

The Effect of Price Promotional Information about Brand on Consumer's Quality Perception: Conditioning on Pretrial Brand

品牌价格促销信息对消费者质量认知的影响

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Abstract

Price promotion typically reduces the price for a given quantity or increases the quantity available at the same price, thereby enhancing value and creating an economic incentive to purchase. It often is used to encourage product or service trial among nonusers of products or services. Thus, it is important to understand the effects of price promotions on quality perception made by consumer who do not have prior experience with the promoted brand.

However, if consumers associate a price promotion itself with inferior brand quality, the promotion may not achieve the sales increase the economic incentives otherwise might have produced. More specifically, low qualitative perception through price promotion will undercut the economic and psychological incentives and reduce the likelihood of purchase. Thus, it is important for marketers to understand how price promotional informations about a brand have impact on consumer's unfavorable quality perception of the brand.

Previous literatures on the effects of price promotions on quality perception reveal inconsistent explanations. Some focused on the unfavorable effect of price promotion on consumer's perception. But others showed that price promotions didn't raise unfavorable perception on the brand. Prior researches found these inconsistent results related to the timing of the price promotion's exposure and quality evaluation relative to trial. And, whether the consumer has been experienced with the product promotions in the past or not may moderate the effects. A few studies considered differences among product categories as fundamental factors.

The purpose of this research is to investigate the effect of price promotional informations on consumer's unfavorable quality perception under the different conditions. The author controlled the timing of the promotional exposure and varied past promotional patterns and information presenting patterns. Unlike previous researches, the author examined the effects of price promotions setting limit to pretrial situation by controlling potentially moderating effects of prior personal experience with the brand. This manipulations enable to resolve possible controversies in relation to this issue.

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And this manipulation is meaningful for the work sector. Price promotion is not only used to target existing consumers but also to encourage product or service trial among nonusers of products or services. Thus, it is important for marketers to understand how price promotional informations about a brand have impact on consumer's unfavorable quality perception of the brand. If consumers associate a price promotion itself with inferior quality about unused brand, the promotion may not achieve the sales increase the economic incentives otherwise might have produced. In addition, if the price promotion ends, the consumer that have purchased that certain brand will likely to display sharply decreased repurchasing behavior.

Through a literature review, hypothesis 1 was set as follows to investigate the adjustive effect of past price promotion on quality perception made by consumers; The influence that price promotion of unused brand have on quality perception made by consumers will be adjusted by past price promotion activity of the brand. In other words, a price promotion of an unused brand that have not done a price promotion in the past will have a unfavorable effect on quality perception made by consumer.

Hypothesis 2-1 was set as follows : When an unused brand undertakes price promotion for the first time, the information presenting pattern of price promotion will have an effect on the consumer's attribution for the cause of the price promotion.

Hypothesis 2-2 was set as follows : The more consumer dispositionally attribute the cause of price promotion, the more unfavorable the quality perception made by consumer will be.

Through test 1, the subjects were given a brief explanation of the product and the brand before they were provided with a 2x2 factorial design that has 4 patterns of price promotion (presence or absence of past price promotion * presence or absence of current price promotion) and the explanation describing the price promotion pattern of each cell. Then the perceived quality of imaginary brand WAVEX was evaluated in the scale of 7. The reason tennis racket was chosen is because the selected product group must have had almost no past price promotions to eliminate the influence of average frequency of promotion on the value of price promotional information as Raghbir and Corfman (1999) pointed out.

Test 2 was also carried out on students of the same management faculty of test 1 with tennis racket as the product group. As with test 1, subjects with average familiarity for the product group and low familiarity for the brand was selected. Each subjects were assigned to one of the two cells representing two different information presenting patterns of

price promotion of WAVEX (case where the reason behind price promotion was provided/case where the reason behind price promotion was not provided). Subjects looked at each promotional information before evaluating the perceived quality of the brand WAVEX in the scale of 7.

The effect of price promotion for unfamiliar pretrial brand on consumer's perceived quality was proved to be moderated with the presence or absence of past price promotion. The consistency with past promotional behavior is important variable that makes unfavorable effect on brand evaluations get worse. If the price promotion for the brand has never been carried out before, price promotion activity may have more unfavorable effects on consumer's quality perception.

Second, when the price promotion of unfamiliar pretrial brand was executed for the first time, presenting method of informations has impact on consumer's attribution for the cause of firm's promotion. And the unfavorable effect of quality perception is higher when the consumer does dispositional attribution comparing with situational attribution. Unlike the previous studies where the main focus was the absence or presence of favorable or unfavorable motivation from situational/dispositional attribution, the focus of this study was examining the fact that a situational attribution can be inferred even if the consumer employs a dispositional attribution on the price promotional behavior, if the company provides a persuasive reason. Such approach, in academic perspective is a large significance in that it explained the anchoring and adjusting procedures by applying it to a non-mathematical problem unlike the previous studies where it was mainly explained by applying it to a mathematical problem. In other words, there is a high dependency that consumers attribute other's behaviors according to the well-known attribution errors and when this is applied to the situation of price promotions, we can infer that consumers are likely to attribute the company's price promotion behaviors. However, even under these circumstances, the company can adjust the consumer's anchoring to reduce the potential bias of dispositional attribution. Furthermore, unlike majority of previous researches on short/long-term effects of price promotion that only considered the effect of price promotions on consumer's purchasing behaviors, this research measured the effect on perceived quality, one of many elements that affects the purchasing behavior of consumers.

