1996

Contextual Influences on Consumer Perceptions of Tensile Price Claims in Retail Advertisements.

Katherine A. Fraccastoro
Louisiana State University and Agricultural & Mechanical College

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CONTEXTUAL INFLUENCES ON CONSUMER PERCEPTIONS OF TENSILE PRICE CLAIMS IN RETAIL ADVERTISEMENTS

A Dissertation

Submitted to the Graduate Faculty of the Louisiana State University and Agricultural and Mechanical College in partial fulfillment of the requirements for the degree of Doctor of Philosophy

in

The Interdepartmental Program in Business Administration

by

Katherine A. Fraccastoro
B.S., Louisiana Tech University, 1987
M.B.A., Louisiana Tech University, 1990
August, 1996
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# TABLE OF CONTENTS

ACKNOWLEDGEMENTS ................................................................. iii

LIST OF TABLES ................................................................. vii

LIST OF FIGURES ............................................................... x

ABSTRACT ................................................................. xii

CHAPTER 1: DISSERTATION OVERVIEW ................................. 1
  Introduction ............................................................................ 1
  Definition of Tensile Price ............................................. 1
  Research Gaps ....................................................................... 3
  Dissertation Objectives ................................................... 4
  Method ............................................................................... 5
  Dissertation Contributions ............................................. 9

CHAPTER 2: LITERATURE REVIEW .............................................. 11
  Tensile Pricing Literature ............................................. 11
  Theoretical Background ................................................ 15
    Assimilation Contrast Framework ............................... 15
    Adaptation Level Theory .......................................... 15
    Assimilation Contrast Theory ........................................ 17
  Anchoring and Adjustment Framework ....................... 21
  Contextual Effects of Consistency and Sale-Rationale ....... 25
    Consistency as a Contextual Variable ....................... 26
    Correspondent Inference Theory ............................... 27
  Sale-rationale as a Contextual Variable ......................... 29
    Attribution Theory ................................................... 30
  Model ............................................................................... 32
  Consumer Perceptions ................................................... 35
    Discount Expectations .............................................. 36
    Perceptions of Savings ............................................. 36
    Perceptions of Value of the Deal .................................. 37
    Attitude toward the Deal ........................................... 38
  Search Intentions ............................................................ 39
  Shopping Intentions ......................................................... 39
  Hypotheses ......................................................................... 40
  Chapter Summary ............................................................ 44

CHAPTER 3: PRETESTING AND EXPERIMENT ............................. 48
  Pretest One ........................................................................ 49
  Pretest Method ................................................................. 49
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypotheses Tests</td>
<td>116</td>
</tr>
<tr>
<td>Experiment 2 (Nonstudent Sample)</td>
<td>132</td>
</tr>
<tr>
<td>Study Design and Procedure</td>
<td>132</td>
</tr>
<tr>
<td>Sample</td>
<td>134</td>
</tr>
<tr>
<td>Manipulation Checks</td>
<td>135</td>
</tr>
<tr>
<td>Reliability Analysis</td>
<td>137</td>
</tr>
<tr>
<td>Hypotheses Tests</td>
<td>138</td>
</tr>
<tr>
<td>CHAPTER 5: DISCUSSION AND IMPLICATIONS</td>
<td>148</td>
</tr>
<tr>
<td>Introduction</td>
<td>148</td>
</tr>
<tr>
<td>Effects of Plausible vs Exaggerated Tensile Price Claims</td>
<td>150</td>
</tr>
<tr>
<td>Alternative Frameworks</td>
<td>153</td>
</tr>
<tr>
<td>Effects of Contextual Variables</td>
<td>158</td>
</tr>
<tr>
<td>Consistency</td>
<td>158</td>
</tr>
<tr>
<td>Sale-rationale</td>
<td>160</td>
</tr>
<tr>
<td>Summary</td>
<td>164</td>
</tr>
<tr>
<td>Managerial Implications</td>
<td>166</td>
</tr>
<tr>
<td>Limitations</td>
<td>168</td>
</tr>
<tr>
<td>Directions for Future Research</td>
<td>169</td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td>171</td>
</tr>
<tr>
<td>APPENDIX A: PRETEST ONE QUESTIONNAIRE</td>
<td>177</td>
</tr>
<tr>
<td>APPENDIX B: PRETEST TWO QUESTIONNAIRES</td>
<td>187</td>
</tr>
<tr>
<td>APPENDIX C: SURVEY</td>
<td>195</td>
</tr>
<tr>
<td>VITA</td>
<td>248</td>
</tr>
</tbody>
</table>
# LIST OF TABLES

3.1 PRETEST ONE: SALE-RATIONALE ATTRIBUTION RESULTS . . 51

3.2 PRETEST ONE: SALE-RATIONALE SELECTION
FINAL RESULTS ................................................................. 53

3.3 PRETEST TWO ANALYSIS:
STUDENT vs NONSTUDENT DIFFERENCES ....................... 58

3.4 ANALYSIS OF THE SELECTED DISCOUNT LEVELS
FOR PRODUCTS ................................................................. 62

3.5 SALE-RATIONALE RESULTS OF PRETEST TWO ............ 64

4.1 BREAKDOWN OF THE CONSISTENCY STUDENT SAMPLE BY
MANIPULATION RECEIVED ............................................... 80

4.2 ANOVA RESULTS FOR CONSISTENCY MANIPULATION CHECK:
STUDENT SAMPLE ............................................................. 81

4.3 SUMMARY TABLE OF RELIABILITY RESULTS
FOR ALL STUDIES ............................................................. 84

4.4 CORRELATIONS AMONG THE DEPENDENT VARIABLES
CONSISTENCY STUDY: STUDENTS ....................................... 86

4.5 THE EFFECTS OF TENSILE PRICE CLAIM
AND CONSISTENCY OF RETAILER DISCOUNTING
BEHAVIOR ON DISCOUNT EXPECTANCIES AND CONSUMER
PERCEPTIONS FOR STUDENTS ........................................... 88

4.6 CONSISTENCY STUDY: STUDENTS
MEANS AND UNIVARIATE CONTRASTS AMONG DISCOUNT
LEVELS FOR DEPENDENT VARIABLES ............................... 91

4.7 BREAKDOWN OF THE CONSISTENCY NONSTUDENT SAMPLE
BY MANIPULATION RECEIVED ....................................... 99

4.8 ANOVA RESULTS FOR CONSISTENCY MANIPULATION CHECK:
NONSTUDENT SAMPLE ...................................................... 100
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.9 CORRELATIONS AMONG THE DEPENDENT VARIABLES</td>
<td>103</td>
</tr>
<tr>
<td>CONSISTENCY STUDY: NONSTUDENTS</td>
<td></td>
</tr>
<tr>
<td>4.10 THE EFFECTS OF TENSILE PRICE CLAIM AND CONSISTENCY</td>
<td>104</td>
</tr>
<tr>
<td>OF RETAILER DISCOUNTING BEHAVIOR ON DISCOUNT EXPECTANCIES AND CONSUMER</td>
<td></td>
</tr>
<tr>
<td>PERCEPTIONS FOR NONSTUDENTS</td>
<td></td>
</tr>
<tr>
<td>4.11 CONSISTENCY STUDY: NONSTUDENTS</td>
<td>109</td>
</tr>
<tr>
<td>MEANS AND UNIVARIATE CONTRASTS AMONG DISCOUNT LEVELS FOR DEPENDENT</td>
<td></td>
</tr>
<tr>
<td>VARIABLES</td>
<td></td>
</tr>
<tr>
<td>4.12 BREAKDOWN OF THE SALE-RATIONALE STUDENT SAMPLE BY MANIPULATION</td>
<td>114</td>
</tr>
<tr>
<td>RECEIVED</td>
<td></td>
</tr>
<tr>
<td>4.13 CROSS TABULATION RESULTS OF SALE-RATIONALE MANIPULATION: STUDENT</td>
<td>115</td>
</tr>
<tr>
<td>SAMPLE</td>
<td></td>
</tr>
<tr>
<td>4.14 CORRELATIONS AMONG THE DEPENDENT VARIABLES</td>
<td>117</td>
</tr>
<tr>
<td>SALE-RATIONALE STUDY: STUDENTS</td>
<td></td>
</tr>
<tr>
<td>4.15 THE EFFECTS OF TENSILE PRICE CLAIM AND</td>
<td>119</td>
</tr>
<tr>
<td>SALE-RATIONALE OF RETAILER ADVERTISEMENTS ON DISCOUNT EXPECTANCIES</td>
<td></td>
</tr>
<tr>
<td>AND CONSUMER PERCEPTIONS FOR STUDENTS</td>
<td></td>
</tr>
<tr>
<td>4.16 SALE-RATIONALE STUDY: STUDENTS</td>
<td>123</td>
</tr>
<tr>
<td>MEANS AND UNIVARIATE CONTRASTS AMONG DISCOUNT LEVELS FOR DEPENDENT</td>
<td></td>
</tr>
<tr>
<td>VARIABLES</td>
<td></td>
</tr>
<tr>
<td>4.17 SALE-RATIONALE STUDY: STUDENTS</td>
<td>126</td>
</tr>
<tr>
<td>MEANS AND UNIVARIATE CONTRASTS AMONG SALE-RATIONALES FOR DEPENDENT</td>
<td></td>
</tr>
<tr>
<td>VARIABLES</td>
<td></td>
</tr>
<tr>
<td>4.18 THE EFFECTS OF TENSILE PRICE CLAIM AND</td>
<td>129</td>
</tr>
<tr>
<td>SALE-RATIONALE OF RETAILER ADVERTISEMENTS ON DISCOUNT EXPECTANCIES</td>
<td></td>
</tr>
<tr>
<td>AND CONSUMER PERCEPTIONS FOR CORRECTED STUDENT DATA</td>
<td></td>
</tr>
<tr>
<td>4.19 SALE-RATIONALE STUDY: CORRECTED STUDENT DATA</td>
<td>132</td>
</tr>
<tr>
<td>MEANS AND UNIVARIATE CONTRASTS AMONG SALE-RATIONALES FOR DEPENDENT</td>
<td></td>
</tr>
<tr>
<td>VARIABLES</td>
<td></td>
</tr>
</tbody>
</table>
4.20 BREAKDOWN OF THE SALE-RATIONALE NONSTUDENT SAMPLE BY MANIPULATION RECEIVED .................. 136

4.21 CROSS TABULATION RESULTS OF SALE-RATIONALE MANIPULATION: NONSTUDENT STUDY .................. 137

4.22 CORRELATIONS AMONG THE DEPENDENT VARIABLES SALE-RATIONALE STUDY: NONSTUDENTS .... 139

4.23 THE EFFECTS OF TENSILE PRICE CLAIM AND SALE-RATIONALE OF RETAILER ADVERTISEMENTS ON DISCOUNT EXPECTANCIES AND CONSUMER PERCEPTIONS FOR NONSTUDENTS .............................. 140

4.24 SALE-RATIONALE STUDY: NONSTUDENTS MEANS AND UNIVARIATE CONTRASTS AMONG DISCOUNT LEVELS FOR DEPENDENT VARIABLES .................. 142
LIST OF FIGURES

1.1 RESEARCH DESIGN ................................................................. 10

2.1 MODEL .................................................................................. 33

2.2 EXPANDED MODEL ............................................................... 34

2.3 HYPOTHESES MAIN EFFECTS ............................................. 45

2.4 HYPOTHESES INTERACTION EFFECTS ............................... 46

4.1 CONTRASTS FOR DISCOUNT EXPECTANCIES OF DISCOUNT LEVELS CONSISTENCY STUDY: STUDENTS ......................... 90

4.2 CONTRASTS FOR CONSUMER PERCEPTIONS OF DISCOUNT LEVELS CONSISTENCY STUDY: STUDENTS ......................... 93

4.3 CONTRASTS FOR DISCOUNT EXPECTANCIES OF DISCOUNT LEVELS CONSISTENCY STUDY: NONSTUDENTS ....................... 106

4.4 CONTRASTS FOR CONSUMER PERCEPTIONS OF DISCOUNT LEVELS CONSISTENCY STUDY: NONSTUDENTS ....................... 107

4.5 CONTRASTS FOR DISCOUNT EXPECTANCIES OF DISCOUNT LEVELS SALE-RATIONALE STUDY: STUDENTS ..................... 121

4.6 CONTRASTS FOR CONSUMER PERCEPTIONS OF DISCOUNT LEVELS SALE-RATIONALE STUDY: STUDENTS ..................... 122

4.7 CONTRASTS FOR CONSUMER PERCEPTIONS OF SALE-RATIONALES SALE-RATIONALE STUDY: STUDENTS ..................... 127

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4.8 CONTRASTS FOR CONSUMER PERCEPTIONS
OF SALE-RATIONALES
SALE-RATIONALE STUDY: STUDENTS CORRECTED DATA . 133

4.9 CONTRASTS FOR DISCOUNT EXPECTANCIES
OF DISCOUNT LEVELS
SALE-RATIONALE STUDY: NONSTUDENTS .................. 143

4.10 CONTRASTS FOR CONSUMER PERCEPTIONS
OF DISCOUNT LEVELS
SALE-RATIONALE STUDY: NONSTUDENTS .................. 144
ABSTRACT

This dissertation was undertaken to contribute to the discipline of marketing by answering three important research questions: (1) "what are the effects of exaggerated tensile price claims as compared to plausible tensile price claims?", (2) "which alternative framework (assimilation contrast theory or the anchoring and adjustment framework) provides the most suitable explanation of the effects of exaggerated tensile price claims on consumer perceptions and discount expectancies?", and (3) "what role do two contextual variables (consistency and sale-rationale) play in moderating the relationship between the consumer price perception variables and the discount expectancies?". To this end, two experiments were performed with two studies (student and nonstudent) in each. For experiment one (consistency of price promotion behavior), a 3 (level of tensile price claim) X 2 (level of consistency) between group experimental design was implemented. For experiment 2 (sale-rationale in the advertisement), a 3 (level of tensile price claim) X 3 (type of sale-rationale) between group experimental design was implemented.

In assessing the moderating role of sale-rationale in an advertisement, some results were found which seemed to indicate a positive effect for the use of a merchant sale-rationale in the student sample. For the consistency of retailer behavior, no results were found in either study. In assessing the effects of exaggerated tensile price claims, the findings indicate that the
exaggerated tensile price claim has at least as much of an effect on consumer perceptions and discount expectancies as a high-plausible tensile price claim and a greater effect on consumer perceptions and discount expectancies than a low-plausible tensile price claim. In examining alternative frameworks of the assimilation contrast theory and the anchoring and adjustment framework which are used to depict the effects of exaggerated claims, the findings demonstrated that the anchoring and adjustment framework provided a more suitable explanation of the effects.
CHAPTER ONE: DISSERTATION OVERVIEW

Introduction

Much of retail advertising is price oriented. The primary objective of sale pricing is to create an impression that if a consumer purchases a product from the advertiser within some specified period of time, he/she will save money. According to Freidmann and Haynes (1990), it is estimated that retail advertisers may spend more than $5 billion annually promoting sale prices. Therefore, it is not surprising that since the 1970’s considerable research attention has been focused on the pricing aspect of marketing, particularly the area of sale pricing. Two of the major concerns in this research have been unfair advertising practices and advertising effectiveness (Blair and Landon 1981; Fraccastoro, Burton and Biswas 1993).

Researchers have been investigating the effects of various types of price cues in retail advertisements on consumer perceptions and intentions for some time now (Blair and Landon 1981; Lichtenstein, Burton and Karson 1991; Liefeld and Heslop 1985). These price cues range from external reference prices (including objective discounts) to, more recently, tensile price claims. While the research on the effects of reference prices has been widespread, the research on tensile price claims is still in its infancy.

Definition of Tensile Price

Tensile prices are a type of cue used by retailers to describe a price reduction or advertise a sale. According to Mobley, Bearden, and Teel (1988,
p.273), the term "tensile" is borrowed from engineering "where tensile means capable of being expanded." Specifically, Mobley, Bearden and Teel (1988, p.273) state that "the content of these tensile price ads has specific factual foundation but the use of vague wording injects ambiguity." Biswas and Burton (1993) suggest that tensile price claims in retail advertisements are a combination of two cues—focal cues and semantic cues. The semantic cue used with focal information makes the tensile price claims ambiguous and hence these claims provide less precise information to the consumer. Tensile price claims can connote a range of price discounts for a product line, an entire department, or even the entire store. Examples of tensile price ads include "Save 10% to 40%," "25% to 50% Off," "Save up to 40%," and "Save 10% or More." The first two are examples of tensile claims stating a range of discount values, while the third represents a claim stating a maximum discount level, and the last example illustrates a claim stating a minimum discount level.

To date only four tensile pricing studies have been conducted (Biswas and Burton 1993, 1994; Burton, Lichtenstein, Biswas and Fraccastoro 1994; Mobley, Bearden and Teel 1988) and these studies have (1) examined the effects of tensile versus objective price claims, (2) compared various forms of tensile prices, (3) examined consumers' discounting of the discount, and (4) considered the influence of attributions in explaining pricing effects.
Research Gaps

While these tensile studies extend knowledge about an under-explored but important topic in pricing, they also underscore the need for further research in this area. One major void in tensile price research relates to the effects of implausible or exaggerated tensile price claims. To date the only studies on tensile price claims have dealt with plausible discounts (Mobley, Bearden and Teel 1988; Biswas and Burton 1993, 1994; Burton, Lichtenstein, Biswas and Fraccastoro 1994). Research in "reference pricing" has consistently shown that exaggerated reference prices can affect consumers' perceptions of offer value positively (Biswas and Blair 1991; Urbany, Bearden, and Weilbaker 1988). Thus, it is not unreasonable to expect exaggerated tensile price claims to have a similar effect on consumer perceptions.

