

Correlates of Price Acceptability of Apparel Products

Kyu-Hye Lee

Hanyang University

1. Introduction

In an increasingly competitive retailing environment, store owners employ a number of ingenious promotional strategies to attract consumers to buy products. Many of these retailers use price as advertising strategies such as temporary price reductions or external reference prices. Apparel industry has experienced overcapacity of production (Dickerson, 1996), and majority of products are sold at discounted prices. In addition, due to the characteristics of seasonality and fashion trends, apparel products are subject to frequent and various levels of price changes. Therefore, apparel shoppers are very sensitive to the price or price reductions when making purchase decisions.

Consumers' perception of price caught many researchers' attention for many years. While exposed to the same price information, consumers assign unique meaning to the objective price and translating it to different psychological prices (Biswas, & Blair, 1991). Researchers explain this procedure as price acceptability (Lichtenstein, Bloch, & Black, 1988; Ofir, 2004; Suri & Monroe, 2001). Since, adaptable level prices vary across consumers, some consumers may perceive the price cue as "high" while other consumers perceive the same price cue as "low".

Apparel, in particular, is psychologically purchased and consumed. This may lead interesting interrelationships with psychological aspects of price acceptability. This research contributes to the understanding of what factors influence a buyer to form levels of acceptable price ranges of apparel products. The main focus of the study resides in antecedents of price acceptability. The results may help retailers understanding factors that are important in communicating the maximum values through an appropriate phrasing of price offers of apparel products.

2. Background and Hypotheses

Price acceptability is defined as, "a judgment of price based on a comparison of the price cue to a range of acceptable prices stored in memory" (Lichtenstein, Bloch, & Black, 1988, p. 224). It is usually measured asking respondents whether they think the retail prices are true and fair (Zaithaml, 1984). The levels of acceptable price may be related to the concept of consumers' internal reference price to which consumers compare offer prices, such as fair or expected price (Garbarino, & Slonim, 2003).

Price acceptability is known to have several psychological antecedents (Suri & Monroe, 2001). One of the major antecedents to price acceptability reported by prior researches is price-quality inference, a tendency to correlate high price to excellence or superiority (Kardes, Cronley, Kellaris, & Posavac, 2004). For some consumers, high prices reflect better materials, finer workmanship, and so on. Price plays a positive role in this case and these consumers are more likely to find higher price acceptable. Therefore, the following hypothesis is suggested.

H1: As price-quality inference increases, price acceptability decreases.

With an economic transaction point of view, price is a "give" component that consumers are concerned with obtaining a low price possible for a product. Price-conscious consumers are "one who is sensitive to price differences, uses prices in the decision-making process, and have internal limits on what he or she is willing to pay" (O'Neill & Lambert, 2001, p. 222). This negative role of price led to such assumptions that price-conscious consumers are likely to show lower level of price-quality inference and price acceptability level. Thus, the following hypotheses are suggested.

H2: As price consciousness increase, price-quality inference decreases.

H3: As price consciousness increase, price acceptability level decreases.

Another price related aspect is the sale proneness. It is defined as, "an increased propensity to respond to a purchase offer because of the sale form in which price is presented positively affects purchase evaluation" (Lichtenstein, Ridgeway, & Netemeyer, 1993, p. 235). Sale prone consumers are also information seekers and may relate price of apparel products to quality information. However, they are only sensitive to price changes and information and may not relate their interest in sale information to the level of acceptable price ranges. Therefore, the following hypothesis is suggested.

H4: As sale proneness increase, price-quality inference increase.

Apparel involvement, defined as interest in or concerned with apparel product, may play a significant role in influencing price-quality inference and price acceptability. Highly involved consumers care about product quality because they associate important functions, socio-psychological benefits with the product and will differentiate between product alternatives based on apparel quality. In similar manner, consumers should be more concerned with the products to its price and thus should have higher levels of price acceptability. Thus, the following hypotheses are suggested.

H5: As apparel involvement increase, price-quality inference increase.

H4: As apparel involvement increase, price acceptability level increases.

3. Method

It was known that male and female consumers are different in terms of psychological information processing styles. Female consumers are more concerned about others (communal orientation), whereas male consumers concern more about self (agentic orientation) (Bem, 1974). The emotional and expressive nature of apparel products may be more appealing to female consumers. Therefore, samples of this study were limited to female consumers for the homogeneity of data.

Questionnaires were distributed to 350 female consumers at various age levels and data from 298 respondents were analyzed for the study. The average age of respondents was 27. About 60% of the samples were married and about 65% of them had college degrees.

For price acceptability, measure of Lichtenstein, Bloch and Back (1988) was used. Price consciousness and price-quality inference were measured using Lichtenstein, Ridgeway and Netemeyer's scale (1993). For sale proneness, Alford and Biswas' scale (2002) was used. For measuring involvement, Kapferer and Laurent involvement measure (1985) was adapted. Cronbach's alphas for the variables included in the study were acceptable range (above .84)

In order to test hypothesis, structural equation modeling with price consciousness, sale proneness and product involvement as exogenous variable, price acceptability as endogenous variable and price-quality inference as mediating variable was used. LISREL 7 was used for data analysis.

4. Results and Conclusion

Empirical LISREL results supported all of the hypothesized relationships; price consciousness showed significant negative influence on price-quality inference ($\gamma = -.26$, $t = -5.4$) and price acceptability ($\gamma = -.15$, $t = -2.9$); sale proneness significantly influenced price-quality inference ($\gamma = .24$, $t = 5.4$); apparel involvement had significant impact on price-quality inference ($\gamma = .27$, $t = 5.7$) and price acceptability ($\gamma = .17$, $t = 3.4$); price-quality affected price acceptability significantly ($\beta = .15$, $t = 3.3$).

This study generated a framework to help academicians understand antecedents of price acceptability of apparel products. Price has been shown to play a dual role in consumer's perceptions, positive or negative. The results of this study are suggestive of sources of the dual role concept. Price consciousness had negative role, and product involvement had positive role in evoking higher level of price acceptability. In addition, this study also suggests additional source of positive, yet indirect role of price, sale proneness, via price-

quality inference in evoking higher level of price acceptability. This study also affirmed the importance of price–quality inference in arousing higher level of price acceptability.

Future research may need to address the impact of demographic variables on price acceptability such as gender or age. In addition, the influence of product category such as basic or trendy or the store type such as online vs. offline should be further investigated.

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