These results carry useful implications for the work sector. A guideline of effectively providing promotional informations for a new brand can be suggested through the outcomes of this research. If the brand is to avoid false implications such as inferior quality while implementing a price promotion strategy, it must provide a clear and acceptable reasons behind the promotion. Especially it is more important for the company with no past price promotion to provide a clear reason. An inconsistent behavior can be the cause of consumer's distrust and anxiety. This is also one of the most important factor of risk of endless price wars. Price promotions without prior notice can buy doubt from consumers not market share.

Keywords: price promotion, quality perception, consistency with past promotional behavior, information presenting pattern, pretrial

摘要

典型的价格促销是指降低一定数量产品的价格或以相同的价格获得更多数量的产品，从而增加价值和创造经济的激励购买。价格促销经常用来鼓励没有消费过产品或服务的用户试用产品或服务。因此，理解价格促销对那些从来没有使用过促销品牌的消费者的此品牌质量认知的影响是很重要的。

然而，如果消费者通过价格促销获得的产品的质量不好，促销可能达不到用经济的刺激方法来增加销售的效果。相反则有可能发生。具体来说，通过价格促销消费者产生低的质量的认知会削弱经济的和心理上的激励，减少购买的可能性。因此，对市场营销人员来说理解品牌的价格促销信息如何影响消费者对此品的质量的不良认知是非常重要的。

先前的有关价格促销对质量认知的影响的研究有不一致的解释。一些是关注价格促销对消费者认知的不利影响。但是其他的研究显示价格促销并没有提高消费者对品牌的不良认知。之前的研究发现这些不一致的结果和价格促销曝光的时机以及相关的试验得出的质量评估有关。而且，消费者是否经历过产品促销都可能会调节这些影响。一些研究把产品类别的不同作为基本的因素。

本研究的目的是探讨在不同的情况下，价格促销信息对消费者的不良的质量认知产生的影响。作者控制了促销曝光的时机，过去的各种促销形式以及信息发布的方式。与以往的研究不同，作者通过控制以前个人使用此产品的经验的潜在调节作用来测试事先设定限制的价格促销的影响。这样的操作可以解决相关的有可能产生的争议。

这种方法对实际工作方面也是有意义的。价格促销不仅适用于已存在的目标消费者，而且可以鼓励没有使用过产品和服务的消费者尝试此产品或服务。因此，对市场营销人员来说理解品牌的价格促销信息如何影响消费者对此品牌的质量的不良认知是非常重要的。如果没有使用过这个品牌的消费者通过价格促销获得的产品的质量不好，促销可能达不到用经济的刺激方法来增加销售的效果。相反则有可能发生。另外，如果价格促销结束，购买了这个产品的消费者可能会出现明显的减少再购买行为。

通过文献回顾，假设1用来探讨消费者通过过去的价格促销获得的质量认知的调节作用。消费者对没有使用过的品牌的质量的认知会被此品牌过去的价格促销活动所调节。换句话说，消费者会对没有进行过价格促销的没有使用过的品牌产生不良的质量认知。

假设2-1：未使用过的品牌进行首次价格促销的时候，价格促销的信息发布的方式将影响价格促销的成败。

假设2-2：消费者越不在意价格促销的原因，越容易对产品的质量产生不良的认知。

通过测试1，简要地解释了产品和品牌在提供四种价格促销形式之前并解释说明了每种价格促销形式。WAVEX这个虚拟品牌的质量的认知被评估为7。网球拍被选中的原因是由于选定的产品组必须过去几乎没有价格促销活动来消除促销的平均次数对价格促销信息的影响，正如Raghbir和Corfman(1999)所提出的。

测试2也用网球拍作为产品组，主持测试2的管理者与测试1相同。随着测试1，选择了对产品组熟悉而对产品不熟悉的受访者。每个受访者被分配到代表WAVEX价格促销的两种不同信息发布方式的两组中的一组。在评估WAVEX的质量认知为7以前，

受访者看了每个促销信息。

不熟悉的实验品牌的价格促销对消费者的质量认知的影响被证明为会被以前有过或没有价格促销活动所调节。与过去的促销行为一致是使品牌评估变得更糟的不良影响的重要变量。如果此品牌从未进行过价格促销，价格促销活动会对消费者的质量认知产生不良的影响。