The second research void relates to the moderating role of contextual variables. Moderators are variables that affect the direction and/or strength of the relationship between an independent and dependent variable (Baron and Kenny 1986). Adaptation level theory suggests that perceptions of price claims depend on the context in which perception occurs (Monroe 1990). Therefore, contextual variables such as consistency, sale-rationale, and store type are likely to moderate perceptions of price claims.

The two contextual variables to be assessed in this dissertation are the consistency of price promotion and sale-rationale. The consistency of price promotion is thought to be an important contextual variable as it relates to
consumers’ price perceptions because it may provide information to the consumer about the “true” price of a product. Consumers are often skeptical about promoted discounts when a merchant is known to consistently offer the same items at “sale” or reduced prices.

Sale-rationale is also an important contextual variable. While it has not been widely researched, a sale-rationale is usually presented in most advertisements. Sale-rationales may result in attributions by consumers regarding why a particular good is being offered at a discounted level, thereby making the final sale price appear to be a better buy or a better deal.

Accordingly, both exaggerated tensile price claims and the effects of contextual variables are theoretically important issues because they can enhance knowledge regarding how tensile price claims work. The issues have practical implications for retail advertisers who wish to maximize the results of their advertising. They also have policy implications if some claims which are exaggerated can have a misleading impact on consumers’ judgements of typical savings.

**Dissertation Objectives**

This dissertation had three primary objectives. The first objective was to assess the effects of plausible versus exaggerated tensile price claims by using the anchoring and adjustment conceptual framework and the adaptation level and assimilation contrast theories. The second objective was to assess the suitability of the competing frameworks of assimilation contrast and
anchoring and adjustment for tensile pricing research. The third objective is to examine the effects of contextual variables by using correspondent inference theory and attribution theory. Specifically, this dissertation will examine the contextual effects of (a) consistency of price promotion, and (b) the sale-rationale provided in the ad.

Method

This dissertation attempted to achieve the objectives by following a specific plan of study. First, pretesting was done to fine-tune the manipulations to be used in the final experiments. Initially, retail advertisements in the local Sunday newspaper over a period of 8 weeks were evaluated in order to gather information regarding the use of sale-rationales. This procedure is similar to the procedure followed by Freidmann and Haynes (1990) and Mobley, Bearden and Teel (1988). In these two studies, newspaper advertisements were assessed over a specified period of time during which judges made determinations concerning the different types of advertisements presented. The focus of those studies was on the type of tensile claim used in the advertisements. The focus of the current experiment was on the sale-rationale stated in the advertisements.

Specific types of sale-rationales for the experiment were selected from the sale-rationales found in the local newspapers by conducting a pretest similar to Lichtenstein, Burton and Karson (1991). This method provides a means for selecting the sale-rationales that are aimed at reducing negative
product attributions or enhancing positive merchant attributions. The first round of testing proceeded by having a panel of expert judges assess the sale-rationales according to the (1) perceived attribution from the sale-rationale, (2) the valence of the sale-rationale (i.e., positive or negative), and (3) the believability of the sale-rationale.

A second pretest with both student and non-student respondents was used to fine-tune the sale-rationales for use in the final experiment and to determine the type of product to be used in the experiments as well. The second pretest was also used to determine the levels of tensile price claims which relate to low-plausible, high-plausible, and exaggerated claims in accord with the procedure used by Lichtenstein and Bearden (1989). Their procedure consists of showing the subjects an advertisement for the test product and asking them to indicate the highest amount they would be willing to accept as a valid list price. Specifically, they showed an ad for a desk that had the phrase "Was _____, Now Only $299" and asked the subjects to indicate "the highest amount that they would be willing to accept as a valid list price" (Lichtenstein and Bearden 1989, p.60). This estimate provided the high plausible price for the product. Prices were then chosen to reflect the other manipulations which were used in the study.

For a tensile price study, the above question was adjusted such that subjects were asked "What is the highest (lowest) discount percentage they would be willing to accept as a valid discount offer" for a specific product type.
The highest discount percentage provided the high-plausible discount level. Likewise, the lowest discount percentage represented the low-plausible discount level. The exaggerated discount level was be selected in accord with the procedure used by Biswas and Blair (1991), which was to select the price (discount level) that was (a) "considerably higher than the average expected highest market price for a brand (in this case a product)” and (b) "higher than at least 95% of the highest price estimates for the brand". This dissertation only dealt with tensile price claims that provided a maximum level of discount or savings.

Consistency was manipulated by using a method somewhat similar to Lichtenstein and Bearden (1989); therefore, it was not necessary to pretest this manipulation. Essentially, these authors provided subjects with a scenario and an advertising schedule for the merchant which consisted of either the same advertisement for the product for six weeks out of an eight week period (high consistency) or an advertising schedule in which the product was not included in the weekly advertisements across all eight weeks (low consistency). In Lichtenstein and Bearden’s (1989) low consistency manipulation, the store advertised every week, however, the product in the advertisement manipulation was not included in any of the previous weeks presented. Therefore, the consistency of promotion of this particular product was low. The consistency of the use of price promotion in general, however, may have provided a confounding effect. Consumers may have responded to
the advertiser's consistent use of a price promotion on any product to make inferences about the advertiser's "true" prices throughout the store. The consumer could have concluded that the advertiser inflates all of his/her prices which may have influenced perceptions. In the present experiment, the low consistency manipulation was altered such that the use of price promotion was itself a rare event, thereby enhancing the effects of low consistency. Therefore, low consistency was represented by both low consistency of the advertised product as well as low consistency of the use of price promotions by the advertiser.

Following the pretest, two experiments were conducted to examine the effects. First the two experiments were conducted using student samples. In order to make the findings more robust and generalizable, the same two experiments were conducted again using non-student samples. The first experiment involved a 3 (levels of tensile price claims - low-plausible, high-plausible, and exaggerated) X 2 (consistency - high versus low) between group design. The second experiment involved a 3 (levels of tensile price claims - low-plausible, high-plausible, and exaggerated) X 3 (sale-rational - product oriented, merchant oriented, and no sale-rationale) between group experimental design. Dependent variables from price perception research were used in the study. These include: discount expectations, perceptions of savings, value of the deal, attitude toward the deal, intentions to search, and shopping intentions. Advertisements stating the price discounts were
professionally produced and given to the subjects along with a self-administered questionnaire. The data was analyzed by MANOVA. The research design is depicted in FIGURE 1.1.

**Dissertation Contributions**

The dissertation contributes to the literature in the area of pricing in three ways. First, this research makes a theoretical contribution by examining competing theories which are used to assess the effect of tensile price claims. Specifically, this research examines the appropriateness of the anchoring and adjustment framework versus the assimilation contrast and adaptation level theories in explaining the affects of tensile prices on consumers' price perceptions. Essentially, if exaggerated tensile claims have a positive effect on consumer perceptions, the anchoring and adjustment framework is supported. Conversely, if the adaptation level and assimilation contrast theories are at work, little or no effects of an exaggerated price claim are evident on consumer perceptions.

Second this research augments the literature base on tensile price claims by extending the boundaries to include exaggerated tensile price claims. While the various types of plausible tensile price claims have been examined, no study exists which includes the effects of exaggerated tensile claims. Lastly, this research includes work on the moderating role of contextual variables and their effects which has been neglected in the current literature on tensile pricing.
### Experiment 1

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<thead>
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</tr>
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<td>Low-Plausible</td>
<td>Plausible-High</td>
</tr>
<tr>
<td>High</td>
<td></td>
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<tr>
<td>Low</td>
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### Experiment 2

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<th>Tensile Price</th>
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<td>Low-Plausible</td>
<td>Plausible-High</td>
</tr>
<tr>
<td>None</td>
<td></td>
</tr>
<tr>
<td>Merchant</td>
<td></td>
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<tr>
<td>Product</td>
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**FIGURE 1.1**

RESEARCH DESIGN
CHAPTER 2: LITERATURE REVIEW

Tensile Pricing Literature

Mobley, Bearden and Teel (1988) were the first to examine the effects of tensile price claims in retail advertisements. Specifically, the authors compared tensile claims stating a maximum discount level and objective claims. The purpose was to assess the role tensile pricing plays in enhancing transaction utility via increasing value perceptions. The findings indicate that compared to objective claims, the use of tensile claims appears to decrease the perceived offer value and result in substantial discounting of the expected price reductions by the consumer. The effectiveness of different types or forms of tensile claims was not assessed in this study. The authors were less concerned with offering a theoretical hypothesis or theoretical justification for the effects of the tensile price claims on consumer perceptions than with providing a starting point for investigation of a new area in pricing.

In another study Biswas and Burton (1994) examined the effectiveness of the various forms of tensile claims and objective claims and the effect of store type on consumers' price perceptions. This study utilized tensile claims stating a maximum, minimum, and entire discount range as well as an objective discount amount. The authors also discussed the applicability of the anchoring and adjustment framework in explaining the effects of various forms of tensile price claims. The findings from the study indicate that tensile price claims stating a maximum discount level are more effective than claims stating...
a range and claims stating a range of discount levels are more effective than
claims stating a minimum discount level. Further, ads with objective claims
are more effective than tensile claims stating either a minimum discount level
or a range of discount levels. However, tensile claims stating a maximum
discount level are more effective than objective claims. Findings for the
contextual variable of store type (discount vs department store) showed that
the type of store did influence perceptions of value of the deal and search
intentions. Notwithstanding the contributions of this study to assess the
effectiveness of types of tensile claims as well as a contextual variable, this
study did not assess whether the effectiveness of different forms of tensile
price claims varied across savings ranges of different magnitude. This study
did, however, introduce a theoretical framework that differed from the
theoretical framework used in traditional reference pricing studies. Namely,
the authors proposed using an anchoring and adjustment framework to study
the effects of tensile price discounts.

Another study by Biswas and Burton (1993) examined the effectiveness
of the various types of tensile claims across savings ranges of different
magnitudes with identical midpoints. In this study, the authors used discount
ranges which were centered around a single midpoint in order to examine the
effects of the types of tensile price claims on consumer perceptions. Two
studies were utilized to increase the generalizability of the results. The first
study used 35mm cameras as the product category while the second study
employed winter coats as the product category. The findings of these two studies indicate that for broader discount ranges, advertisements stating a maximum discount level are more effective than either claims stating a range of discounts or a minimum discount level. When the discount range is narrow, the effectiveness of the types of tensile claims did not vary. The findings of these studies are also consistent with the anchoring and adjustment framework which suggests that consumers who are provided with an initial starting point (anchor) make adjustments which are biased in the direction of the initial anchor. The effects of contextual variables such as the sale-rationale or the consistency of the advertised price claim were not included, but the theoretical framework of anchoring and adjustment was used again.

A final study in the area of tensile pricing by Burton, Lichtenstein, Biswas and Fraccastoro (1994) examines the role attributions play in providing additional explanation beyond the discount claim and store type. The discount claims used included the various forms of tensile price claims as well as an objective claim. The contextual variable of store type was also manipulated. Attributions were assessed to determine if the respondents actually inferred a "cause" for the sale. Rationales which might influence the attribution of the respondent were not provided. The findings indicated that the store price image did have a strong effect on merchant attributions and a marginal effect on product attributions, thereby indicating that information in an advertisement is capable of affecting attributions. Findings also indicated that
the attributions made by the respondents did provide additional explanation beyond that of store type and discount claim type. Thus, it appears that the role of attributions is important in determining the effectiveness of a discount advertisement and that the attributions may be affected by information within the advertisement. This study did not, however, examine the effects of different kinds of information (i.e., sale-rationale) within an advertisement; nor did it provide any theoretical justification for the effects of tensile price claims.

Consequently, while the studies on tensile pricing have provided vital information about the usefulness of tensile price claims and the effectiveness of different types of tensile price claims, there are still a number of questions to be addressed in this area. The primary question relates to a theoretical basis for tensile price claims. Should the assimilation-contrast theory be extended from reference pricing to tensile pricing or is the anchoring and adjustment theory more appropriate? Another question concerns the effects of contextual variables in providing additional explanation of the effectiveness of tensile price claims. Still another question concerns the effects of varying levels of tensile claims (i.e., plausible, high-plausible, or exaggerated claims). While past research has provided an earnest beginning, there is much work left to be done in this area.
Theoretical Background

Assimilation Contrast Framework

Adaptation level theory has often been used in conjunction with the assimilation contrast theory to provide a complete understanding of the effects of price promotion on consumer perceptions and behavioral intentions. Jointly these theories imply that individuals have a range of values which are considered acceptable and values outside this range are disregarded. A closer examination of each of these theories can provide a basis of understanding as to how the assimilation contrast framework has been used previously in price promotion research and may be applicable for examining the effects of tensile price promotion.

Adaptation Level Theory. The adaptation level theory posits that an individual's behavior represents an adaptation to three classes of cues: organic, focal, and contextual (Helson 1964). Organic cues are the psychological and physiological processes that affect behavior. Focal cues are those that an individual responds to directly. Contextual cues are all other stimuli that provide the context within which focal cues operate. According to Gotlieb and Dubinsky (1991), the adaptation level is based on an individual's cognitive schema developed over time from exposure to stimuli. New stimuli can shift the adaptation level up or down depending on the new information that is acquired.
As applied to price perception research, adaptation level theory suggests that consumers have a range of internal reference prices against which advertised external prices are judged. The internal price range represents the organic cue and is affected by the other two classes of cues, focal and contextual (Gotlieb and Dubinsky 1991; Monroe 1990; Lichtenstein and Bearden 1989). Focal cues are the major focus of the consumers’ attention and include promoted price and product information in retail ads. Contextual cues include background information in the ad and other secondary stimuli to which the individual is not directly attending.

According to various pricing studies (Biswas and Blair 1991; Monroe, Della Bitta and Downey 1977; Urbany, Bearden and Weilbaker 1988), contextual cues in an ad may affect how the focal cue is judged relative to the internal reference price range that is retrieved from memory for the product/brand under consideration. The effect of focal cues is expected to be stronger than the effect of contextual cues because consumers are more likely to attend to this information. When the consumer lacks a well-established internal reference price or price range (e.g., for a new product) or when the consumer lacks confidence in his/her prior price beliefs, the focal price information and contextual cues may play a larger role in evaluations of the advertised offer. This effect occurs because, according to the adaptation level theory (Monroe, Della Bitta and Downey 1977, p.279), “the adaptation process results in behavioral responses that are accepting, rejecting, or neutral to a
given stimulus, depending on its quantitative relationship to the AL (adaptation level).” Therefore, if the adaptation level (or internal reference price) is lacking, other cues may play a more important role in affecting consumer perceptions. The major implication derived from the adaptation level theory, however, is that consumers do perceive that there is a range of acceptable prices for any given product and any external price information which falls within this range is not likely to change or shift the consumer’s internal reference price range (Biswas and Blair 1991; Lichtenstein and Bearden 1989; Lichtenstein, Burton, and Karson 1991; Monroe, Della Bitta and Downey 1977; Urbany, Bearden and Weilbaker 1988). In a tensile pricing context the adaptation level theory would suggest that consumers have a range of "internal reference discounts" (expected discounts) against which the advertised discounts are judged. If the "internal reference discount" is lacking or the prior belief is weak, it is likely to change in response to an advertised discount.

Assimilation Contrast Theory. The assimilation contrast theory (which is complementary to the adaptation level theory) has been used to explain individuals placement of stimuli by assessing the shift or change in attitude created by exposure to this stimuli. If the direction of attitude change is toward some internal standard after exposure to the stimuli, the effect is known as assimilation because the new information is accepted and "assimilated" or placed into the current cognitive schema. If, however, the attitude change is away from some internal standard after the exposure, the
effect is called contrast because the information is not accepted as representative of the current cognitive schema. Thus, contrast represents "a shift in judgement away from the value of another stimulus to which it is related in kind (dimension) and temporal occurrence" (Sherif and Hovland 1961, p.45). According to Sherif and Hovland (1961), the more remote the new stimulus, the less the shift to it. In fact Sherif and Hovland (1961, p.66) say that this shift dwindles "almost to the zero point with the remote anchor."

In pricing, the assimilation contrast theory has generally been used in conjunction with the adaptation level theory to explain how external reference prices may influence consumers' internal reference prices and subsequent purchase evaluations. Assimilation contrast theory suggests that consumers have a latitude of acceptance around their price beliefs (Biswas 1992; Monroe 1990; Lichtenstein, Burton and Karson 1991). According to the assimilation contrast theory consumers may have two reactions to the external reference price:

1. If the advertised reference price is within the acceptable range for a given consumer (even if it is close to the outer limit of acceptability), then the external reference price is assimilated. The consumer then accepts the advertised reference price as a reasonable indicator of the market price and as a plausible referent for comparison.

2. If the advertised reference price falls outside the range of acceptable prices, the reference price will be contrasted, and, thus, will not be perceived as a plausible reference point. As Monroe and Petroshius (1981, p.50) indicate, "Highly discrepant stimulus values that fall outside the latitude of acceptance will be rejected and judged as belonging to some other category or grouping - the contrast effect. For instance, a consumer might not believe that a color TV sale-priced at $299 is sold regularly at $600."
The major implication of this theory is that external reference prices can be either assimilated into the consumer's range structure or contrasted against the consumer's internal reference price (Lichtenstein, Burton and Karson 1991). Thus, the internal reference price of a consumer, and, consequently, the range of acceptable prices is likely to shift in accordance with information acquired via external sources such as reference price advertisements (Lichtenstein, Burton and Karson 1991; Monroe, Della Bitta and Downey 1977).

