advertised
one is

Very low (1) (2) (3) (4) (5) (6) (7) Very high

20) Buying this advertised Realistic product at this price will
give me more gain than saving the money.

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

21) If I were interested in purchasing a mini cassette tape
player, the likelihood that I would purchase this advertised
product is

Very low (1) (2) (3) (4) (5) (6) (7) Very high

22) What is your estimated normal or usual price in Seoul for the
Realistic mini cassette tape player described?

\$ _____

23) This advertised price offer for the Realistic product is a

very poor (1) (2) (3) (4) (5) (6) (7) Very good
deal deal

24) This advertised Realistic product is a good value for this
amount of money

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

25) Compared to the advertised regular price, what do you think is the actual price the store has usually sold this Realistic product (not-on-sale)?

\$ _____

26) Compared to the advertised sale price, the lowest possible price at which you could buy the advertised Realistic product if you shop around would be

Much lower (1) (2) (3) (4) (5) (6) (7) Much higher

27) Considering the benefit of this product, I think buying this product at this price is a good buy.

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

28) The advertised sale price is a fair price for the advertised Realistic product.

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

29) People who purchase this Realistic product using this offer would save a lot of money.

Strongly (1) (2) (3) (4) (5) (6) (7) Strongly
disagree agree

30) If I need to buy a mini cassette tape player, the likelihood that I would search for a better deal than the advertised one is

Very low (1) (2) (3) (4) (5) (6) (7) Very high

31) What will be your expected price to pay for the advertised Realistic mini cassette tape player? (expected price)

\$ _____

32) If I were interested in purchasing a mini cassette tape player, my willingness to buy the advertised Realistic product is

Very unwilling (1) (2) (3) (4) (5) (6) (7) Very willing

33) If I were to buy a mini cassette tape player, my willingness to search further to get a lower price offer is

Very unwilling (1) (2) (3) (4) (5) (6) (7) Very willing

- 34) The likelihood that the advertised Realistic product will be reliable is
- Very low (1) (2) (3) (4) (5) (6) (7) Very high
- 35) The advertised Realistic mini cassette tape player seems to fit my life style
- Strongly (1) (2) (3) (4) (5) (6) (7) Strongly disagree agree
- 36) The likelihood that the advertised Realistic product will have variety in function is
- Very low (1) (2) (3) (4) (5) (6) (7) Very high
- 37) The advertised Realistic mini cassette tape player would seem to be dependable
- Strongly (1) (2) (3) (4) (5) (6) (7) Strongly disagree agree
- 38) Using the Realistic mini cassette tape player would provide benefits to me
- Strongly (1) (2) (3) (4) (5) (6) (7) Strongly disagree agree
- 39) The advertised Realistic product appears to be of
- Very poor (1) (2) (3) (4) (5) (6) (7) Very good quality quality
- 40) How appealing to you is the thought of using this Realistic product ?
- Not at all (1) (2) (3) (4) (5) (6) (7) Extremely appealing appealing
- 41) The advertised Realistic product will give me convenience in my everyday life.
- Strongly (1) (2) (3) (4) (5) (6) (7) Strongly disagree agree
- 42) The advertised Realistic product seems to provide lots of advantages to my life.
- Not at all (1) (2) (3) (4) (5) (6) (7) Extremely advantageous advantageous

43) Using the Realistic mini cassette tape player satisfies my needs for prestige.

Strongly	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Strongly
disagree								agree

PART III

These are questions related not to perceptions toward the advertisement but to information about you. If you respond these questions additionally, it will be helpful to analyze and interpret the obtained data more adequately.

Please answer these questions directly on the questionnaire.

- 1) Your sex F_____ M_____
- 2) Your major _____
- 3) Your grade _____
- 4) Have you taken part in a research study similar to this before?
 Yes_____ No_____
- 5) How do you evaluate the difficulty in responding to this questionnaire?

Extremely										Extremely
easy	(1)	(2)	(3)	(4)	(5)	(6)	(7)			difficult

Thank you very much for your cooperation !

VITA

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