第二，不熟悉的品牌进行首次价格促销时，促销信息的发布方式会影响公司促销的成败。当消费者进行性格归因和情境归因的比较时，质量认知的不良影响会更大。与先前主要关注具有或不具有情境性格归因中良好或不良的动机的研究不同，本研究的焦点是检验如果公司提出了具有说服性的理由，即使消费者在价格促销行为中有性格归因，情境归因也可以被推断出的事实。这种方法，在学术方面取得了很大的成果，意义在于它运用非数学的问题来解释固定和调整过程而不像以前的研究大部分是把它用于数学问题来解释。换句话说，根据基本属性错误，有很大的倾向去性格地归因其他的行为。当这种情况出现在价格促销时，我们可以推断出消费者很有可能性格地归因公司的价格促销行为。反而，即使在这种情况下，公司可以调整消费者的锚定性来降低性格归因的可能性。另外，不像多数对价格促销的长/短期影响的以往的研究，只考虑价格促销对消费者的购买行为影响，本研究测试对质量认知的影响，一个影响消费者购买行为的因素。

这些结果在实际工作方面有重要启示。本研究的结果可以作为新产品有效的提供促销信息的指南。如果品牌要避免错误的暗示，比如在施行价格促销战略时被认为是产品的质量不好，一定要为促销提供清晰合理的理由。尤其是对那些以前没有进行过价格促销活动的公司来说，提供明确的理由尤其重要。不一致的行为可以导致消费者的不信任和焦虑。这也是无止境的价格战的风险的重要因素之一。没有事先通知的价格促销会使消费者怀疑，但不会影响市场份额。

关键词：价格促销，质量认知，与先前促销行为的一致性，信息发布方式，事前审查

I . Introduction

Over the past decades, companies with the goal of maximizing sales have actively taken part in price promotion activities. Increasing price promotion activities in the private sector have driven interest in the method and effects of price promotion and became the subject of many researches. Overall majority of the research agree that price promotion is very effective in increasing sales in the short term. However, there are much dispute between the researchers in the effect of such short-term benefits on sales over long-term (Kotler and Keller 2008; Janiszewski, Chris, Marcus Cunha Jr. 2004; Dodson, Tybout, and Sternthal 1978).

Price promotion typically reduces the price for a given quantity or increases the quantity available at the same price, thereby enhancing value and creating an economic incentive to purchase. However, the problem arises when consumers associate the price promotion of the brand with inferior product quality. This will surely reduce the favorable effects the promoters hoped to achieve through the price promotion.

In particular, price promotion is not only used to target existing consumers but also to encourage product or service

trial among nonusers of products or services. Thus, it is important for marketers to understand how price promotional informations about a brand have impact on consumer's unfavorable quality perception of the brand. Price promotions that target consumers with no prior experience in using the product can be divided into price promotion for a launching brand and price promotion for an existing brand consumers do not have prior experience with. However, if consumers associate a price promotion itself with inferior brand quality, the promotion may not achieve the sales increase the economic incentives otherwise might have produced. In addition, if the price promotion ends, the consumer that have purchased that certain brand will likely to display sharply decreased repurchasing behavior.

Therefore, it is important to understand the effects of price promotion on quality perception made by customers. However since the research up to date show conflicting views on this effect, this paper started off by investigating whether price promotions really do have an unfavorable impact on consumer's quality perception and if so kind of effects that occur. The paper also seeks to explore the conditions in which the price promotion do and do not have unfavorable effect under(Ryu and Gang 2004; Monroe 2003; Davis, Inman, and McAlister 1992; Scott and Yalch 1980).

While the majority of researches that investigated on the effect of price promotion on the consumer's quality perception dealt with effects after product trial, this paper will restrict its study to pretrial brands in order to distinguish informational effects of price promotion from effects from purchase or consumption. There is a significant difference between finding the effect of price promotion prior to product consumption and finding it after the product consumption as price promotion has a lower effect on consumers with well-defined internal knowledge structures than consumers that do not (Tybout and Scott 1983). This indicates that the effects of price promotion on consumer's quality perception are adjusted by the level of prior knowledge on or familiarity with the product or the brand.

In particular, adjustment effect of prior knowledge or familiarity will vary largely for unused brand that consumers have not experienced as it is the source of every information available to the consumer. Raghbir and Corfman 1999(1999) also stated that the quality perception made by the consumer will vary according to whether the price promotion is exposed pretrial or after trial. There is also a great practical significance in limiting the study to pretrial brand because many companies try to attract consumers with no prior product experience through their price promotion as explained earlier. Hence, the outcome of this research can provide key elements of an effective price promotions to private marketers.

Through test 1, the paper will investigate how past experience of exposure to price promotion vary the effect of price promotional information of unused brand on quality perception made by the consumer and test 2 will explore the role of information presenting pattern. Specifically, the paper will

hypothesize that the possibility of unfavorable inference of quality will decrease if the reasoning behind price promotion is provided by inducing situational attribution.

II. Theoretical Background and Hypothesis

2.1. Price Cue as the Basis of Quality Evaluation

Majority of consumers do not have a measure to objectively and scientifically evaluate the quality of a product. As the result, they often use the name of the brand, price and store etc. rather than the product characteristics as the information cue and research on the influence of such cues have been very active (Sproles 1977).