The implications of assimilation contrast theory would be similar for tensile price claims. If a consumer considers the advertised discount percentage or range to be acceptable, the tensile claim will have a positive affect on consumer perceptions because it will be accepted as a plausible referent. Assimilation will cause the adaptation level (internal reference discount) to shift toward the tensile claim. Consequently, positive effects should be evident on consumer perceptions. Conversely, if a consumer considers the discount percentage or range to be exaggerated or unacceptable (remote), it will be rejected, thereby having no effect on the consumer's price perceptions because the contrast effect will not result in a shift of the adaptation level (internal reference discount).

The price perception literature, however, is unclear about the exact nature of the contrast and the outcome of such an effect (Urbany, Bearden and Weilbaker 1988; Lichtenstein, Burton and Karson 1991). One possibility,
suggested by previous researchers, is that an external reference price greater
than the highest expected normal market price will be completely rejected and
result in a negative reaction towards the retailer's "deceptive" pricing practices.
Alternatively, it has been suggested that consumers may discount the
exaggerated reference price to an "acceptable" level and be affected to some
degree by the discounted external reference price. Recent studies have
shown that benefits of search declined, and intention of direct patronage
increased in the presence of exaggerated reference prices (e.g., Urbany,
Bearden and Weilbaker 1988). Also, studies have found partial support for the
hypothesized inverted-U relationship between price manipulations and
purchase evaluations (Lichtenstein and Bearden 1989), and larger effects of
exaggerated reference prices (compared with plausible reference prices) on
price perception variables (e.g., Biswas 1992). These findings imply that
consumers do not reject advertised prices entirely, even when prices are
much higher than their expectation of the highest price and they are skeptical
of the savings claim (Biswas and Blair 1991; Lichtenstein and Bearden 1989;
Urbany, Bearden and Weilbaker 1988). Also, at times, exaggerated or
implausible prices may have a stronger positive effect than plausible prices.
Thus, while the adaptation level and assimilation contrast theories suggest that
consumers are likely to reject the exaggerated discount claim altogether or
substantially discount the claim such that the exaggerated claim will have little
or no effect, the results of some studies are mixed.
Anchoring and Adjustment Framework

The anchoring and adjustment process (Hogarth 1980; Tversky and Kahneman 1974) has been proposed by Biswas and Burton (1993, 1994) as a framework that may be used to examine the effects of tensile price claims. In this process, an initial starting point—relevant or irrelevant—is used as the anchor for a judgement or estimation of values of unknown objects. This anchor is then adjusted to reflect implications of other information provided by external sources such as the semantic or focal cues. However, the adjustments are generally insufficient and lead to estimates that are biased in the direction of the initial anchor (Slovic, Fiscoff, and Lichtenstein 1982).

One example of this process is provided by Tversky and Kahneman (1974) in which subjects were asked to estimate the percentage of African countries in the United Nations. The examiner first spun a wheel-of-fortune to provide an initial number. The subject had to decide if the number was higher or lower than the actual percentage and provide their estimate. The findings of the study indicated that the highly artificial anchors provided by the numbers on the wheel had strong and significant effects on the estimates of the percentage of African countries in the United Nations. The median estimates were 25 and 45 African countries in the United Nations when the anchors were 10 and 65, respectively.

Applied to tensile pricing, the anchoring and adjustment framework suggests that the percentage discount level (the focal cue) stated in an ad
serves as an anchor from which consumers make cognitive adjustments in making value judgments. Adjustments from the anchor are affected by the semantic cue in the ad. For example, for a discount between 10% and 40%, consumers exposed to a "Save 10% or More" claim will adjust upwards from the stated minimum discount, whereas those exposed to a "Save up to 40%" claim will adjust downwards when estimating the average % price reduction. These adjustments are normally biased toward the anchor point. In situations where two anchor points are included (i.e., an ad stating a range of discount), anchoring and adjustment theory provides no direct insight as to what effects might be expected.

Biswas and Burton (1994) conducted a preliminary analysis to explore how the adjustment process operates when two anchor points are provided. This adjustment process was examined by providing subjects with an advertisement containing a savings range (Save 10% to 40%) and asking them to estimate the average percentage price reduction for the product category featured in the ad. The subjects were then given four different methods of estimating the average price reduction as well as an open-ended "other" category and asked to indicate which method best described their estimation process. Almost half of the respondents (49%) stated they started at the minimum level of savings and adjusted upward. Correspondingly, 44% of the respondents stated that they started at the midpoint of the range and adjusted downward. Therefore, Biswas and Burton (1994) concluded that consumers
exposed to the entire range of discounts will use the lower focal cue or the midpoint of the discount range to make adjustments in arriving at their estimates. The adjustments made by the consumer from the anchor may also depend on the other contextual cues in the ad and the information that can be retrieved by the consumer from memory (Biswas and Burton 1994).

Since different forms of tensile claims provide different starting points or anchors, different levels of effectiveness can be expected. Specifically, since tensile price claims stating a maximum discount level provide a high initial starting point, one would expect this form to be more effective than a claim which provides a low initial starting point (a claim stating a minimum discount level) providing the difference between the maximum and minimum discount levels is substantial (Biswas and Burton 1993). The effectiveness of the tensile price claim that provides two focal cues depends on the way in which the consumer processes the given information. As mentioned previously, consumers generally use the lower focal cue or the midpoint of the discount range as the initial anchor. Thus, the anchor for a claim stating the entire discount range is typically lower than the anchor when the maximum discount for the same range is provided in the ad. Consequently, a tensile claim stating the maximum discount is likely to be more effective than one stating the entire discount range. Also, a tensile claim stating the entire discount range is likely to be more effective than one stating only the minimum level of savings.
Consistent with the above expectations, studies have found that ads providing a maximum level of saving do out perform ads that provide a savings range as well as ads that provide only the minimum level of savings. Tensile price ads stating the minimum level of savings for a discount range were the least effective (Biswas and Burton 1993, 1994).

It does appear that the high anchor point may unduly influence consumer perceptions as predicted by the anchoring and adjustment theory. As discussed previously, the anchoring and adjustment framework suggests that even "experts" can make insufficient adjustments based on irrelevant information provided to them. For example, Northcraft and Neale (1987) examined the effects that completely uninformative list prices would have on professional real estate agents (who are considered experts in judging the value of homes). The findings indicated that the completely uninformative list price had a strong effect on lowest acceptable offer price, estimates of selling and purchase price, and estimates of value because of insufficient adjustments to the anchor. The agents, however, denied using list price in their price estimates. This is also consistent with Kahneman (1992, p.308) as he discusses "anchoring effects" which are "cases in which a stimulus or a message that is clearly designated as irrelevant or uninformative nevertheless increases the normality of a possible outcome." Therefore, the anchoring and adjustment theory may serve as a meaningful basis for explaining how consumers may be positively influenced by exaggerated tensile price claims.
Hence, based on the anchoring and adjustment framework it can be expected that exaggerated tensile claims (e.g., "Save up to 70%") in ads may result in more positive price perceptions among consumers than plausible (e.g., "Save up to 20%") or plausible-high tensile claims (e.g., "Save up to 40"). That is, consumers may believe that the claim is inflated, but the exaggerated claim may still influence consumers’ perceptions. Similar findings have been reported by Gupta and Cooper (1992) for high levels of absolute discounts. Gupta and Cooper (1992) found that (a) consumers discount price discounts in advertisements and (b) this discounting of discounts increases as the advertised price reduction increases. However, higher actual discounts consistently resulted in higher perceived discounts.

**Contextual Effects of Consistency and Sale-Rationale**

Contextual variables provide the situation or setting in which pricing claims are received by the consumer. The adaptation level theory suggests that the effect of focal cues (price claims) may be influenced by organic cues and contextual cues. As such contextual variables may be important factors in influencing consumers’ acceptance of retail price claims. For example, Biswas and Blair (1991) found that the brand used in the price promotion (familiar vs unfamiliar) and the type of store (discount vs nondiscount) advertising the sale greatly influenced consumer perceptions and price expectations. Accordingly, Biswas and Burton (1994) found the contextual variable store type to also have an effect on consumer perceptions, especially perceptions of value and
search intentions. Lichtenstein and Bearden (1989) found that the contextual variables of consistency and distinctiveness influence internal price standards and purchase evaluations. These are just a few examples that indicate how important it is to consider the influence of contextual variables when assessing pricing effects.

Two contextual variables that may influence price perceptions in this study are consistency and sale-rationale. The consistency variable provides background information from which the consumer can judge the *truthfulness* of an advertised message. A sale-rationale provides information concerning why a sale is taking place. These two variables are defined and theories concerning their use are explored below.

**Consistency as a Contextual Variable**

One contextual variable that has implications for tensile price perception is the **consistency** over time with which retailers make tensile price claims in advertisements. Consistency refers to "the perceived consistency of the present behavior of the target person/store relative to previous behaviors of the target person/stores" (Lichtenstein and Bearden 1989, p.193). If a retailer consistently advertises a discount, consumers may make inferences such as "They always offer a discount; the suggested savings is really not valid." Hence, the discount claim is more likely to be rejected or "discounted" than if the discounting behavior is less frequent. Problems caused by over use of
price promotions (such as uncertainty about the "true" price of a brand) have been noted by Sawyer and Dickson (1985) and Winer (1986).

**Correspondent Inference Theory.** Correspondent inference theory (Jones and McGillis 1976) provides a useful framework for explaining the effects of consistency. "According to correspondent inference theory, when an individual encounters information associated with a target person (e.g., a retailer or a merchant) that is expected, the individual (e.g., a consumer) is unlikely to engage in attributional processing (Lichtenstein and Bearden 1988, p.191)." Because this information is "expected", the consumer has no need to question why it is being presented. For example, if a consumer sees an advertisement for a particular merchant which is similar to advertisements presented by this merchant in the past, the consumer is likely to think that the merchant is just acting in accord with past behavior. In this instance, a "ready-made causal schema" (a framework, stored in memory, that relates how variables interact to account for effects (Kelley 1973; Smith and Hunt 1978)) is likely to be aroused (i.e., the reason the merchant is making the price claim is because he/she has always done it in the past).

However, if the context in which the advertisement is presented is not expected, no ready-made schema may be available to the consumer to account for the new context. Subsequently, this new context represents unexpected information. When this new context occurs, it is likely that the probability of the consumer engaging in attributional processing is increased.
because the consumer attempts to account for this new and unexpected information. In sum, the likelihood of attributional processing with respect to the advertiser's behavior is highest when the consumer does not expect the advertiser to behave in such a manner.

According to Lichtenstein and Bearden (1988, p.192):

Perceiver expectations of an actor's behavior can be defined in terms of probability. That is, unexpected behaviors have a low prior probability of occurrence, and expected behaviors have a high prior probability of occurrence. In essence, the prior probability acts as a floor for attribution processing. When the prior probability is low, i.e., chance of the behavior being undertaken is low, if the behavior is undertaken, the perceiver is more likely to engage in attributional processing to account for the behavior. Jones and McGillis (1976) state that these prior probabilities may be normatively defined in terms of category-based expectancies or in longitudinal terms based on prior knowledge of the target merchant's previous behavior (referred to as a target-based expectancy)....

(Target based expectancies...are longitudinally-based expectancies derived from prior information about the particular target. The perceiver's task in deriving a target-based expectancy is to extrapolate from past behaviors of the target person to the present behavior (Jones and McGillis 1976). For example, if in the past Store A has been lenient with their return policy, the consumer is likely to expect that the store is still lenient with its return policy simply because this is how Store A (target) has behaved in the past. If Store A behaved in a manner different from its past behavior (i.e., target-based expectancy not met), correspondent inference theory would predict a higher likelihood that attribution processing would occur to account for the behavior than if the behavior was the same as previous behavior (target-based expectancy met) and, thus, already expected. Therefore, target-based expectancies can be addressed by consistency over time information (cf. Kelley, 1967), i.e., the perceived consistency of the present behavior of the target person/store relative to previous behaviors of the target person/store.
Based on the role of target-based expectancies, the contextual variable of consistency is expected to affect the perceptions of a tensile price discount claim. If, for example, a merchant uses tensile discounts in a highly consistent manner, "attributional theory would predict that... target-based expectations would be met, and extensive processing of the price claim would be unlikely (Lichtenstein and Bearden 1988, p.193)." However, if the consumer encounters a tensile price advertisement from a merchant who has not previously used such discounts (at all or for a particular product category), no ready-made schema may exist to account for this merchant behavior. Since there is no readily available justification to account for this unexpected behavior, the consumer may try to find a reason to explain this behavior, thereby increasing the opportunities for attributional processing to occur. As a result of such attributional processing, cognitions (including those about the internal price standards) may have a higher probability of being affected. In such conditions, the advertised tensile discount "may have a higher probability of influencing consumer price perceptions" (Lichtenstein and Bearden 1988, p.193).

Sale-rationale as a Contextual Variable

The second contextual variable considered in this proposal is the sale-rationale stated in the tensile price advertisement. Most retail ads offer a rationale for the discount offer. For example, stores frequently advertise a "Going out of Business Sale," "Year-end Model Close-out Sale," "Moonlight
Madness Sale," etc. These rationales provide additional meaning to the
discount offered in the tensile price ad by providing a reason for the discount.
These rationales may represent attempts by the retail advertisers to reduce
skepticism regarding the discounts on the part of the consumers by disclosing
the reason behind the discount of certain merchandise.

**Attribution Theory.** Sale-rationales may affect consumers’ evaluations
and intentions via their effects on consumer attributions (Burton, Lichtenstein,
Biswa and Fraccastoro 1994). Attribution theory concerns the way in which
individuals infer causes to actions or observed events. While there are many
different theories about attribution, most agree that there are three
antecedents to attributions. These three variables viewed as affecting causal
attributions are motivations, information, and prior beliefs (Kelley and Michela
1980; Folkes 1988). These antecedents are derived from Jones and Davis’s
(1965) theory of correspondent inference. Motivational reasons for causal
attributions are rooted in concerns about the individual’s personal level of self-
esteeem. Individuals tend to attribute positive outcomes to themselves
(enhancing self-esteem) while attributing negative outcomes to the situation or
some other external factor (also enhancing self-esteem). Attributions are also
affected by information specific to some event including beliefs about
covariation with other events. Prior beliefs influence attributions by affecting
the manner in which the event is categorized or classified by the individual.
The last two antecedents seem to be relevant for possible attributions
concerning advertisements promoting a price discount (Burton, Lichtenstein, Biswas and Fraccastoro 1994).

Information and prior beliefs may influence a consumer's attributions in several ways. For example, a consumer may have prior experience and/or information concerning the normal pricing procedures of a retailer. Thus, if a discount advertisement from that retailer is encountered, attributions may be affected. Information about the discount (such as a reason for the sale) may also affect attributions. In addition, attributions concerning the probable cause for a discount advertisement may also be affected by the vast amount of exposure that the consumer has with advertisements today. This prior experience may lead to beliefs as to why these discounts are being promoted. Some have argued that this extensive exposure to advertisements leads to "well-established" attributions that are integrated into an individual's belief system (Burton, Lichtenstein, Biswas and Fraccastoro 1994).

In terms of the focus of attribution, it has been theorized that attributions pertaining to the person (i.e., the advertiser), the stimulus (i.e., the advertised product), or some specific circumstance exhaust the attributional possibilities of the causal space (Kelley 1973; Lichtenstein, Burton and O'Hara 1989). Attributions may play a role in explaining tensile pricing effects in that, the rationale contained in the advertisement can enhance consumer perceptions by providing the reason why a discount is being provided. Generally, when no sale-rationale is provided, attributions made about the
discounted product tend to have negative effects, whereas, merchant
attributions tend to have positive effects on sale evaluations (Lichtenstein,
Consequently, sale-rationales aimed at reducing negative product attributions
and enhancing positive merchant attributions should result in favorable
perceptions regarding the discount offer than when there is no sale-rationale
stated in the ad. This information provides the answer to the "Why?" question,
thereby enhancing attributions.

Model

FIGURE 2.1 offers a research framework that describes how the
variables discussed previously operate. This broad model depicts the
relationship between the independent variables and the dependent variables
as well as the moderator variables. The advertised discounts depict the
independent variable. The perceptions of the consumer represent the
dependent measures to be assessed. The influence of the advertised
discount is moderated by the contextual variable to be manipulated in each
study—either consistency or sale-rationale.

The rationale behind this model is couched within a general hierarchy of
effects framework pictured in FIGURE 2.2, with cognition preceding affect
which in turn precedes conation (Lavidge and Steiner 1961; Barry 1987;
Dodds, Monroe and Grewal 1991). For the present tensile pricing study, the
model in FIGURE 2.2 illustrates the process a consumer follows when a tensile
Mnripratnrs
Contextual Variables
- Consistency of price promotion
- Sale-rationale of the advertisement

Independent Variables
- Advertised Discount
  - Low-Plausible
  - High-Plausible
  - Exaggerated

Moderators

Dependent Variables
- Consumer Perceptions
  - Discount Expectations
    - Average % price reduction
    - Minimum % price reduction
    - Maximum % price reduction
  - Price Perceptions
    - Perceptions of Savings
    - Perceptions of Value of the Deal
  - Attitudes
    - Attitude toward the Deal
  - Intentions
    - Search Intentions
    - Shopping Intentions

FIGURE 2.1
MODEL
Moderator Variables
- Consistency
- Sale-rationale

COGNITION

Tensile Discount (i.e., Actual Discount)

Discount Expectation (i.e., Perceived Discount)

Perception of Savings

AFFECT

Attitude toward the Deal

Search Intentions

CONATION

Shopping Intentions

Perception of Value of the Deal

FIGURE 2.2
EXPANDED MODEL
price advertisement is encountered. When a consumer encounters a tensile price advertisement, the consumer's previously held beliefs about the discount level (i.e., internal reference discount) of the advertised product category change in response to the tensile price claim. The direction of change depends on where the new tensile price claim is located in terms of the consumer's previous belief. The amount of positive change in the consumer's previously held beliefs depends on the size of the discrepancy between the tensile price claim and the corresponding previous belief. This change in beliefs affects consumers perceptions about the savings and value of the deal as well as their attitude toward the deal. This change in consumer perceptions is likely to be moderated by the context in which the advertised discount is presented. In this study, the context is represented as either the consistency of the advertised discount (Study One) or the sale-rationale used in the advertisement (Study Two). The consumer's perceptions, in turn, influence the consumer's willingness to shop around or search for a better price and his/her willingness to shop at the store of the merchant in the advertisement.

**Consumer Perceptions**

As stated previously, the consumer perceptions assessed in this study follow the traditional hierarchy of effects model (Lavidge and Steiner 1961; Barry 1987; Dodds, Monroe and Grewal 1991). Essentially, the consumer's beliefs influence his/her discount expectations, perceptions of savings, perception of value of the deal, and attitude toward the deal. These
perceptions and attitudes influence both shop around savings (intentions to search) and shopping intentions. Although no specific definitions can be found for some of these variables in the pricing literature, most pricing researchers agree, in general, as to what each variable represents.

**Discount Expectations.** Discount expectations is defined as the percentage reduction in the price of the promoted product that consumers expect to receive. Past research suggests that the discount levels are themselves discounted (Urbany, Bearden and Weilbaker 1988; Gupta and Cooper 1992). Therefore, it would be important to determine if the expected percentage reduction corresponds to the advertised discount amount. This measure assesses the consumer's perception of the minimum, average, and maximum percentages by which the prices would be reduced by the advertiser (Biswas and Burton 1993).

**Perceptions of Savings.** Perceptions of savings represent the amount of money the consumer believes he/she is able to save due to the advertised discount. According to Della Bitta, Monroe and McGinnis (1981, p.418), this is represented as "a perception of a true reduction in price." Biswas and Blair (1991, p.2) interpret this variable as "how the sale price compares with the regular price." Thus, if consumers believe the discount amount is "real" or "believable", then they should perceive a savings. In Thaler's transaction utility theory (1985) this represents a reduction in purchase price. Not only has this variable been defined in several different ways, it has also been measured in
different ways. Blair and Landon (1981) have used a subjective measure in which consumers indicate on a four-point scale ranging from "no savings" to "a large savings" the amount of savings they perceive. Biswas and Blair (1991), on the other hand, used a more objective measure in which they calculated the perceived savings by subtracting the sale price from the consumers' estimates of the store's regular price. This method is still based on consumers estimates, therefore it may not be completely objective. In the present study, the method presented by Blair and Landon (1981) was used because the purpose was to assess the perception of savings on the part of the consumer, thus, an exact number may not be necessary.

Perceptions of Value of the Deal. Zeithaml (1984) defines perception of value as "the consumer's evaluation of the product's value based on its price." According to Urbany, Bearden and Weilbaker (1988), an advertised reference price makes the advertised price appear more attractive, thereby increasing transaction utility. Lichtenstein and Bearden (1989) state that the perceived value variable represents the amount the internal price exceeds the offering price. In a tensile price context, the advertised discount amount should enhance utility by leading consumers to perceive they are getting a "fair" deal or that the product is a "good buy" for the discounted price. This variable assesses several different dimensions such as perceived worth, price accessibility, perceived savings, and value for the money. Some researchers (Urbany, Bearden and Weilbaker 1988; Della Bitta, Monroe and McGinnis
1981) have measured this variable using three items placed on a seven-point scale. Others (Biswas and Burton 1993; Berkowitz and Walton 1980) have measured this construct using four seven-point items. Since this construct is expected to assess four dimensions, it was measured in the present study using the four item seven-point scale.

**Attitude toward the Deal.** Similar to perceptions of value of the deal, attitude toward the deal is used to determine if consumers perceive they have received a "fair deal" for the price (Lichtenstein, Burton and Karson 1991; Biswas and Burton 1993). Again, this variable is based on a comparison of the consumer's internal price to the offering price (Lichtenstein and Bearden 1989). This variable represents the consumer's affect toward the deal. It has been measured by researchers (Biswas and Burton 1993; Lichtenstein, Burton and Karson 1991) as three seven-point items with end-points of "favorable-unfavorable", "good-bad", and "poor-excellent" in response to the statement "My attitude toward this deal is...." While the variables of perceived value of the deal and attitude toward the deal may appear to examine the same aspects of the deal the consumer perceives, they actually represent different dimensions within the hierarchy of effects. Perceived value of the deal represents a cognitive dimension while attitude toward the deal represents an affective dimension. These two variables have also been shown to represent different constructs as well. Biswas and Burton (1993) performed confirmatory
factor analysis using LISREL 7 and determined that these two variables did, indeed, represent two separate constructs.

**Search Intentions.** This variable represents the likelihood that the consumer will attempt to search for a better price than the one perceived in the advertisement (Lichtenstein, Burton and Karson 1991). Search benefit can be defined, according to Urbany, Bearden and Weilbaker (1988, p.97) as "the improvement in value or price that the buyer believes can be obtained by searching." Thus, if the consumer believes that there may be a better price or value in the marketplace, it is likely that the consumer will "search" for the "better deal". This variable has been measured by Della Bitta, Monroe and McGinnis (1981) on a seven-point semantic differential scale. However, others (Biswas and Blair 1991; Urbany, Bearden and Weilbaker 1988) have calculated it as the difference between the sale price and the estimate of the lowest price around town (Biswas, Wilson and Licata 1993). This study used the three item seven-point semantic scale that has been used by Biswas and Burton (1993; 1994) and Burton, Lichtenstein, Biswas and Fraccastoro (1994).

**Shopping Intentions.** This variable represents the likelihood that the consumer will shop at the store offering the advertised product, assuming that the consumer is in the market for that product (Biswas and Burton 1993). If the consumer believes or perceives that this store is offering a "good deal" then it is probable that consumer will also be apt to actually shop at the store advertising the product and probably make a purchase.
Hypotheses

The purpose of this dissertation is (1) to assess the effects of plausible as well as exaggerated tensile claims on consumer evaluations, (2) to assess the applicability of the assimilation contrast framework versus the anchoring and adjustment framework for explaining the effects of exaggerated tensile claims, and (3) to assess the moderating role of two contextual variables on tensile price claims. As the model in FIGURE 2.1 indicates, the type of tensile price claim should have an effect on consumers' perceptions (via the dependent variables). This effect, however, is moderated by the consistency of price promotion behavior or by the retailer and the sales-rationale stated in the advertisement. The specific hypotheses developed from the previous discussion are presented below.

According to the assimilation contrast and adaptation level theories, plausible-high tensile price claims should have the strongest effect on consumers' price perceptions, whereas exaggerated tensile price claims are likely to be rejected and have no effect on consumers' price perceptions. Thus, an inverted U-shaped curve is likely to depict consumers' reactions to low-plausible, high-plausible, and exaggerated tensile price claims. However, according to the anchoring and adjustment framework, exaggerated tensile price claims are likely to have the greatest effects on consumers' price perceptions and search and shopping intentions, followed by high-plausible and low-plausible tensile price claims.
Therefore, based on the assimilation contrast theory, the effects of tensile price claims on consumers' perceptions are hypothesized as follows:

**H1a:** A high-plausible tensile price claim compared with a low-plausible or exaggerated tensile price claim will result in:

- H1a.1 Higher expected maximum percentage price reduction;
- H1a.2 Higher expected average percentage price reduction;
- H1a.3 Higher expected minimum percentage price reduction;
- H1a.4 Higher perceptions of savings;
- H1a.5 Higher perceptions of value of the deal;
- H1a.6 Higher attitude toward the deal;
- H1a.7 Lower search intentions; and
- H1a.8 Higher shopping intentions.

Alternatively, based on the anchoring and adjustment framework, the effects of tensile price claims on consumers' perceptions are hypothesized to be as follows:

**H1b:** The effects of tensile price claim will be highest for exaggerated claims, lower for high-plausible claims, and lowest for low-plausible claims. Specifically:

- H1b.1 Expected maximum percentage price reduction will be highest for exaggerated claims followed by high-plausible and low-plausible claims;
- H1b.2 Expected average percentage price reduction will be highest for exaggerated claims followed by high-plausible and low-plausible claims;
- H1b.3 Expected minimum percentage price reduction will be highest for exaggerated claims followed by high-plausible and low-plausible claims;
- H1b.4 Perceptions of savings will be highest for exaggerated claims followed by high-plausible and low-plausible claims;
- H1b.5 Perceptions of value of the deal will be highest for exaggerated claims followed by high-plausible and low-plausible claims;
- H1b.6 Attitude toward the deal will be highest for exaggerated claims followed by high-plausible and low-plausible claims;
- H1b.7 Search intentions will be lowest for exaggerated claims followed by high-plausible and low-plausible claims; and
- H1b.8 Shopping intentions will be highest for exaggerated claims followed by high-plausible and low-plausible claims.
The moderating role of two contextual variables (consistency of price promotion and sale-rationale) were also considered. Consistency should provide information to the consumer which should affect the acceptance of the discount offer. If the price promotion practices of the retailer are highly consistent, it would lead to greater consumer skepticism, greater discounting of the offer, and lower value perceptions. Consequently, the effects of the pricing information should be greatly reduced. Conversely, consumers are less likely to reject the tensile claim if the price promotion practices of the retailer are less consistent. Specifically, the main effect of the consistency variable is hypothesized to be as follows:

H2a: Less consistent discounting behavior by a retailer compared with highly consistent discounting behavior will result in:

H2a.1 Higher expected maximum percentage price reduction;
H2a.2 Higher expected percentage price reduction;
H2a.3 Higher expected minimum percentage price reduction;
H2a.4 Higher perceptions of savings;
H2a.5 Higher perceptions of value of the deal;
H2a.6 Higher attitude toward the deal;
H2a.7 Lower search intentions; and
H2a.8 Higher shopping intentions.

In addition, consistency is expected to interact with the level of tensile discount. If price promotion practices of the retailer are highly consistent, consumers may reject tensile discounts regardless of the level. Whereas, if discounting is rare or inconsistent, consumers may be most effected by the plausible-high discount (assimilation contrast framework) or by the
exaggerated discount (anchoring and adjustment framework). Consequently it is hypothesized that:

H2b: The effects of tensile price claims hypothesized in H1a will be greater when consumers encounter a tensile price advertisement from a retailer who does not consistently make discount claims as opposed to encountering a tensile price claim advertisement from a retailer who consistently offers price discounts.

H2c: The effects of tensile price claims hypothesized in H1b will be greater when consumers encounter a tensile price advertisement from a retailer who does not consistently make discount claims as opposed to encountering a tensile price claim advertisement from a retailer who consistently offers price discounts.

Sale-rationales should provide information to help the consumer evaluate the reason for the sale, thereby influencing the acceptance of the pricing information (such as value of the deal). If the sale-rationale is aimed at reducing negative product attributions or at enhancing positive merchant attributions, the effect should be positive on consumers' perceptions of the sale. Specifically, the following is hypothesized regarding the main effect of sale-rationales:

H3a: An advertisement with a sale-rationale aimed at reducing negative product attributions or enhancing positive merchant attributions compared with an advertisement with no sale-rationale will result in:

H3a.1 Higher expected maximum percentage price reduction;
H3a.2 Higher expected percentage price reduction;
H3a.3 Higher expected minimum percentage price reduction;
H3a.4 Higher perceptions of savings;
H3a.5 Higher perceptions of value of the deal;
H3a.6 Higher attitude toward the deal;
H3a.7 Lower search intentions; and
H3a.8 Higher shopping intentions.

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As suggested in the proposed model, the sale-rationale used in an advertisement is expected to interact with the level of advertised discount. Absence of a sale-rationale may result in greater discounting of tensile claims regardless of the levels. In contrast, a sale-rationale aimed at reducing negative product attributions or enhancing positive merchant attributions may be most affected by the plausible-high discount (assimilation contrast framework) or by the exaggerated discount (anchoring and adjustment framework). Therefore, it is hypothesized that:

H3b: The effects of tensile price claims hypothesized in H1a will be greater when consumers encounter a tensile price advertisement with a sale-rationale aimed at reducing negative product attributions or enhancing positive merchant attributions as opposed to encountering a tensile price advertisement with no sale-rationale provided.

H3c: The effects of tensile price claims hypothesized in H1b will be greater when consumers encounter a tensile price advertisement with a sale-rationale aimed at reducing negative product attributions or enhancing positive merchant attributions as opposed to encountering a tensile price advertisement with no sale-rationale provided.

The main and interaction effect hypotheses are graphically portrayed in Figures 2.3 and 2.4, respectively.

Chapter Summary

This chapter first presented a detailed overview of the tensile pricing literature. Second, the major theories or frameworks used in price promotion research were discussed. In particular, it was mentioned that according to adaptation level and assimilation contrast theories, exaggerated tensile price
FIGURE 2.3
HYPOTHESIZED MAIN EFFECTS
FIGURE 2.4
HYPOTHESESIZED INTERACTION EFFECTS

*Effects will be the reverse for Search Intention

*Effects will be the reverse for Search Intention
claims are likely to be rejected (or severely discounted) and have no (or little) effect on consumer price perception variables. Conversely, according to the anchoring and adjustment framework exaggerated tensile price claims have a positive effect on the consumer price perception variables outlined in the chapter. Third, the roles of the two contextual variables of consistency and sale-rationale as moderators of tensile price effects were also discussed and relevant theories (correspondent inference and attribution) described. Fourth, the research framework incorporating the relationships among the independent, dependent and moderator variables was presented. Finally, the hypotheses tested in this dissertation were stated.
CHAPTER 3: PRETESTING AND EXPERIMENT

Two experiments were conducted in this dissertation. The first experiment involved a 3 x 2 between group experimental design in which the level of tensile price claim (low-plausible, high-plausible, and exaggerated) and the consistency of price promotion (high versus low) were manipulated. The second experiment involved a 3 x 3 between group experimental design in which the level of tensile price claim (low-plausible, high-plausible, and exaggerated) and sale-rationale (product-oriented, merchant-oriented, and no sale-rationale) were manipulated.

In order to evaluate the effects of various levels of tensile price discount claims and contextual variables on discount expectations and consumer perceptions, two pretests were undertaken. Specifically, pretests were conducted to select (a) the sale-rationales to be used in the mock advertisements, (b) the product category for the advertisements, and (c) the different levels of tensile price discounts to be used in the advertisement. The first pretest was used to pare down a list of sale-rationales to be included in the second pretest. This pretest was conducted with a panel of expert judges. The second pretest was given to student and nonstudent subjects in an attempt to select the final sale-rationales to be used in the mock advertisements to represent positive product and merchant attributions. The second pretest was also used to select a product category about which the subjects were knowledgeable as well as to obtain estimates of low-plausible
and high-plausible discount levels in the product category from which the three levels of tensile discount claims for the final study were estimated.

**Pretest One**

**Pretest Method**

First, eight weeks of two Sunday newspapers were evaluated with regard to all sale advertisements that were 4" by 6" or larger, in accordance with the method used by Mobley, Bearden and Teal (1988). Approximately 30 different sale-rationales were obtained from this examination. From these 30 rationales, 16 were chosen for inclusion in the first pretest. It appeared that these sixteen sale-rationales fulfilled the criteria of implying either a positive merchant attribution or a positive product attribution. This was, however, a judgement on the part of the researcher. Of the sixteen rationales included in the first pretest, eight represented product attributions and eight represented merchant attributions.

**Pretest Study**

The first pretest (Appendix A) was presented to a panel of expert judges (six graduate students were used). This pretest was used to determine if the sale-rationale appeared to result in a merchant, product or circumstance attribution. The different types of attributions were defined and examples of each were provided to the judges. The judges were asked to place a letter in the blank space beside each rationale corresponding to the type of attribution they felt the sale-rationale represented (i.e., p=product, m=merchant,
c=circumstance). In addition, the judges were instructed to indicate on a seven-point scale (extremely positive to extremely negative) how they felt regarding the attribution resulting from each sale-rationale. Finally, the judges were asked to indicate on a four item seven-point scale how believable they felt each sale-rationale to be. The specific items were: realistic -- not realistic; believable -- not believable; credible -- not credible; and, conceivable -- not conceivable.

Pretest Analysis and Results

The results of the sale-rationale attribution analysis are presented in TABLE 3.1. For the attribution type of product, merchant or circumstance, only five of the six judges responded. The type of attributions were coded accordingly: 1=product, 2=merchant, 3=circumstance. Simple frequencies were computed to determine which of the sale-rationales best exhibited each of the attributions of interest. The results indicated that the judges agreed unanimously on one merchant attribute and four product attributes. Five merchant attributes and two product attributes were categorized accordingly by four of the five judges. Thus, six merchant attributes and six product attributes were included in the second phase of the analysis.