Olson (1972) provided the conceptual framework of information cue composed of two cognitive dimensions and dichotomous variables. The two cognitive dimensions are prediction value and certain value of the cue and dichotomous variables are externality and internality of the cue. Other researches regard price as an information cue and predict the Olsen's theoretical mode of information cue. The prediction value of an information cue indicates how much the consumer is convinced the cue is relevant or representative of the product's quality. The certain value of an information cue indicates the likelihood of consumer's belief that the valueability is accurately and perceptively evaluated. Therefore, cues specified by certain and prediction values have an important role in evaluating the quality of the product (Dick, Chakravarti, and Biehal 1990).

In addition to prediction and certain value of a cue, Olsen (1977) defined the cue intrinsic if a change in a certain cue causes a physical change in the characteristic of the product and extrinsic if it does not. For example, the design and physical characteristics of a product are intrinsic cues and price and brand name of a product are extrinsic cues. The relative salience bias of intrinsic and extrinsic cue in evaluating the product's quality is said to rely on prediction and certain value possessed by each individual.

Many researches have verified that intrinsic cues related to the product (taste, ingredients, smell etc.) have a great influence in quality perception (Wheatley, Chiu, and Goldman 1981; Peterson 1977; McDaniel and Baker 1977). On the other hand Bearden and Shimp (1982) stated that consumers rely on extrinsic cues such as price, quality assurance or information on the product or reputation of distribution or manufacturing company to be assured of product performance and reduce perceived risk when they lack the ability to evaluate the quality of the product or when the criteria of product evaluation is unclear. Therefore, when the consumer can not use intrinsic information to evaluate the unused product, they will likely to rely on using extrinsic cues such as price. This study restricted the scope to unused brands in order to create a situation where consumers rely on price cues rather than the brand in inducing the quality of the product.

Meanwhile, the research on price as the measure of quality are divided into two main streams, study on the relationship between price and objective quality and between price and subjective quality (Lichtenstein and Burton 1989). Study on the relationship between price and subjective quality investigates whether price affects consumer's quality evaluation process, and how other variables affect the level of influence. From the perspective of Cue Utilization Theory, the researches are further divided into single-cue study, which investigates the relationship between price cue and quality, and multi-cue study, which investigates relationship between price cue and other price and quality. In the late 1970s, a new stream of multi-cue study, which included intrinsic cues as well as price cue, generally concluded that multiple number of cues affect consumer's quality perception either directly or through a mutual relationship and that consumers' tendencies to rely on price becomes strong or as their purchase experiences with the respective product, purchase experience of variety of products or product evaluation ability is more efficient (Della Bitta et al. 1980). Therefore, the reliance on price cues to evaluate quality will become stronger by the association with a product or an unused brand, which has an imperfect set of product information.

2.2. Unfavorable Effect of Price Promotion on Consumer Response

The consumer's reliance on the use of price as the measure of quality evaluation depends on the alternative information that is diagnosable. Rao and Monroe (1988) explained that consumers are more likely to use intrinsic cues to evaluate quality if the product is familiar. He also stated that as availability of mobile information increases, the influence of price on the perceived quality decreases.

Scott and Yalch (1980) observed a unfavorable effect of price promotion on quality evaluation by consumers that purchased a promoted product. As the matter of fact, the relatively low price compared to those of the competitor's can be the indicator of inferior quality. This is more so for products with price as their main basis of quality evaluation. While in an economic perspective the demand decreases when the price is high, the quality is perceived to be high and the desire to purchase increases. In other words, price promotion leads to decrease in price, and since low price is associated with low quality, we can infer that consumers will have a low perceived quality when provided with a low-price product and there is no other information available to evaluate quality. Some scholars explored on the influence of framing effect of the gain and loss explained by prospect theory and mental accounting on the consumer response towards price promotion (Lee & Lee 2005; Ha & Han 2002; Heath, Chatterjee and France 1995). Lee (2000)'s research verified that consumers with high materialistic tendencies tend to give favorable evaluations on a high priced product and unfavorable

evaluations on a low priced product in relative to consumers with low materialistic tendencies. There has also been research in the role of external reference price provided by the manufacturer or retailer during a price promotion. The study began by comparing the case with the reference price provided and not provided and went on to investigate the individual effects of the specific method of expression when the reference price is presented on consumer behavior (Chan Ju, Seo, 2001; Lichtenstein, Burton and Karson 1991). The research by Gang Seok, Ryu (2004) examined the effect of inference of consumer motivation through price promotion on consumer response. Specifically, if motivation through discount is inferred when the difference in price is small, consumers showed a more unfavorable response in reliability, value and intention to purchase compared to the case with no inference. On the other hand, when the difference in price through discount was large, consumers showed a more favorable response.

Kim & Lee (2007) introduced and verified the role of the concept of reference discount based on the observation that consumers form a reference point based on information accumulated through past purchase experience. According to the outcome of this research, consumers form a reference point based on information accumulated through past purchase experience and use it to evaluate the relative attractiveness of the discount, meaning that the psychological reference point exists for discount as well as for price. Moreover, the research demonstrated that an acceptance interval, in which the consumers do not recognize the size of discount, exists in reference discount and if discount is larger than the reference discount, a favorable response is displayed while an unfavorable response is displayed if the discount is smaller.