The second part of the analysis was to determine if the judges felt the attribution resulting from each sale-rationale was positive or negative. Only those rationales which were perceived as positive were to be included in the main study because the goal was to use rationales aimed at reducing negative
## TABLE 3.1
**PRETEST ONE: SALE-RATIONALE ATTRIBUTION RESULTS**

<table>
<thead>
<tr>
<th>Sale-Rationales</th>
<th><strong>Attribution Frequency</strong></th>
<th>Rationale Selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Happy Anniversary to You! It's our anniversary and to celebrate, we're having a sale.</td>
<td>M = 5</td>
<td>**</td>
</tr>
<tr>
<td>Hugh Bulk Purchase from the Manufacturer and we're passing the savings on to you.</td>
<td>P = 1, M = 2, C = 2</td>
<td></td>
</tr>
<tr>
<td>Year-end Inventory Close-out. All items must be sold.</td>
<td>M = 2, C = 2</td>
<td></td>
</tr>
<tr>
<td>Clearance Sale. It's time to make room for the new stock.</td>
<td>P = 1, M = 3, C = 1</td>
<td></td>
</tr>
<tr>
<td>We're Quitting Business! We have made Final Reductions to all merchandise.</td>
<td>M = 4, C = 1</td>
<td>**</td>
</tr>
<tr>
<td>Grand Opening Week! It's an Open House Sale. Stop by and visit our new store and save.</td>
<td>M = 4, C = 1</td>
<td>**</td>
</tr>
<tr>
<td>Great Moving Liquidation Sale! We're moving and we don't want to take it with us.</td>
<td>M = 4, C = 1</td>
<td>**</td>
</tr>
<tr>
<td>Introductory Sale. Introducing the new merchandise at a savings to you.</td>
<td>P = 5</td>
<td>**</td>
</tr>
<tr>
<td>Brand Close-out. We're saying goodbye to our &quot;X&quot; brand. So you can now save on this brand.</td>
<td>P = 5</td>
<td>**</td>
</tr>
<tr>
<td>Special Purchase from the manufacturer. This special purchase allows us to sell this product at an exceptional discount to you.</td>
<td>M = 2, C = 3</td>
<td></td>
</tr>
<tr>
<td>HELP! We're running out of room. Our inventory must be reduced, so we're putting it all on sale.</td>
<td>M = 4, C = 1</td>
<td>**</td>
</tr>
<tr>
<td>We are overstocked! YES, we bought too much merchandise so we are discounting it at a tremendous savings to you.</td>
<td>M = 4, C = 1</td>
<td>**</td>
</tr>
<tr>
<td>Modal Close-out. The new models have arrived, but we still have some of last year's model. We have to move them out, so we've put them on sale for you!</td>
<td>P = 4, C = 1</td>
<td>**</td>
</tr>
<tr>
<td>Reduced! Just back from the repair shop as good as new.</td>
<td>P = 5</td>
<td>**</td>
</tr>
<tr>
<td>Special introductory offer on our new merchandise. Since it's new to us, we want it to be new to you! So, we are offering the new items at a special savings just for you!</td>
<td>P = 4, C = 1</td>
<td>**</td>
</tr>
<tr>
<td>It's a great value for the latest design of our product. It's time to up-date at a savings!</td>
<td>P = 5</td>
<td>**</td>
</tr>
</tbody>
</table>

P = Product; M = Merchant; C = Circumstance

Product attributions or enhancing positive merchant attributions such that favorable perceptions regarding the discount offer result. The computation used for this analysis was a simple calculated mean. A mean of 7 represents extremely positive attribution while a mean of 1 represents extremely negative
attribution. A score ranging from five to seven was considered positive. Only two of the six merchant attributions and two of the six product attributions were perceived as representing a positive attribution.

These four sale-rationales were then assessed for their believability. Believability was determined by summing the scores on the four items used to measure this construct. The final results are shown in TABLE 3.2. With an alpha of .93, the computed believability score does appear to be reliable. Thus, a mean score of twenty-eight indicates the sale-rationale is very believable while a mean score of four indicates the sale-rationale is not believable at all. For the four items remaining from the first pretest, the results indicate that all of the sale-rationales are believable (scores ranged from 19.33 to 25.17).

Pretest Two

Pretest Method

From the results of the first pretest, four sale-rationales were chosen to be included in the second pretest. The second pretest was given to both a student and nonstudent sample. The student sample consisted of 50 undergraduate students enrolled in a basic statistics course at a local university. Participation in the pretest was voluntary and the students received extra credit for its completion. Data from the nonstudent sample (n=45) was gathered by the same students in the statistics course. Extra credit was also given to the students for the completed nonstudent questionnaire. The last
<table>
<thead>
<tr>
<th>Sale-Rationale</th>
<th>Attribution</th>
<th>Valence</th>
<th>Believability</th>
<th>Rationale Selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Happy Anniversary to Us! It's our anniversary and to celebrate, we're having a sale.</td>
<td>M = 5</td>
<td>5.17</td>
<td>25.17</td>
<td>**</td>
</tr>
<tr>
<td>We're Quitting Business! We have made Final Reductions to all merchandise. Everything must be sold.</td>
<td>M = 4  C = 1</td>
<td>4.17</td>
<td>22.17</td>
<td></td>
</tr>
<tr>
<td>Grand Opening Week! It's an Open House Sale. Stop by and visit our new store and save.</td>
<td>M = 4  C = 1</td>
<td>5.67</td>
<td>24.00</td>
<td>**</td>
</tr>
<tr>
<td>Great Moving Liquidation Sale! We're moving and we don't want to take it with us.</td>
<td>M = 4  C = 1</td>
<td>4.50</td>
<td>20.33</td>
<td></td>
</tr>
<tr>
<td>Introductory Sale. Introducing the new merchandise at a savings to you.</td>
<td>P = 5</td>
<td>5.17</td>
<td>19.33</td>
<td>**</td>
</tr>
<tr>
<td>Brand Close-out. We're saying goodbye to our &quot;X&quot; brand. So you can now save on this brand.</td>
<td>P = 5</td>
<td>2.87</td>
<td>22.33</td>
<td></td>
</tr>
<tr>
<td>HELP! We're running out of room. Our inventory must be reduced, so we're putting it all on sale.</td>
<td>M = 4  C = 1</td>
<td>3.83</td>
<td>18.33</td>
<td></td>
</tr>
<tr>
<td>We are overstocked! YES, we bought too much merchandise so we are discounting it at a tremendous savings to you.</td>
<td>M = 4  C = 1</td>
<td>3.83</td>
<td>15.83</td>
<td></td>
</tr>
<tr>
<td>Model Close-out. The new models have arrived, but we still have some of last year's model. We have to move them out, so we've put them on sale for you!</td>
<td>P = 4  C = 1</td>
<td>3.50</td>
<td>21.50</td>
<td></td>
</tr>
<tr>
<td>Reduced! Just back from the repair shop as good as new.</td>
<td>P = 5</td>
<td>2.00</td>
<td>13.17</td>
<td></td>
</tr>
<tr>
<td>Special Introductory offer on our new merchandise. Since it's new to us, we want it to be new to you! So, we are offering the new items at a special savings just for you!</td>
<td>P = 4  C = 1</td>
<td>5.17</td>
<td>20.00</td>
<td>**</td>
</tr>
<tr>
<td>It's a great value for the latest design of our product. It's time to update at a savings!</td>
<td>P = 5</td>
<td>4.33</td>
<td>17.50</td>
<td></td>
</tr>
</tbody>
</table>

F = Product; M = Merchant; C = Circumstance
page of the nonstudent questionnaire, however, contained a statement to the effect that the person completing the form was to verify that he/she was not a student. In addition, a telephone number had to be provided such that the person could be contacted in order to verify that he/she was a nonstudent and did complete the questionnaire. Although the response to the student and nonstudent questionnaires appears to be small (n=50 and n=45, respectively), the response does appear to be adequate for the purposes of this pretest. According to Hunt, Sparkman and Wilcox (1992), forty respondents has been shown to be sufficient for pretesting purposes; therefore, the response to the questionnaires in this case should be sufficient.

**Pretest Study**

In addition to the questions concerning the four sale-rationales from the first pretest, the second pretest questionnaire consisted of questions pertaining to knowledge of various products selected for possible use in the final study. The product selection was based on current tensile and reference price perception research which has used color televisions (Biswas and Burton 1994; Burton, Lichtenstein, Biswas and Fraccastoro 1994; Blair and Landon 1981; Urbany, Bearden and Weilbaker 1988), calculators (Lichtenstein, Burton and Karson 1991; Della Bitta, Monroe and McGinnis 1981), and winter coats (Biswas and Burton 1993). Another non-technical durable item (sofas and loveseats) was included in the pretest to provide an additional category of goods for examination. Also included were questions pertaining to a "valid
discount level" that could be expected for the given product from which the levels of discounts to be used in the study could be determined (plausible low, plausible high, and exaggerated). A "valid discount level" represents the respondent's perception of a legitimate discount that can be found in the marketplace for the particular product. The second pretest questionnaires are in Appendix B.

First the respondents were told that this was a study being conducted by the Marketing Department at Louisiana State University. They were asked to answer all questions. The same questions were asked for four different products—winter coats, calculators, televisions, and sofas and loveseats. For each product, the respondent was asked to assume the retailer is offering all of that particular item in stock on sale (no retailer or brand name was specified). The first two questions asked the respondent to indicate "What is the highest (lowest) percentage discount for the product (item is filled in) you would be willing to accept as a valid reduction from the retailer?" This method is similar to that used by Lichtenstein and Bearden (1989). In their study respondents were provided with an advertisement for a student desk with the caption "Was _____, Now Only $299". Lichtenstein and Bearden (1989, p.60) the asked respondents to "indicate the highest amount they would be willing to accept as a valid list price." The values needed to represent the price manipulations in the study were selected from these responses. Thus, from these questions in the current study, it was possible to select discount
levels that accurately reflect plausible-low, plausible-high, and exaggerated
discount levels for each of the products being considered.

The next series of questions measured respondents knowledge about
the four products. There were four questions which were summed to obtain
an overall knowledge score. These questions were on a seven-point strongly
agree–strongly disagree scale. Two of the questions were reverse coded.
These questions were assessed with the objective of selecting a product for
use in the final study about which both the student and nonstudent
populations are knowledgeable.

Next the respondents were asked their gender and their age. These
demographic questions were used to examine gender and age related
differences in valid discount amounts, product knowledge, attributional
assessment of the sale-rationales, valence of the sale-rationales, and the
believability of the sale-rationales.

Part two of the questionnaire was exactly like that in pretest one with
the exception that only the four sale-rationales selected from pretest one were
used. Again, the respondents were given definitions and examples of the
three types of attributions. They were asked to indicate in the blank space
beside each rationale which type of attribution they believed the rationale was
most likely to generate. They were also asked to indicate how positive or
negative they believed the attribution was for each sale-rationale on the seven-
point scale ranging from extremely positive to extremely negative. Finally they
were asked to indicate through the four item measure how believable they felt each sale-rationale was.

Pretest Analysis and Results

Group Differences. A key objective of the second pretest was to determine if differences existed between the student sample and the nonstudent sample. These group differences are summarized in TABLE 3.3. These differences were assessed via a oneway ANOVA procedure for each of the following dependent variables — highest valid discount, lowest valid discount, product knowledge, valence of the attribution, and the believability of the sale-rationale. Since the type of attribution (product, merchant, or circumstance) is not a continuous variable, a chi-square analysis was utilized to assess group differences. A chi-square test is used when the data is either nominal or ordinal and no assumptions are made about the shape of the distribution. The chi-square tests the goodness-of-fit of the observed data to the expected data. If this fit is not found to be significant, then the observed data can be assumed to show no differences. In this case, the type of attribution is represented as ordinal data, therefore, any other type of analysis to determine differences between the type of attribution and any other variable would be inappropriate.

No differences were found between students and nonstudents for the estimates of the highest and lowest valid discounts across all products considered. Therefore, this information was pooled in order to determine the
**TABLE 3.3**

**PRETEST TWO ANALYSIS:**
**STUDENT vs NONSTUDENT DIFFERENCES**

<table>
<thead>
<tr>
<th>Variable</th>
<th>ANOVA p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Highest Valid Discount</strong></td>
<td></td>
</tr>
<tr>
<td>winter coats</td>
<td>.39</td>
</tr>
<tr>
<td>calculators</td>
<td>.82</td>
</tr>
<tr>
<td>televisions</td>
<td>.41</td>
</tr>
<tr>
<td>sofas and loveseats</td>
<td>.58</td>
</tr>
<tr>
<td><strong>Lowest Valid Discount</strong></td>
<td></td>
</tr>
<tr>
<td>winter coats</td>
<td>.28</td>
</tr>
<tr>
<td>calculators</td>
<td>.14</td>
</tr>
<tr>
<td>televisions</td>
<td>.54</td>
</tr>
<tr>
<td>sofas and loveseats</td>
<td>.10</td>
</tr>
<tr>
<td><strong>Product Knowledge</strong></td>
<td></td>
</tr>
<tr>
<td>winter coats</td>
<td>.70</td>
</tr>
<tr>
<td>calculators</td>
<td>.00</td>
</tr>
<tr>
<td>televisions</td>
<td>.60</td>
</tr>
<tr>
<td>sofas and loveseats</td>
<td>.00</td>
</tr>
<tr>
<td><strong>Valence of Attribute</strong></td>
<td></td>
</tr>
<tr>
<td>Merchant Attribute 1</td>
<td>.27</td>
</tr>
<tr>
<td>Merchant Attribute 2</td>
<td>.13</td>
</tr>
<tr>
<td>Product Attribute 1</td>
<td>.47</td>
</tr>
<tr>
<td>Product Attribute 2</td>
<td>.21</td>
</tr>
<tr>
<td><strong>Sale-Rationale Believability</strong></td>
<td></td>
</tr>
<tr>
<td>Merchant Attribute 1</td>
<td>.17</td>
</tr>
<tr>
<td>Merchant Attribute 2</td>
<td>.21</td>
</tr>
<tr>
<td>Product Attribute 1</td>
<td>.13</td>
</tr>
<tr>
<td>Product Attribute 2</td>
<td>.10</td>
</tr>
<tr>
<td>Chi Square Pearson p-value</td>
<td></td>
</tr>
<tr>
<td>Rationale 1 (Merchant)</td>
<td>.01</td>
</tr>
<tr>
<td>Rationale 2 (Merchant)</td>
<td>.42</td>
</tr>
<tr>
<td>Rationale 3 (Product)</td>
<td>.69</td>
</tr>
<tr>
<td>Rationale 4 (Product)</td>
<td>.78</td>
</tr>
</tbody>
</table>

Rationale 1: 'Happy Anniversary to Us! It's our anniversary and to celebrate, we're having a sale. Rationale 2: Grand Opening Week! It's an Open House Sale. Stop by and visit our new store and save. Rationale 3: Introductory Sale, Introducing the new merchandise at a savings to you. Rationale 4: Special introductory offer on our new merchandise. Since it's new to us, we want it to be new to you! So, we are offering the new items at a special savings just for you!'

Levels of discount to be used in the final study. For product knowledge, no differences were found between the two groups of respondents only for winter coats and televisions (F = .15, p < .70 and F = .71; p < .40, respectively). Thus, these two products were considered for use in the final study. For the valence and believability measures, no significant differences were found for any of the sale-rationales under consideration.
A chi-square analysis was conducted to assess group differences in perceptions of the sale-rationales. The only sale-rationale that was perceived somewhat differently by the two groups was "Happy Anniversary to Us! It's our anniversary and to celebrate, we're having a sale." \( (X^2=8.90; \ p<.05) \). Therefore, since no differences were found between the student and nonstudent samples, the remaining analysis combined these two populations with the exception of the two products (calculators and sofas and loveseats) which were dropped from consideration because difference were found. Differences were found between the two groups of respondents on both age and gender. The student group, as expected, was younger with 70% in the 18-24 group. In addition, the student group consisted of 70% females. The nonstudent group was composed of older and slightly more male respondents. Both of these differences were significant (age: \( X^2=38.56, \ p<.01 \); gender: \( X^2=8.64; \ p<.01 \)).

Next, it was necessary to determine if there were any differences based on the demographic variables of age and gender. Oneway ANOVAs were conducted using age and gender as the independent variables and the estimated valid discounts (high and low), product knowledge, valence of the sale-rationales, and the believability of the sale-rationales as the dependent variables. With the age variable, differences were found in product knowledge with regard to winter coats and televisions (\( F= 2.56, \ p<.05 \) and \( F=4.11, \ p<.01 \), respectively). No differences based on age were found for the
estimated valid discount levels or the believability of any of the four sale-rationales. Considering the gender factor, differences were also found between male and female respondents for product knowledge on both winter coats and televisions (F = 5.73, p < .05 and F = 5.81, p < .05, respectively).

Differences in the believability of the sale-rationales were found only for the last sale-rationale (Special introductory offer on our new merchandise. Since it's new to us, we want it to be new to you! So, we are offering the new items at a special savings just for you!; F = 4.99, p < .05). No differences were found in the estimated valid discount levels for gender.

In a closer assessment of the age and gender differences, it appears that, while these differences must be considered in the final selection process, they do not unduly influence the final selections. For gender, the differences in product knowledge between coats and televisions is equivalent to one point on the seven point scale. In other words, males indicated they were very knowledgeable (mean = 11.43) about winter coats while females indicated they were knowledgeable (mean = 8.60) about winter coats. The reverse was true for televisions (males were knowledgeable (mean = 8.52) while females were very knowledgeable (mean = 11.62)). The sale-rationale for which a gender difference was found (rationale four) in not supported by the rest of the data analysis; therefore, this gender difference becomes inconsequential. For the age differences, the same condition was also found (all groups were still knowledgeable about both product categories). The differences between the
age groups were equivalent to one point on the seven point scale. Thus, the
differences found between the gender and age groups do not appear to
create any major difficulties in assessing the pretest conclusions.

**Discount Levels.** The levels of discount included in this study are low-
plausible, high-plausible, and exaggerated. The low-plausible discount level is
the average of the lowest discount considered by the pretest subjects as valid.
For coats this discount level was 21.21% and for televisions it was 18.86%.
The high-plausible discount level is the average of the highest discount
considered by the pretest subjects as valid. This discount level was 52.05%
for coats and 46.78% for televisions. The exaggerated discount level is the
discount percentage above which virtually all of the consumers consider the
price reduction as the highest valid discount for the product. For example,
approximately 97% (96%) of the respondents felt the highest valid discount for
televisions (winter coats) would be 75%; therefore the next reasonable
increment at which one might expect to see a discount level would be 80
percent. So, for coats and televisions, the exaggerated discount level was set
at 80 percent. **TABLE 3.4** contains a summary of the discount levels and the
corresponding percentages of respondents.

**Product Knowledge.** Product knowledge was assessed by summing
four items (reliability = .74). The scores range from four to twenty-eight with the
highest score being more knowledgeable. Respondents were slightly more
knowledgeable about winter coats (mean = 21.07) than about televisions
TABLE 3.4
ANALYSIS OF THE SELECTED DISCOUNT LEVELS FOR PRODUCTS

<table>
<thead>
<tr>
<th>Product</th>
<th>Selected Discount Level</th>
<th>Average Discount Level</th>
<th>% of Respondents that listed this discount level or below</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coats</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>low-plausible</td>
<td>20%</td>
<td>21.21%</td>
<td>62.1%</td>
</tr>
<tr>
<td>high-plausible</td>
<td>50%</td>
<td>52.05%</td>
<td>62.8%</td>
</tr>
<tr>
<td>exaggerated</td>
<td>80%</td>
<td>--</td>
<td>97.9%</td>
</tr>
<tr>
<td>Televisions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>low-plausible</td>
<td>20%</td>
<td>18.86%</td>
<td>71.6%</td>
</tr>
<tr>
<td>high-plausible</td>
<td>50%</td>
<td>46.78%</td>
<td>79.8%</td>
</tr>
<tr>
<td>exaggerated</td>
<td>80%</td>
<td>--</td>
<td>96.8%</td>
</tr>
</tbody>
</table>

(mean=20.65). Therefore, winter coats were selected for use as the experimental product in the main study.

Sale-Rationale Assessment. In determining which sale-rationales to be used in the final study, three factors were evaluated. First was the percentage of respondents who correctly classified the sale-rationale according to the attribution it represented. Sale-rationale one (Happy Anniversary) was correctly classified by 60% of the respondents as likely to result in merchant attributions while sale-rationale two (Grand Opening Week) was correctly classified by 61.4% of the respondents. Sale-rationale three (Introductory Sale) was correctly classified by 68.7% of the respondents as likely to represent product attributions while sale-rationale four (Special Introductory Offer) was correctly classified by 62.7% of the respondents.
Next, the perceived valence of the type of attribution implied by the sale-rationale was considered. This was measured on a seven-point scale (1 = extremely negative; 7 = extremely positive). A score between four and seven was considered as positive. For sale-rationales resulting in merchant attributions, rationale one (Happy Anniversary) averaged 5.07 while rationale two (Grand Opening Week) averaged 5.63. For sale-rationales resulting in product attributions, rationale three (Introductory Sale) averaged 4.98 while rationale four (Special Introductory Offer) averaged 4.54.

Finally, the believability of the sale-rationales were assessed based on the summation of four items with a reliability of .65. For the believability average, a score of four would indicate not believable while a score of twenty-eight would be extremely believable. For sale-rationales resulting in merchant attributions, the first rationale (Happy Anniversary) scored 19.22 while the second rationale (Grand Opening Week) scored 22.66. For sale-rationales resulting in product attributions, the third rationale (Introductory Sale) scored 19.80 while the fourth rationale (Special Introductory Offer) scored 17.72. The assessments of sale-rationale are summarized in TABLE 3.5.

Based on this overall analysis and the information from the group difference analysis, sale rationales were chosen for the final study. Since there were group differences for the first merchant rationale (Happy Anniversary) and the second merchant rationale was scored better on each of the other measures, the second merchant rationale (Grand Opening Week) was
<table>
<thead>
<tr>
<th>Sale-Rationale</th>
<th>% of Respondents Who Correctly Classified the Attribution</th>
<th>Valence</th>
<th>Believability Computed Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Happy Anniversary to Us! It’s our anniversary and to celebrate, we’re having a sale. (Merchant Attribution)</td>
<td>60%</td>
<td>5.07</td>
<td>19.22</td>
</tr>
<tr>
<td>2. Grand Opening Week! It’s an Open House Sale. Stop by and visit our new store and save. (Merchant Attribution)</td>
<td>61.4%</td>
<td>5.63</td>
<td>22.66</td>
</tr>
<tr>
<td>3. Introductory Sale. Introducing the new merchandise at a savings to you. (Product Attribution)</td>
<td>68.7%</td>
<td>4.98</td>
<td>19.80</td>
</tr>
<tr>
<td>4. Special introductory offer on our new merchandise. Since it’s new to us, we want it to be new to you! So, we are offering the new items at a special savings just for you! (Product Attribution)</td>
<td>62.7%</td>
<td>4.54</td>
<td>17.72</td>
</tr>
</tbody>
</table>
selected for inclusion in the final study. For products, the first rationale (Introductory Sale) outscred the second rationale (Special Introductory Offer) on all factors, thus it was chosen for inclusion in the final study.

Therefore, the final study had a merchant rationale about a "Grand Opening Week" and a product rationale about an "Introductory Sale". The discount levels were 20% for a low plausible discount, 50% for a high plausible discount, and 80% for an exaggerated discount level. The product in the tensile advertisement was winter coats.

**Experiment**

**Experimental Design**

Two separate experiments were conducted in this study. The first experiment involved a 3 (levels of tensile price claims - low-plausible, high-plausible, and exaggerated) X 2 (consistency - high versus low) between group experimental design. The second experiment involved a 3 (levels of tensile price claims - low-plausible, high-plausible, and exaggerated) X 3 (sale-rationale - product oriented, merchant oriented, and no sale-rationale) between group experimental designs. The levels of tensile price claims (used in both experiments) were determined in the second pretest as: low-plausible = 20%; high-plausible = 50%; and exaggerated = 80%.

The levels of consistency (experiment 1) were manipulated in a manner somewhat similar to Lichtenstein and Bearden (1989). Lichtenstein and Bearden's (1989) manipulation of high consistency corresponded to the same
sale advertisement of the same product being promoted in the local paper six out of the past eight weeks and low consistency corresponded to the sale advertisement of the product not appearing in the past eight weeks of advertisements by the store. However, in the Lichtenstein and Bearden (1989) manipulation, the merchant advertised a sale (even if the product used in the study was not discounted) in the previous eight weeks. It is possible that this type of advertising by the retailer could be considered by the respondents as evidence of consistent discounting behavior even if the specific product used in the study is not offered on sale (as in the low consistency condition). To avoid this possible confounding effect and make the consistency manipulation stronger, the high consistency manipulation entailed providing an ad schedule showing that the retailer advertised a sale in the previous eight weeks and that the specific product considered for this study (winter coats) had been discounted 6 out of those 8 weeks. The low consistency manipulation showed that the retailer has advertised a sale (for another product) only once in the previous eight weeks and that winter coats were never discounted during this period.

The sale-rationales manipulations used in the second experiment were determined in the second pretest. Specifically, one group of respondents were exposed to the merchant oriented sale-rationale "Grand Opening Week! It's an Open House Sale. Stop by and visit our new store and SAVE!". Another group of respondents were exposed to the product oriented sale-
rationale "Introductory Sale! Introducing our new merchandise at a Savings to You!". A final group was provided with no sale-rationale in the advertisement.

Questionnaire Design

The questionnaire consisted of measures of all relevant dependent variables, manipulation check questions, and demographic questions. All items used to measure the dependent variables of interest in this study have been used in previous price perception research with a high degree of reliability.

Discount Expectations. Discount expectations were measured by asking respondents estimates of lowest, average and maximum percentage discounts upon exposure to the actual tensile discount. The specific questions are: (1) "Across all the winter coats on sale at the store, what do you think the average percentage price reduction will be? "; (2) "Across all the winter coats on sale at the store, what do you think the minimum percentage price reduction will be?"; and, "Across all the winter coats on sale at the store, what do you think the maximum percentage price reduction will be?".

Perceptions of Savings. Three seven point agree-disagree statements were used to measure perception of savings created by the discount in the advertisement. These items are: "The amount of discount that is offered on winter coats represents"...(A Large Savings - No Savings at All); "The amount of discount implied in the advertisement is"...(High - Low); "The amount of
money that customers will save on most winter coats is ...(A Lot - A Little) (Biswa and Burton 1993; 1994). All three items will be reverse coded.

**Perceptions of Value of the Deal.** Four seven-point items were used to measure this construct. This construct was assessed along the dimensions of perceived worth, perceived savings, price acceptability, and value for the money (Berkowitz and Walton 1980).

**Attitude toward the Deal.** Attitude toward the deal was measured using three seven-point items where subjects responded to the statement "My attitude toward this deal is...". Endpoints are favorable-unfavorable, good-bad, and poor-excellent (Lichtenstein and Bearden 1989).

**Search Intentions.** A respondent's intent to search for a lower price was measured by three items: "How probable is it that you would shop around town looking for a lower price, if you had decided to buy a winter coat?" (Very Probable-Not Probable at all); "If you were going to buy a winter coat similar to the ones advertised, would you check the prices at other stores in search of a lower price than that you would find at the store in the ad?" (Definitely would check prices at other stores-Definitely would not check prices at other stores); and, "If you were going to purchase a winter coat, how likely is it that you would search other stores for a lower price than what you would find at the store running this ad?" (Very Likely-Very Unlikely) (Burton, Lichtenstein, Biswas and Fraccastoro 1994).
Shopping Intentions. Three measures were used to assess the intentions of respondents to shop at the store running the ad. These items are: "If you were considering the purchase of a winter coat, how willing would you be to shop for a winter coat at the store running this advertisement?" (Definitely willing to shop - definitely not willing to shop); "If you were thinking about purchasing a winter coat, would you go to the advertiser's store?" (Definitely would go - Definitely would not go); and, "What is the probability that you would shop for a winter coat at the store running this advertisement?" (Not probable at all-Very Probable) (Biswas and Burton 1993; 1994). The first two questions were reverse coded.

Manipulation checks. A three item manipulation check for consistency was included in the study. These items were on a seven-point agree-disagree scale. They include: "This advertiser appears to use the same advertisement almost every week" and "This advertiser hardly ever advertises winter coats on sale". In addition, a question was be included to ask subjects how often they thought the merchant advertised winter coats in the past eight weeks. The second item was reverse coded such that a higher score indicated high consistency.

The manipulation check for sale-rationale was conducted by using two items on a seven-point agree-disagree scale. Specifically, the items were: "I believe the advertised winter coats were on sale because they were the newest styles in the market" and "I believe the advertised winter coats were on
sale because the merchant is a high volume dealer and, therefore, can afford to sell at lower prices*. The second item was reverse coded such that, when items one and two are summed, high scores indicated a product attribution while low scores indicated a merchant attribution. For both studies, an attribution scale was included to assess if the reason for the ad was attributed to the merchant or the product or a circumstance and to determine if the attributions made correspond to the attribution provided in the advertisement. The attributions were measured by seven point improbable-probable scales. The items included in the scales have been drawn from prior research pertaining to attributions in a price discount offer context (Lichtenstein and Bearden 1986; Lichtenstein, Burton and O’Hara 1989; Burton, Lichtenstein, Biswas and Fraccastoro 1994).

Finally, a two item check for the discount amount was included. The respondents were asked to indicate "What is the highest percentage discount you would normally expect to see advertised for winter coats?" and "What is the lowest percentage discount you would normally expect to see advertised for winter coats?". Questions pertaining to demographic information was also included. Questions which relate to the cover story pertaining to the advertisement itself were also included to assess realism in the experiment.

Sample

The sample for this dissertation consisted of both students and nonstudents. First, both studies were completed by students enrolled in
marketing classes at a major university. Then, these students were asked to take home a questionnaire for a nonstudent to complete (similar to the procedure in pretest two). Having the nonstudent sample should enhance the generalizability of the two studies. Using power analysis it was determined that a minimum of 100 respondents were needed to obtain a power level of 80% with the two independent variables (Cohen and Cohen 1983). This means that for study one (consistency), a minimum of 10 students per cell were needed. For study two (sale-rationale), a minimum 17 students per cell were needed. In order to maintain the integrity of the study, approximately 20 respondents per cell were obtained in the event that some respondents must be omitted from the study. Therefore, the sample size for study one (consistency) was be 120 students while the sample size for study two (sale-rationale) was be 180 students. The same number of nonstudents were needed for the follow-up studies. The nonstudents were also randomly sampled (through call backs similar to the method in pretest two) to ensure that only nonstudents participated.

Experimental Procedure

The experiments were conducted in a class room setting. For experiment one (moderating effects of consistency), the students were provided with a booklet which contained the following: a cover story, an advertising schedule, the advertisement with the tensile price manipulations, the questionnaire with the measures of dependent variables, manipulation
checks, and demographic variables. The cover story related that an advertising agency wished to have an advertisement from one of its retailers evaluated. The following pages contained a chart of the retailer's advertising behavior for the eight weeks prior to the presentation of the advertisement to be evaluated followed by the advertisement the agency wanted evaluated. The respondents were then asked to look through this information and fill out the questionnaire that followed.

For experiment two (moderating effects of sale-rationale), the students were provided with a booklet which contained the following: a cover story, the advertisement with the sale-rationale and tensile price manipulations, and the questionnaire with the measures dependent variables, manipulation checks, and demographic variables. The cover story related that a retailer wished to have the following advertisement evaluated to determine if it should be used again in future advertising campaigns. The respondents were then asked to look at the advertisement and fill out the questionnaire that followed. The advertisements were realistic and contained the same information with the exception of the sale-rationale manipulation and the tensile price claim manipulation.

Statistical Analysis Plan

The hypotheses of this dissertation was assessed via MANOVA. However, before the hypotheses could be tested, the effectiveness of the
manipulations were analyzed first. Manipulation checks included a complete analysis of variance design (Perdue and Summers 1986).

The consistency manipulation was assessed by summing the two items. High scores implied that high consistency of price promotion behavior was perceived by the respondents. The sale-rationale manipulation was checked by summing the responses to the two appropriate items and determining if the assessment of the attribution of the sale-rationale corresponds to the manipulation. High scores indicated that the sale-rationale implied a product attribution and low scores would indicate a merchant attribution. The tensile price claim levels were assessed in the same manner used in pretest two.

The first set of hypotheses concerned the effects of tensile price discounts as predicted by the assimilation contrast framework (H1a.1-H1a.8) and the anchoring and adjustment framework (H1b.1-H1b.8). A MANOVA was computed to determine if there were differences in consumer perceptions among the three discount levels included. According to the assimilation contrast theory (H1a.1-H1a.8), the high plausible claim should show the (a) highest discount expectations, (b) highest price perceptions, (c) lowest search intentions, and (d) highest shopping intentions. On the other hand, according to the anchoring and adjustment framework (H1b.1-H1b.8), there should be differences among all levels of discount claims with the high-plausible claim performing better than the low-plausible claim and the exaggerated claim performing better than the high-plausible claim on the dependent variables.
The second set of hypotheses dealt with the effects of consistency as a moderator variable. A moderator affects the direction and/or strength of the relationship between the dependent and independent variables (Barron and Kenny 1986). The consistency effects were only analyzed in experiment one. These effects were assessed via MANOVA as well. In MANOVA, the effects of a moderator are represented by an interaction between the independent variable (advertised discount) and the proposed moderator variable (consistency of price promotion or sale-rationale) (Barron and Kenny 1986). If an interaction exists, this would indicate that the moderator variable does appear to provide additional influence that enhances (or diminishes) the effects of the independent variable on the dependent variables.

In accordance with the theoretical background on the effects of consistency, the discount expectations, price perceptions, and shopping intentions of the consumer were expected to be higher and the search intentions lower when the discount behavior of the merchant was less consistent. Conversely, when the discount behavior of the merchant was consistent, it was expected that the discount expectations, price perceptions, and shopping intentions would be lower and the search intentions higher. Thus, these hypotheses (H2a.1-H2a.8) implied that the highly consistent discounting behavior by the merchant would have a negative effect on consumers' discount expectations, price perceptions, and shopping intentions and a positive effect on search intentions.
Alternate hypotheses relating to the interaction between the tensile price discount and the consistency of price promotion were also assessed by using MANOVA procedures. As predicted by the assimilation contrast framework, the effects of tensile discounts hypothesized in the first hypothesis (H1a.1-H1a.8) were expected to be greater when respondents encounter ads from a merchant who does not consistently discount its products than from a merchant who is known to consistently discount its products. Alternately, as predicted by the anchoring and adjustment framework (H1b.1-H1b.8), the effects of tensile discounts hypothesized in hypothesis H1b.1-H1b.8 were expected to be greater when respondents encountered ads from a merchant who does not consistently discount its products than from a merchant who is known to consistently discount its products.