2.3. The Effect of Past Price Promotion on Consumer Response

As mentioned above, price promotion acting as a source of information in evaluating price-subjective quality leads to an unfavorable effect on quality perception of unused brand. In other words, the main determinant of price promotion's effect on quality perception made by consumer is the point of time in which price promotion functions as a source of information. For instance, the circumstances in which price promotion functions as a source of information will be 'when the price promotion patterns seem different to the past price promotion patterns'. This is a signal of change and it means that a re-evaluation of quality can take place. When a brand with history of numerous price promotion undertakes another price promotion, such activity does not provide consumers the opportunity to create a new recognition of the brand, while when a brand that never have done a price promotion before undertakes a price promotion, it carry out its function as a source of information and affects the re-evaluation process of quality.

In particular, a construct called consistency has an important

role in the process of personality inference. Information that is inconsistent with the existing one is said to have a greater effect on consumer's perception than a consistent one as it is elaborated by consumers (Ahn 2000; Jones and McGillis 1976). Thus, consumers will neglect price promotion that is inconsistent with past behaviors rather than a consistent one in the evaluation of quality. The theoretical consequence is that consumers who are presented with inconsistent price promotion behaviors depend on whether the information is favorable or unfavorable. Thaler (1991) states that consumers who are presented with unfavorable information have an asymmetric influence. Unfavorable information is analyzed more elaborately than favorable information and people tend to regard unfavorable information as more diagnostic during decision making and give greater significance to it. Therefore, when a brand that has never done a price promotion before undertakes one, the brand will suffer damage in the quality evaluation due to the unfavorable behavior.

Raghuram and Corfman (1999) defined 3 cases where price promotion brings an unfavorable effect to quality perception made by consumers, first when the company's behavior is deviant from its past promotion patterns, second when the behavior is outside the standards of the product group and third when the consumer is a novice and the price promotional information of unused brand is used as a diagnostic information in evaluation of quality. Based on these previous researches, following explanation on the conflicting effect of price promotion on quality perception made by consumers can be derived as follows. The factors that determine whether the consumer response is favorable or unfavorable are, the timing of the promotional exposure, that is whether the exposure is before or after consumer experiences the product, whether the consumer has price promotion experience of the same product in the past and lastly, the difference between product groups as the control variable. To eliminate these effects caused by aforementioned differences for this research, testing was done under the condition of pre-trial timing of promotional exposure. Accordingly, hypothesis was set as follows to investigate the adjustive effect of past price promotion on quality perception made by consumers.

Hypothesis 1: The influence that price promotion of unused brand have on quality perception made by consumers will be adjusted by past price promotion activity of the brand. In other words, a price promotion of an unused brand that have not done a price promotion in the past will have an unfavorable effect on quality perception made by consumer.

2.4. Research on the Presenting Patterns and Attributions of Price Promotional Information

Attribution refers to the cause recognized by the individual for an event or outcome. Research on attribution generally focuses on the method the individual uses to reach at a causal explanation and the significance of such explanation. According to the locus of control theory developed by Rotter (1966), the

cause of a recognized behavior can be explained in the dimensions of individual or environmental characteristics. Since every individual think about the cause of each behavior according to attributions theory, consumers will try to infer the cause when exposed to a price promotion by thinking 'why is this brand undertaking a price promotion?'. In the context of locus of control theory, the answer to this question can come from the brand itself or from some external factors. The former is called dispositional attribution and the latter is called situational attribution. Heider (1958) described behavior as being the most distinguishable thing in social situations and stated it's usual to attribute the cause to an internal factor of the actor when observing behaviors of others. In extreme cases, even behaviors that can easily be explained as a situational cause tend to be attributed to an internal factor from the observer's point of view according to 'fundamental attribution error'. Such errors present that consumers are likely to attribute the cause to the characteristics of the brand rather than product group (Ross 1977). Lichtenstein, Burton, and O'Hara (1989), Raghurir and Corfman (1995) concluded that when consumers are exposed to price promotion and attribute the cause to brand-specific factor, its effect on quality evaluation is unfavorable.

Jones, Rock, Shaver, Goethals, Ward (1968) observed a primacy effect, phenomenon where information encountered earlier had greater influence on attribution, through specific testing. Quattrone (1982), through his first-ever application of anchoring and adjustment process to a non-mathematical problem, revealed that the tendency to dispositionally overattribute will rapidly increase once a cue that enables a situational attribution is given. Consumers generally anchor and adjust the initial value to estimate a value. Slovic, Fischhoff, and Lichtenstein (1982) observed that as the adjustment process is usually insufficient, the final estimated value will likely to be biased towards the direction of the initial anchoring process and this indicates that the usage of other initial starting point enables the calculation of different estimated value.

When the above research outcomes are applied to the situation of price promotion, because consumers are likely to employ dispositional attribution rather than situational attribution to the brand, they are also likely to dispositionally attribute the price promotion given that other factors are constant. However, if a cue that enables a situational attribution is provided during the initial process of attribution of finding the cause of the price promotion, the frequency of dispositional attribution will decrease. Let us consider the cases where the situational cause for the price promotion is provided. Price promotions where situational cause is provided such as 'special sale for freshmen or graduates' or '30th anniversary of the brand sale' will have a lower possibility of dispositional attribution. Moreover, reduced dispositional attribution may lead to lower possibility of unfavorable inference of the brand.