The third set of hypotheses (H3a.1-H3a.8, H3b, and H3c) related to the main and interaction effects of the moderator variable of sale-rationale. This set of hypotheses were also evaluated by conducting MANOVA. The main effect of the moderator variable of sale-rationale was expected to result in higher discount expectations, price perceptions, and shopping intentions and lower search intentions for those advertisements that contain a sale-rationale than those without a sale-rationale. In accordance with the assimilation contrast framework, the effects of tensile discount hypothesized in H1a.1-H1a.8 would be greater when respondents encountered an advertisement containing a sale-rationale aimed at reducing negative product attributions or
enhancing positive merchant attributions than when they encounter an advertisement with no sale-rationale provided. Similarly, as predicted by the anchoring and adjustment framework, the effects of hypothesis H1b.1-H1b.8 would be greater when respondents encountered an advertisement containing a sale-rationale aimed at reducing negative product attributions or enhancing positive merchant attributions than when they encounter an advertisement with no sale-rationale provided.
CHAPTER FOUR: HYPOTHESES TESTS AND RESULTS

In this chapter, the findings of the studies testing the hypotheses stated in Chapter 2 are reported in the following manner. The results of the "consistency" experiments for both students and nonstudents are presented followed by the results of the "sale-rationale" experiments for both students and nonstudents. The results within each set of experiments are presented as follows: (1) study design and procedure, (2) sample, (3) manipulation checks, (4) reliability analysis, and (5) hypotheses tests. Student sample results are presented first within each section followed by the nonstudent sample results.

Consistency Experiments

Experiment 1 (Student Sample)

Study Design and Procedure. A 3(levels of tensile price claims - low-plausible, high-plausible, and exaggerated) X 2(consistency - high versus low) between group experimental design was used for this study. The levels of tensile price claims used in the experiment (as determined by pretesting) were as follows: low-plausible = Save up to 20%; high-plausible = Save up to 50%; and exaggerated = Save up to 80%.

The levels of consistency were manipulated by providing respondents with a cover story and an advertising schedule illustrating the advertising behavior of the retailer over an eight week period. In the high consistency manipulation, the merchant advertised the sale of the same product under consideration for this experiment (winter coats) in the local paper six out of the
eight weeks. In the low consistency manipulation, the merchant advertised a
sale of a product different from the one under consideration in this experiment
in only one of the eight weeks. This manipulation of consistency is similar to
Lichtenstein and Bearden (1989).

The experiment was conducted by providing a cover story, the
appropriate advertisement schedule, an advertisement, and a questionnaire to
students attending marketing classes at Louisiana State University. The
respondents were asked to carefully read the instructions and other materials
and then answer all questions on the questionnaire. The students were given
extra credit points for their participation in this experiment.

Sample. The sample consisted of 118 students enrolled in marketing
classes at Louisiana State University. Of the total respondents, 65 were male
and 53 were female. Approximately 61% of the respondents (72) were 18-24
years of age. Approximately 33% of the respondents (39) were 25-34 years of
age. The remaining respondents were in the 35-44 (5) or 45-54 (2) age
groups. No student respondent was over 54 years of age. The income of the
majority of the respondents (62%) was under $30,000 as would be expected
from a student sample. The income breakdown was as follows: Under
$10,000 = 34 respondents; $10,000-$19,999 = 23 respondents; $20,000-
$29,999 = 17 respondents; $30,000-$39,000 = 4 respondents; $40,000-
$49,999 = 9 respondents; $50,000-$59,999 = 9 respondents; and, over
$60,000 = 22 respondents.
Distribution of the student sample across the experimental cells is presented in TABLE 4-1. As shown in TABLE 4-1, 19 respondents were given the high consistency, low-plausible manipulation; 20 respondents were given the high consistency, high-plausible manipulation; and, 18 respondents were given the high consistency, exaggerated manipulation; while, 21 respondents were given the low consistency, low-plausible manipulation; 20 respondents were given the low consistency, high-plausible manipulation; and, 20 respondents were given the low consistency, exaggerated manipulation.

**Manipulation Checks.** A three item manipulation check was included in the questionnaire for the consistency manipulation. The first two items were on a seven-point agree-disagree scale. They included: "This advertiser appears to use the same advertisement almost every week" and "This advertiser hardly ever advertises winter coats on sale". The second item was reverse coded such that a higher score indicated high consistency. The two items were then summed to obtain an overall measure of consistency with low scores indicating low consistency and high scores indicating high consistency. The third question which asked subjects how often they thought the merchant advertised winter coats in the past eight weeks was used as a supplementary measure.

In determining if the consistency manipulation was perceived by the sample as intended, a 3 (tensile price claim) X 2 (consistency) analysis of variance design was executed in accordance with Perdue and Summers.
(1986). In this analysis, the summed measure concerning the level of consistency was used as the dependent variable. If the consistency manipulation was perceived as it was intended, then the ANOVA results should indicate a significant main effect for the consistency manipulation and no significant main effect for the level of tensile price claim manipulation. Likewise, there should be no significant interaction effect. The results of this analysis indicate that the consistency manipulation was perceived as intended. As TABLE 4-2 illustrates, there was a significant main effect for consistency of advertiser behavior ($F=159.36; p<.000$), but there was not a significant main effect for level of tensile price claim ($F=.16; p<.86$) nor was there a significant interaction effect ($F=1.95; p<.15$). Therefore, the consistency manipulation was perceived by the respondents as intended.

As an additional check of the consistency manipulation, the third question asked in the questionnaire was utilized to determine the number of
TABLE 4-2

ANOVA RESULTS FOR CONSISTENCY MANIPULATION CHECK: STUDENT SAMPLE

<table>
<thead>
<tr>
<th>ANOVA Results</th>
<th>DF</th>
<th>F-Value</th>
<th>Significance of F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main Effects</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level of tensile price claim (L)</td>
<td>2</td>
<td>.16</td>
<td>.86</td>
</tr>
<tr>
<td>Consistency of advertiser behavior (C)</td>
<td>1</td>
<td>159.36</td>
<td>.000</td>
</tr>
<tr>
<td>2-way Interactions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L X C</td>
<td>2</td>
<td>1.95</td>
<td>.15</td>
</tr>
</tbody>
</table>

respondents who accurately determined the number of times the retailer in the cover story had advertised in the prior eight weeks. The question read, "Please recall how often you think this advertiser has promoted winter coats on sale in the past eight weeks." For the low consistency condition, the researcher allowed for an indication of 2 or less times while the high consistency condition was considered as 5 times or more. Based on this, 96 of the 118 respondents were accurate in their determination of the number of times the retailer had advertised. Again, this was another indication that the majority of the respondents (81.36%) perceived the manipulation as intended.

The level of tensile price claim was checked in accordance with the pretest determination of the discount levels. In the pretest, respondents were asked "What is the highest (lowest) percentage discount for the product (item is filled in) you would be willing to accept as a valid reduction from the
The responses to these two questions were then used to determine the appropriate levels of the tensile price claims. That is, the low-plausible discount level was determined as the average of the lowest discount considered by the pretest subjects as valid. The high-plausible discount level was the average of the highest discount considered by pretest subjects as valid. Finally, the exaggerated discount level was determined as the discount percentage above which virtually all of the consumers considered the price reduction as the highest valid discount for the product.

To assess if the level of tensile price claim was perceived by the respondents as proposed, the mean levels for the sample's responses to each of the two questions asked in the questionnaire ("What is the highest (lowest) percentage discount you would normally expect to see advertised for winter coats?") were examined. The mean for the lowest percentage discount expected was 13.23% which was slightly lower than the manipulation for the low-plausible tensile price claim of 20%. The mean for the highest percentage discount expected was 50.04% which was identical to the manipulation for the high-plausible tensile price claim of 50%. Finally, the percentage above which virtually all of the respondents considered to be that which you would normally expect to see advertised for winter coats was 80%. Approximately 96.7% of the respondents had indicated that a 75% price reduction was the highest they would normally expect to see on winter coats. Based on this analysis, it can
be concluded that the manipulations for level of tensile price claim were perceived by the respondents as proposed.

**Reliability Analysis.** The results of the reliability analysis are presented for each scale used in this experiment. The dependent variables scales are assessed first followed by the scale used to check the consistency manipulation. The results are summarized in TABLE 4-3. The dependent variable of perception of savings which consisted of three items had a coefficient alpha of .78. The dependent measure of value of the deal consisted of four items and had a coefficient alpha of .82. The dependent variable of attitude toward the deal consisted of three items with a coefficient alpha of .94. The dependent measure of intentions to search consisted of three items with a coefficient alpha of .88. The dependent variable of shopping intentions consisted of three items with a coefficient alpha of .93. Finally, the scale used to check the consistency manipulation had a coefficient alpha = .85. Hence, the reliabilities were all considered acceptable (Nunnally 1978).

**Hypotheses Tests.** Hypotheses relating to the dependent variables were examined by performing two MANOVAs and contrasts between treatment groups where applicable. The first MANOVA included the dependent variables relating to discount expectancies (expected maximum percentage price reduction, expected average percentage price reduction, and expected minimum percentage price reduction). Correlations among the discount
**TABLE 4-3**

**SUMMARY TABLE OF RELIABILITY RESULTS FOR ALL STUDIES**

<table>
<thead>
<tr>
<th>Dependent Variables</th>
<th>Consistency Studies</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Students</td>
<td>Nonstudents</td>
<td>Students</td>
<td>Nonstudents</td>
<td>Students</td>
<td>Nonstudents</td>
</tr>
<tr>
<td>Perception of Savings</td>
<td>.78</td>
<td>.78</td>
<td>.70</td>
<td>.80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value of the Deal</td>
<td>.82</td>
<td>.81</td>
<td>.81</td>
<td>.87</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitude toward the Deal</td>
<td>.94</td>
<td>.96</td>
<td>.93</td>
<td>.96</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intentions to Search</td>
<td>.88</td>
<td>.84</td>
<td>.83</td>
<td>.82</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shopping Intentions</td>
<td>.93</td>
<td>.94</td>
<td>.89</td>
<td>.91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consistency</td>
<td>.85</td>
<td>.88</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
expectancy variables are reported in TABLE 4-4. The second MANOVA included the dependent variables relating to consumer price perceptions (perceptions of savings, perceptions of value of the deal, attitude toward the deal, search intentions, and shopping intentions). Correlations among the consumer price perception variables are also reported in TABLE 4-4.

The first set of hypotheses (H1a and H1b) dealt with competing theories as to how varying tensile price claims are likely to effect consumers' price perceptions. Hypothesis 1a proposed:

H1a: A high-plausible tensile price claim compared with a low-plausible or exaggerated tensile price claim will result in:

H1a.1 Higher expected maximum percentage price reduction;  
H1a.2 Higher expected average percentage price reduction;  
H1a.3 Higher expected minimum percentage price reduction;  
H1a.4 Higher perceptions of savings;  
H1a.5 Higher perceptions of value of the deal;  
H1a.6 Higher attitude toward the deal;  
H1a.7 Lower search intentions; and  
H1a.8 Higher shopping intentions.

Hypothesis 1b proposed:

H1b: The effects of tensile price claim will be highest for exaggerated claims, lower for high-plausible claims, and lowest for low-plausible claims. Specifically:

H1b.1 Expected maximum percentage price reduction will be highest for exaggerated claims followed by high-plausible and low-plausible claims;  
H1b.2 Expected average percentage price reduction will be highest for exaggerated claims followed by high-plausible and low-plausible claims;  
H1b.3 Expected minimum percentage price reduction will be highest for exaggerated claims followed by high-plausible and low-plausible claims;
### TABLE 4-4

**CORRELATIONS AMONG THE DEPENDENT VARIABLES**
**CONSISTENCY STUDY: STUDENTS**

<table>
<thead>
<tr>
<th>Discount Expectancy Variables</th>
<th>Average Percent</th>
<th>Minimum Percent</th>
<th>Maximum Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Percent</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum Percent</td>
<td>.655*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Maximum Percent</td>
<td>.735*</td>
<td>.269*</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consumer Perception Variables</th>
<th>Perception of Savings</th>
<th>Value of the Deal</th>
<th>Attitude toward the Deal</th>
<th>Search Intentions</th>
<th>Shopping Intentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of Savings</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value of the Deal</td>
<td>.707*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitude toward the Deal</td>
<td>.477*</td>
<td>.755*</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Search Intentions</td>
<td>-.398*</td>
<td>-.377*</td>
<td>-.329*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Shopping Intentions</td>
<td>.496*</td>
<td>.508*</td>
<td>.584*</td>
<td>-.173**</td>
<td>1</td>
</tr>
</tbody>
</table>

*indicates significance at .01
**indicates significance at .05

H1b.4 Perceptions of savings will be highest for exaggerated claims followed by high-plausible and low-plausible claims;
H1b.5 Perceptions of value of the deal will be highest for exaggerated claims followed by high-plausible and low-plausible claims;
H1b.6 Attitude toward the deal will be highest for exaggerated claims followed by high-plausible and low-plausible claims; H1b.7 Search intentions will be lowest for exaggerated claims followed by high-plausible and low-plausible claims; and H1b.8 Shopping intentions will be highest for exaggerated claims followed by high-plausible and low-plausible claims.

Two MANOVAs were conducted to determine if there were differences in discount expectancies and consumer perceptions among the three tensile discount levels. As shown in TABLE 4-5, discount level had significant effects on discount expectancies (Wilks' lambda = .28; F = 33.35; p = .000) and consumer perceptions (Wilks' lambda = .59; F = 6.00; p = .000).

Contrasts were performed to determine the nature of these differences first for discount expectancies and then for consumer perceptions. As shown in FIGURE 4-1, the results of the contrasts for discount expectancies lend support for hypothesis 1b. Consistent with Hypothesis 1b.1-2, the mean values for the maximum and average percentage discounts were highest for the exaggerated tensile price claim followed by high-plausible and low-plausible claims (see TABLE 4-6). The means for the minimum percentage discount were not significantly different between the low-plausible and high-plausible tensile price claims (t = .87; p < .39), nor were they significantly different between the high-plausible and exaggerated tensile price claims (t = 1.13; p < .26). The means for the minimum percentage discount were significantly different between the low-plausible and exaggerated tensile price claims, however (t = 1.98; p < .05).
TABLE 4-5

THE EFFECTS OF TENSILE PRICE CLAIM AND CONSISTENCY OF RETAILER DISCOUNTING BEHAVIOR ON DISCOUNT EXPECTANCIES AND CONSUMER PERCEPTIONS FOR STUDENTS

<table>
<thead>
<tr>
<th>MANOVA</th>
<th>UNIVARIATE F-values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source</td>
<td>Wilks' lambda</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Main Effects</td>
<td></td>
</tr>
<tr>
<td>Consistency (C)</td>
<td>.96</td>
</tr>
<tr>
<td>Discount Level (D)</td>
<td>.28</td>
</tr>
<tr>
<td>Interactions</td>
<td></td>
</tr>
<tr>
<td>C x D</td>
<td>.94</td>
</tr>
<tr>
<td>Residual</td>
<td></td>
</tr>
</tbody>
</table>

(table con'd.)
## MANOVA

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>Wilks' lambda</th>
<th>F-Value (sign.)</th>
<th>df</th>
<th>Perception of Savings</th>
<th>Value of the Deal</th>
<th>Attitude toward the Deal</th>
<th>Search Intention</th>
<th>Shopping Intentions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main Effects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consistency (C)</td>
<td>.98</td>
<td>.42 (.836)</td>
<td>1</td>
<td>.64 (.424) n² = .004</td>
<td>.44 (.511) n² = .003</td>
<td>.00045 (.983) n² = .000</td>
<td>.86 (.356) n² = .008</td>
<td>.29 (.595) n² = .002</td>
</tr>
<tr>
<td>Discount Level (D)</td>
<td>.59</td>
<td>6.00 (.000)</td>
<td>2</td>
<td>28.84 (.000) n² = .353</td>
<td>6.72 (.002) n² = .110</td>
<td>.805 (.450) n² = .015</td>
<td>3.23 (.043) n² = .058</td>
<td>2.71 (.071) n² = .047</td>
</tr>
<tr>
<td><strong>Interactions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C x D</td>
<td>.95</td>
<td>.51 (.880)</td>
<td>2</td>
<td>.28 (.754) n² = .003</td>
<td>1.06 (.349) n² = .018</td>
<td>.31 (.731) n² = .006</td>
<td>.18 (.833) n² = .003</td>
<td>.65 (.523) n² = .012</td>
</tr>
<tr>
<td>Residual</td>
<td></td>
<td></td>
<td>104</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FIGURE 4-1

CONTRASTS FOR DISCOUNT EXPECTANCIES OF DISCOUNT LEVELS
CONSISTENCY STUDY: STUDENTS
<table>
<thead>
<tr>
<th>Dependent Variables</th>
<th>Discount Level Mean</th>
<th>T-value for Contrasts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low Plausible</td>
<td>High Plausible</td>
</tr>
<tr>
<td>Maximum Percentage Discount</td>
<td>21.05</td>
<td>49.02</td>
</tr>
<tr>
<td>Average Percentage Discount</td>
<td>13.48</td>
<td>22.93</td>
</tr>
<tr>
<td>Minimum Percentage Discount</td>
<td>7.88</td>
<td>9.76</td>
</tr>
<tr>
<td>Perception of Savings</td>
<td>9.85</td>
<td>14.08</td>
</tr>
<tr>
<td>Perception of Value of the Deal</td>
<td>15.68</td>
<td>18.83</td>
</tr>
<tr>
<td>Attitude toward the Deal</td>
<td>12.31</td>
<td>13.21</td>
</tr>
<tr>
<td>Intentions to Search</td>
<td>16.98</td>
<td>16.15</td>
</tr>
<tr>
<td>Shopping Intentions</td>
<td>12.73</td>
<td>14.61</td>
</tr>
</tbody>
</table>
As is illustrated in TABLE 4-6, while these means for minimum percentage discount are not significantly different for each successive level of tensile price claim, they do follow the pattern proposed in hypothesis 1b.3 with the mean of the exaggerated tensile price claim being greater than the mean of the high-plausible tensile price claim which is larger than the mean of the low-plausible tensile price claim.