Hypothesis 2-1: When an unused brand undertakes price

promotion for the first time, the information presenting pattern of price promotion will have an effect on the consumer's attribution for the cause of the price promotion.

Hypothesis 2-2: The more consumer dispositionally attribute the cause of price promotion, the more unfavorable the quality perception made by consumer will be.

III. Test 1

3.1. Test Method and Procedures

The scope of this study is to examine the role of past price promotions and information presenting pattern of the promotion in the influence of price promotion on quality perception made by consumers.

In order to investigate the influence of past price promotions, the familiarity of the product group, tennis rackets and an imaginary brand WAVEX was surveyed in test 1. First, the familiarity of the product group, tennis racket was surveyed and only subjects that had around average level of familiarity was selected. As for the brand, in order to satisfy the condition of 'unfamiliar pretrial brand' only subjects that had low familiarity with the brand WAVEX was selected. The subjects were then given a brief explanation of the product and the brand before they were provided with a 2x2 factorial design that has 4 patterns of price promotion (presence or absence of past price promotion * presence or absence of current price promotion) and the explanation describing the price promotion pattern of each cell. Then the perceived quality of WAVEX was evaluated in the scale of 7. The reason tennis racket was chosen is because the selected product group must have had almost no past price promotions to eliminate the influence of average frequency of promotion on the value of price promotional information as Raghurir and Corfman (1999) pointed out. The respondents were selected from the students of the management faculty of Sogang University with consideration of convenience and limited time and budget through a convenient sampling method. 23 subjects responded to each cell with total of 92 analysis targets.

3.2. Manipulation and Measurement of Variables

Unfamiliar pretrial brand mentioned in this study refers to the brand that consumers have low familiarity with, among the new or unused existing brands. Park and Lessig (1981) classified the evaluating dimensions of subjective familiarity into 3 categories, experience of searching for information, experience of using the product and experience of owning the product and this study referred to those categories to measure familiarity. The level of familiarity was arranged in Table 1.

Table 1. Familiarity Measurement

	Familiarity		
	Low	Neutral	High
Experience of information search	×	○	○
Experience of using the product	×	○	○
Experience of owning the product	×	×	○

As for the independent variable price promotional information, only the discount information of 30% was given with original and discounted price disclosed. The dependent variable perceived quality was measured in the scale of 7 by questioning the level of agreement to the 3 items selected during the preliminary experiment among the 5 items used in Dodds, Monroe and Grewal (1991)'s research.

3.3. Verification of the Reliability and Validity of the Measurement Items

The analysis of reliability of the dependent variable, perceived quality showed Cronbach's α value of .928, indicating a very high reliability. The analysis of construct validity displayed a high load capacity factor of above 0.8. In addition, each item was linked to one primary factor and the unique value was above 1 (*Eigen Value* = 2.63) indicating validity of the measurement items.

3.4. Verification of Hypothesis 1

Hypothesis 1 estimated that the influence of price promotion on quality perception made by consumer will be adjusted by the past price promotional activities of the brand. In other words, it hypothesized that when a brand with no previous price promotion activity undertakes price promotion for the first time, it will have an unfavorable effect on quality perception. Quality perception was set as the results variable to carry out a 2 interaction analysis on presence or absence of past price promotion presence or absence of current price promotion. The

outcome showed a significant difference ($F(1, 88) = 10.28, p < .01$). The results strongly supported hypothesis 1 that estimated that the influence of price promotion on quality perception made by consumer will be adjusted by the past price promotional activities of the brand.

The average value of the perceived quality of the consumers according to the price promotion patterns of the brand was arranged in Table 3. In order to verify the effect of current price promotion on perceived quality, T-Test was carried out between the average value of perceived quality while price promotion took place (3.75) and the average value of perceived quality when there was no price promotion (4.40). The result indicated a significant difference between the two ($p < .01$).

Table 3. Mean of the Perceived Quality According to Price Promotion Patterns

	Absence of past promotions	Presence of past promotions
Absence of current promotions	4.94 cell 1 (23 respondents)	3.86 cell 4 (23)
Presence of current promotions	3.59 cell 2 (23)	3.90 cell 3 (23)

Duncan analysis was also carried out to identify the group that showed a significant difference and the result are as shown in Table 4. The average value of the perceived quality in the case of first-ever price promotion (3.59) was lower than the case of no price promotion (4.94) ($p < 0.01$) and thus hypothesis 2 was supported. The outcome is also consistent to the research by Raghbir and Corfman (1999).

Table 4. Post-hoc tests - Multiple comparison

	cell	N	Subset for alpha = .05	
			1	2
Duncan (a,b)	2	23	3.59	
	4	23	3.86	
	3	23	3.90	
	1	23		4.94
	Sig.		.355	1.000

Table 2. Test 1 Analysis of Variance

ANOVA		Type III Sum of Squares	df	Mean Square	F	Sig.
Main Effect	Presence or Absence of Past Price Promotion ①	3.522	1	3.522	3.25	.075*
	Presence or Absence of Current Price Promotion ②	9.783	1	9.783	9.03	.003**
Two Way Interaction	① × ②		1	11.130	10.28	.002**
Error			95.304	88	1.083	

**p<0.01, *p<0.1

IV. Test 2

Test 2 was also carried out on students of the management faculty of Sogang University with tennis racket as the product group. As with test 1, subjects with average familiarity for the product group and low familiarity for the brand was selected. Each subjects were assigned to one of the two cells representing two different information presenting patterns of price promotion of WAVEX (case where the reason behind price promotion was provided/case where the reason behind price promotion was not provided). Subjects looked at each promotional information before evaluating the perceived quality of the brand WAVEX in the scale of 7.

4.1. Test Method and Procedures

In test 2, the subjects were divided into two groups according to the information presenting patterns of the price promotion of an unfamiliar pretrial brand. Cell 1 represented the case where the reason behind the price promotion was provided in addition to the general promotional information while cell 2 represented the case where only the general promotional information was provided. 22 subjects responded to each cell, with total of 44 subjects for test 2.

4.2. Manipulation and Measurement of Variables

As with <TEST 1>, unused brand and dimension of subjective familiarity evaluation was manipulated using the same method. The only independent variable price promotional information provided was once again was the 30% discount information and perceived quality was also measured through the 3 selected items with reference to Dodds, Monroe and Grewal (1991)'s research by asking the level of agreement. In order to prove hypothesis 3, <TEST 2> was manipulated by providing a clear explrovtion of the reason for the price promotion to one group to infer a situational attribution from the consumer and providing just general promotional information to the otherf thefor dispositional attribution, the respondenmtional iked if they thought the imaginary brand WAVEX carried out a price promotion because of internal problems such as deteriorated quality or excessive inventory, measuring the level of agreement in the scale of 7. As for situational attribution, respondents were asked if they thought the brand carried out the price promotion because of an external circumstance such as fierce competition with other brands, measuring the level of agreement in the scale of 7.

4.3. Verification of the Reliability and Validity of the Measurement Items

The analysis of reliability of the dependent variable, perceived quality showed Cronbach's α value of .918, indicating

a very high reliability. The analysis of construct validity displayed a high load capacity factor of above 0.8. In addition, each item was linked to one primary factor and the unique value was above 1 (*Eigen Value* = 2.58) indicating validity of the measurement items.

4.4. Verification of Hypothesis 2

Hypothesis 2-1 stated that when an unused brand undertakes price promotion for the first time, the information presenting pattern of price promotion will have an effect on the consumer's attribution for the cause of the price promotion. To verify this, the difference in dispositional attribution depending on the information presenting patterns of price promotion was analyzed through T-test. The result showed the average value of the case where the reason behind the price promotion was provided in addition to the general promotional information (2.28) was lower than the average value of case where only the general promotional information was provided (3.73), verifying a statistically significant difference. The results indicate that when the reason behind the price promotion is provided during the promotion, it infers a situational attribution from the consumers, lowering the frequency of dispositional attribution occurring.

The difference in situational attribution depending on the information presenting pattern of price promotion was analyzed using a T-test. The result showed that there was no significant difference between the average value of the case where the reason behind the price promotion was provided in addition to the general promotional information (3.86) and the average value of case where only the general promotional information was provided (3.63) ($p > .44$). This means that the extent of consumer's employment of situational attribution to the cause of price promotion when provided with the reason behind price promotion has no statistical significance. Hence, when the reason behind the price promotion was provided in addition to the general promotional information, it does have a great influence in dispositional attribution when consumers look for the cause for the price promotion but does not have a noticeable influence in situational attribution, so hypothesis 2-1 was partially supported.

Hypothesis 2-2 stated that the more consumer dispositionally attribute the cause of price promotion, the more unfavorable the quality perception made by consumer will be. To verify this, T-test was carried out and its result showed that the average value of perceived quality when the reason behind price promotion was provided (4.95d thathighe average value of perceived perceived quality when juste reason behind price promotion was provided (4.95d thathand such difference roviverified to be value of perceived perceiv($p < 0t01$). This means that alue situational attribution of the cause of the price promotion 1). This means tha by ded (4 reason behind carrying out (4.95d thathand n addition to the general promotional information 4.creases th situational attribution of the cause off the cause of price promotion and reduce the

unfavorable effect on the perceived quality. In addition, ge valnalysis ff the correlation between the extent of attribution of the cause o1). This means th for the cause of price promotion and perceived quality, showed that the correlation between attribution of the cause oin the erceived quality, showed that price promotion was y,v, led and perceived quality was -0t4h as show oin Table 5, eason be at the more attribution of the cause ohis means th employs,ge va the avee perceived quality gets(p < 0.05).

Table 5. Cell 1 Analysis of Correlation between Dispositional Attribution and Perceived Quality

		Dispositional Attribution	Perceived Quality
Dispositional Attribution	Pearson Correlation Sig. (2-tailed) N	1.00 .03 22	-.47* .22
Perceived Quality	Pearson Correlation Sig. (2-tailed) N	-.47 .03 22	1.00 .22

* p < 0.05

The correlation between dispositional attribution and the perceived quality in the case where just general promotional information was provided was -0.54 as shown in <Table 6>, indicating that the more dispositional attribution the consumer employs, the lower the perceived quality gets ($p < 0.05$). Thus, hypothesis 2-2 was also supported.

Table 6. Cell 2 Analysis of Correlation between Dispositional Attribution and Perceived Quality

		Dispositional Attribution	Perceived Quality
Dispositional Attribution	Pearson Correlation Sig. (2-tailed) N	1.00 .01 22	-.54** .22
Perceived Quality	Pearson Correlation Sig. (2-tailed) N	-.54** .01 22	1.00 .22

** p < 0.01

V. Conclusion

5.1. Research Outcome

This study tried to examine the adjustive role of past price promotion and information presenting pattern of price promotion in the influence of price promotion on quality perception made by consumers. The results showed that hypothesis 1 was supported and reaffirmed Raghbir and Corfman (1999)'s research of the unfavorable effect of price promotion of unused brand on the quality perception made by consumer.

Hypothesis 2 was also supported, confirming that if the brand that have not carried out price promotions in the past

undertakes a price promotion, the unfavorable effect can become worse. This is because consumers reflect inconsistent promotional behavior more than consistent ones in the evaluation of quality. Therefore, when a brand that has never done a price promotion before undertakes one, the brand will most likely to suffer damage in the quality evaluation rather than increase in market share or sales etc. Thirdly, the quality perception made by consumers in the case of first price promotion of an unused brand is affected by the information presenting patterns of price promotion. When the reason behind the price promotion is clearly identified , consumers will employ a situational attribution for the cause of the price promotion and will lead to decreased possibility in dispositional attribution and unfavorably perceive its quality. In other words, if the price promotion is emphasized so the reason for discount is due to some special external circumstance such as fierce competition between the companies or low season etc instead of being a price promotion due to the mistake or crisis of the brand itself such as defect in the product or clearance sale, the possibility of unfavorable perception of quality can be reduced.

5.2. Implications and Future Direction of the Research

The most significant result among the research outcomes is that the study proved the effect of price promotion patterns of unused brand on the quality perception made by consumers and the adjustive role of absence or presence of past price promotions and information presenting patterns of price promotion. In particular, unlike the previous studies where the main focus was the absence or presence of favorable or unfavorable motivation from situational/dispositional attribution, the focus of this study was examining the fact that a situational attribution can be inferred even if the consumer employs a dispositional attribution on the price promotionis study was of a cee pin brand, if the company provides a persuasive reason. Such approach, in academic perspective er ea large significance compaat it explaiprd the anchoring and adjustme focuscedures by applying it to ea non-mathematicis cusblem unlike the previous studies where it was mostldesxplaiprd by applying it to ea mathematicis cusblem. In other words, there i ea high te thncy to dispositionally attribute other's btudy was according to the fn tame fal attribution errors and wesxplais is applird to the situation of price promotionsd ee can infermpaat consumers are a cee pin dispositionally attribute the company's price promotion behaviors. However, even under these circumstances, the company can adjust the consumer's anchoring to reduce the possibility of dispositional attribution. Furthermore, unlike majority of previous researches on short/long-term effects of price promotion that only considered the effect of price promotions on consumer's purchasing behaviors, this research measured the effect on perceived quality, one of man elements that affects the purchasing behavior of consumers.

These results carry useful implications for the work sector.

A guideline of effectively providing promotional informations for a new brand can be suggested through the outcomes of this research. In other words, if the brand is to avoid false implications such as inferior quality while implementing a price promotion strategy, it must provide a clear and acceptable reason behind the promotion. For example, price promotion celebrating of breaking 10million subscribers or special sales celebrating the brand's 100th anniversary will be effective strategy. Such methods can also provide an opportunity to indirectly promote the status of the brand. It is especially important for the company with no past price promotion to provide a clear reason. An inconsistent behavior can be the cause of consumer's distrust and anxiety. This is also one of the most important factor of risk of endless price wars. Price promotions without prior notice can buy doubt from consumers not market share.

On the other hand, this study restricted its investigation to one product group, tennis racket and have limitation in generalizing its outcomes. The subjects were also restricted to university students and require complementary research. The tested product groupd pruld also be diversified by including a service good. Thus, research is required on the price promotion of unused brands in diverse ranges, resoduct groups. In imdrictre, due to the natures, reups. In imdrictre as an abstractive concept, accurateerse ranment was difficult and the research was restricted be assuming pups. In imdrictre as a n able concept. In futuresch. The te,ion in gcepts, reups. In imdrictre pruld be segmented and specified to detupdine which specified n gcepts, rmndrictre have a greater influence on which n gcepts. Lastly, brands in diverostly dealt with external esoduct information such as price and brand and futuresch. The te pruld g a serv internal factors as well and investigatee good. Thus, rthe mutuvestiteraction of oduce elements on perceived quality.

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