The mean values for the consumers' price perception variables revealed an interesting pattern. As indicated in TABLE 4-6 and FIGURE 4-2, except for value of the deal, the exaggerated tensile discount resulted in the highest (lowest for search intentions) means followed by high-plausible and low-plausible discount claims.

The pattern of the means does not indicate an inverted U configuration as predicted by hypothesis 1a. Therefore, hypotheses 1a.1-8 which indicate that the high-plausible claim should result in the (a) highest discount expectations, (b) highest price perceptions, (c) lowest search intentions, and (d) highest shopping intentions are not supported. In contrast, the pattern of the means do appear to be in line with hypotheses 1b.4-8 which indicate that the exaggerated tensile price claim should result in the (a) highest price perceptions, (b) lowest search intentions, and (c) highest shopping intentions.

Inconsistent with what was proposed in hypotheses 1b.4-8 was that in each instance, the means between the high-plausible and exaggerated tensile price claims were not significantly different. The findings do indicate, though,
FIGURE 4-2

CONTRASTS FOR CONSUMER PERCEPTIONS OF DISCOUNT LEVELS
CONSISTENCY STUDY: STUDENTS
that the exaggerated and high-plausible tensile price claims tend to result in higher consumer perceptions (except for value of the deal) than the low-plausible tensile price claim. In addition, exaggerated and high plausible claims resulted in lower intentions to search than the low-plausible claim. Therefore, in light of the findings related to discount expectancies and consumer perception variables which offer some support for H1b a further examination of the anchoring and adjustment framework was deemed useful.

A recent article by Licata, Biswas and Krishnan (1996) may provide some insight into the above findings and how they relate to the anchoring and adjustment framework. The Licata, Biswas and Krishnan (1996) article suggests, based on an anchoring and adjustment framework, that larger tensile price claims may result in higher perceptions of savings and value of the deal as well as a more positive attitude toward the deal. They argue that such findings may be expected for high versus low tensile price claims; however, the results of a comparison between exaggerated and high tensile price claims is uncertain. According to Licata, Biswas and Krishnan (1996), because of anchoring and adjustment, an exaggerated tensile price claim should not be less effective than a high tensile price claim. However, it may or may not result in significantly higher perceptions of savings or value than the high-plausible tensile price claim, depending on how large the discountings are from the two advertised offers.
Findings of the present study are very consistent with what Licata, Biswas and Krishnan (1996) have proposed recently relating to the effects of exaggerated tensile claims. It appears that an exaggerated tensile price claim can have at least as much of an effect on consumer perceptions and discount expectancies as a high-plausible tensile price claim, even though major discounting may be occurring. Consequently, in view of the recent proposition by Licata, Biswas and Krishnan (1996), this study found strong support for H1b.1-4 and H1b.7-8.

Hypothesis 2a dealt with the main effect of consistency of the discounting behavior by the retailer. Specifically, it stated:

H2a: Less consistent discounting behavior by a retailer compared with highly consistent discounting behavior will result in:

H2a.1 Higher expected maximum percentage price reduction;
H2a.2 Higher expected percentage price reduction;
H2a.3 Higher expected minimum percentage price reduction;
H2a.4 Higher perceptions of savings;
H2a.5 Higher perceptions of value of the deal;
H2a.6 Higher attitude toward the deal;
H2a.7 Lower search intentions; and
H2a.8 Higher shopping intentions.

H2a was examined by conducting two MANOVAs. The results of the MANOVAs reported in TABLE 4-5 were examined to assess if there were differences in discount expectancies and consumer perceptions based on consistency of discounting behavior of the retailer. As shown in TABLE 4-5, the results indicate that there are no differences in discount expectancies (Wilks’ lambda = .96; F = 1.43; p = .237) and consumer perceptions (Wilks’
Hypotheses 2b and 2c proposed interactions between the consistency of discounting and the discount level in the advertisement based on two theoretical perspectives on how varying tensile price claims are likely to effect consumers' price perceptions. Specifically they stated:

H2b: The effects of tensile price claims hypothesized in H1a will be greater when consumers encounter a tensile price advertisement from a retailer who does not consistently make discount claims as opposed to encountering a tensile price claim advertisement from a retailer who consistently offers price discounts.

H2c: The effects of tensile price claims hypothesized in H1b will be greater when consumers encounter a tensile price advertisement from a retailer who does not consistently make discount claims as opposed to encountering a tensile price claim advertisement from a retailer who consistently offers price discounts.

As reported in TABLE 4-5, no interaction effects were found for the discount expectancies (Wilks' lambda = .94; F = 1.12; p = .349) or the consumer perception variables (Wilks' lambda = .95; F = .51; p = .880). Thus neither hypothesis 2b nor hypothesis 2c was supported.

Additional analysis was conducted to determine if support for H2a and H2b or H2c could be found by eliminating those respondents who did not perceive the manipulation of consistency as intended. Thus, using question three of the manipulation check, all respondents who did not accurately report the number of times the merchant advertised in the previous eight weeks were eliminated from consideration. Both MANOVAs were re-run to determine if the
level of consistency had any effect on consumer perceptions and discount expectations. The results still indicated that the level of consistency was not significant in influencing either discount expectancies (Wilks' lambda = .96; F= 1.23; p < .30) or consumer perceptions (Wilks' lambda = .96; F= .63; p < .68). Likewise, no interaction effects were found for either discount expectancies or consumer perceptions (Wilks' lambda = .95; F = .75; p = .61; and Wilks' lambda= .94; F=.53; p < .87, respectively).

Experiment 2 (Nonstudent Sample)

Study Design and Procedure. The first consistency study was replicated with a nonstudent sample by using the same between group experimental design (3 levels of tensile price claims - low-plausible, high-plausible, and exaggerated X 2 levels of consistency - high versus low). The levels of tensile price claims used in the nonstudent study were the same as those in the student study.

The levels of consistency were manipulated in the same manner as was done in the student study. The experiment was conducted by providing a cover story, the appropriate advertisement schedule, an advertisement, and a questionnaire to students attending marketing classes at Louisiana State University and St. Leo College. Each student was asked to have a nonstudent complete the questionnaire and the student was expected to return the completed questionnaire. The questionnaire contained a page where the respondents identified themselves as being a nonstudent. Further, each
respondent was asked to provide information such that he/she could be contacted to confirm his/her student status. Of the respondents contacted, approximately 5% either could not be reached or were actually students. The students were given extra credit points for their participation in finding nonstudent respondents for this experiment.

**Sample.** The sample consisted of 122 nonstudents. Of the total respondents, 55 were male and 67 were female. The age distribution of the respondents was as follows: 18-24 years = 16 respondents; 25-34 years = 41 respondents; 35-44 years = 30 respondents; 45-54 years = 26 respondents; 55-64 years = 7 respondents; 65 years and over = 2 respondents. The majority of the respondents were between the ages of 25 to 54 (79.5%). The income averaged approximately $38,000. The income breakdown was as follows: Under $10,000 = 3 respondents; $10,000-$19,999 = 9 respondents; $20,000-$29,999 = 26 respondents; $30,000-$39,000 = 22 respondents; $40,000-$49,999 = 11 respondents; $50,000-$59,999 = 17 respondents; and, over $60,000 = 31 respondents; missing data = 3 respondents.

Distribution of the nonstudent sample across the experimental conditions are presented in TABLE 4-7. According to TABLE 4-7, 21 respondents were in the high consistency, low-plausible condition; 20 respondents were in the high consistency, high-plausible condition; and, 20 respondents were in the high consistency, exaggerated condition; while, 20
TABLE 4-7

BREAKDOWN OF THE CONSISTENCY NONSTUDENT SAMPLE
BY MANIPULATION RECEIVED

<table>
<thead>
<tr>
<th>Manipulations</th>
<th>High Consistency</th>
<th>Low Consistency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-plausible</td>
<td>21</td>
<td>20</td>
</tr>
<tr>
<td>High-plausible</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Exaggerated</td>
<td>20</td>
<td>21</td>
</tr>
</tbody>
</table>

respondents were in the low consistency, low-plausible condition; 20
respondents were in the low consistency, high-plausible condition; and, 21
respondents were in the low consistency, exaggerated condition.

Manipulation Checks. Manipulation checks for the nonstudent sample
were exactly the same as for the student sample. In determining if the
consistency manipulation was perceived by the sample as intended, an
analysis of variance was conducted in accordance with Perdue and Summers
(1986). The results of this analysis indicate that the consistency manipulation
was perceived as intended. As TABLE 4-8 illustrates, there was a significant
main effect for consistency of advertising behavior (F = 138.00; p < .000), but no
main effect for level of tensile discount (F = .04; p < .97) or an interaction effect
(F = .18; p < .83). Therefore, the consistency manipulation was perceived by
the respondents as intended.

The additional check of the consistency manipulation utilizing the third
question asked in the questionnaire was again used to determine the number
TABLE 4-8
ANOVA RESULTS FOR CONSISTENCY MANIPULATION CHECK:
NONSTUDENT SAMPLE

<table>
<thead>
<tr>
<th>ANOVA Results</th>
<th>DF</th>
<th>F-Value</th>
<th>Significance of F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main Effects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level of tensile price claim (L)</td>
<td>2</td>
<td>.04</td>
<td>.97</td>
</tr>
<tr>
<td>Consistency of advertiser behavior (C)</td>
<td>1</td>
<td>138.00</td>
<td>.000</td>
</tr>
<tr>
<td>2-way Interactions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L X C</td>
<td>2</td>
<td>.18</td>
<td>.83</td>
</tr>
</tbody>
</table>

of respondents who accurately determined the number of times the retailer in the cover story had advertised in the prior eight weeks. Again, for the low consistency condition, the researcher allowed for an indication of 2 or less times while the high consistency condition was considered as 5 times or more. Based on this, 96 of the 122 respondents were accurate in their determination of the number of times the retailer had advertised. Again, this is another indication that the majority of the respondents (78.69%) perceived the manipulation as intended.

To assess if the level of tensile price claim was perceived by the respondents as proposed, the mean levels for the subjects' responses to each of the two questions "What is the highest (lowest) percentage discount you would normally expect to see advertised for winter coats?" were examined. The mean for the lowest percentage discount expected was 14.88%, slightly
lower than the manipulation for the low-plausible tensile price claim of 20%. The mean for the highest percentage discount expected was 48.39%, almost identical to the manipulation for the high-plausible tensile price claim of 50%. Finally, approximately 97.6% of the respondents had indicated that a 75% price reduction was the highest they would normally expect to see on winter coats. Consequently, the manipulations for level of tensile price claim were perceived by the respondents as proposed.

Reliability Analysis. Reliability of each scale used in the consistency study with nonstudents was examined before testing the hypotheses. The results of the reliability analysis are presented in column two of TABLE 4-3 for each scale used in this experiment.

The dependent variable of perception of savings which consisted of three items had a coefficient alpha of .78. The dependent measure of value of the deal consisted of four items and had a coefficient alpha of .81. The dependent variable of attitude toward the deal consisted of three items with a coefficient alpha of .96. The dependent measure of intentions to search consisted of three items with a coefficient alpha of .84. The dependent variable of shopping intentions consisted of three items with a coefficient alpha of .94. Finally, the scale for checking the manipulation for consistency (two items) had a coefficient alpha of .88. Again, the reliabilities for the dependent variable scales and the manipulation check scale were considered acceptable.
Hypotheses Tests. Consistent with the student study, hypotheses relating to the dependent variables were examined by performing two MANOVAs and contrasts between treatment groups where applicable. The first MANOVA included the dependent variables relating to discount expectancies (expected maximum, average, and minimum percentage price reductions). Correlations among these variables are reported in TABLE 4-9. The second MANOVA included the dependent variables relating to consumer price perceptions (perceptions of savings, perceptions of value of the deal, attitude toward the deal, search intentions, and shopping intentions). Correlations among the consumer price perception variables are also reported in TABLE 4-9.

As shown in TABLE 4-10, the results of the MANOVAs indicate that there are differences in discount expectancies (Wilks' lambda = .504; F = 15.14; p = .000) and consumer perception variables (Wilks' lambda = .595; F = 5.63; p = .000) among the three tensile discount levels.

Contrasts were preformed to determine the nature of these differences. As shown in FIGURES 4-3 and 4-4, the means do not indicate the inverted U pattern predicted by hypothesis 1a. Therefore, hypotheses 1a.1-8 which indicate that the high-plausible claim should result in the (a) highest discount expectations, (b) highest price perceptions, (c) lowest search intentions, and (d) highest shopping intentions are not supported.
TABLE 4-9
CORRELATIONS AMONG THE DEPENDENT VARIABLES
CONSISTENCY STUDY: NONSTUDENTS

<table>
<thead>
<tr>
<th>Discount Expectancy Variables</th>
<th>Average Percent</th>
<th>Minimum Percent</th>
<th>Maximum Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Percent</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum Percent</td>
<td>.725*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Maximum Percent</td>
<td>.600*</td>
<td>.379*</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consumer Perception Variables</th>
<th>Perception of Savings</th>
<th>Value of the Deal</th>
<th>Attitude toward the Deal</th>
<th>Search Intentions</th>
<th>Shopping Intentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of Savings</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value of the Deal</td>
<td>.742*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitude toward the Deal</td>
<td>.615*</td>
<td>.761*</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Search Intentions</td>
<td>-.330*</td>
<td>-.354*</td>
<td>-.095</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Shopping Intentions</td>
<td>.703*</td>
<td>.711*</td>
<td>.765*</td>
<td>-.083</td>
<td>1</td>
</tr>
</tbody>
</table>

* indicates significance at .01

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TABLE 4-10

THE EFFECTS OF TENSILE PRICE CLAIM AND CONSISTENCY OF RETAILER DISCOUNTING BEHAVIOR ON DISCOUNT EXPECTANCIES AND CONSUMER PERCEPTIONS FOR NONSTUDENTS

<table>
<thead>
<tr>
<th>MANOVA</th>
<th>UNIVARIATE F-values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source</td>
<td>Wilks' lambda</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Main Effects</td>
<td></td>
</tr>
<tr>
<td>Consistency (C)</td>
<td>.985</td>
</tr>
<tr>
<td>Discount Level (D)</td>
<td>.504</td>
</tr>
<tr>
<td>Interactions</td>
<td></td>
</tr>
<tr>
<td>C x D</td>
<td>.969 (.735)</td>
</tr>
<tr>
<td>Residual</td>
<td></td>
</tr>
</tbody>
</table>

(table con'd.)
<table>
<thead>
<tr>
<th>SOURCE</th>
<th>Wilks' lambda</th>
<th>F-value (sign.)</th>
<th>df</th>
<th>Perception of Savings</th>
<th>Value of the Deal</th>
<th>Attitude toward the Deal</th>
<th>Search Intention</th>
<th>Shopping Intentions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main Effects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consistency (C)</td>
<td>.99</td>
<td>.168 (.974)</td>
<td>1</td>
<td>.1498 (.700)</td>
<td>.03 (.861)</td>
<td>.069 (.794)</td>
<td>.00009 (.993)</td>
<td>.018 (.893)</td>
</tr>
<tr>
<td>Discount Level (D)</td>
<td>.595</td>
<td>5.63 (.000)</td>
<td>2</td>
<td>26.06 (.000)</td>
<td>6.44 (.002)</td>
<td>2.42 (.094)</td>
<td>4.16 (.018)</td>
<td>5.12 (.008)</td>
</tr>
<tr>
<td>Interactions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C x D</td>
<td>.93</td>
<td>.75 (.674)</td>
<td>2</td>
<td>.702 (.498)</td>
<td>.1099 (.896)</td>
<td>.175 (.840)</td>
<td>.1695 (.844)</td>
<td>1.44 (.242)</td>
</tr>
<tr>
<td>Residual</td>
<td></td>
<td></td>
<td>99</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FIGURE 4-3
CONTRASTS FOR DISCOUNT EXPECTANCIES OF DISCOUNT LEVELS
CONSISTENCY STUDY: NONSTUDENTS
FIGURE 4-4

CONTRASTS FOR CONSUMER PERCEPTIONS OF DISCOUNT LEVELS
CONSISTENCY STUDY: NONSTUDENTS
Instead, the pattern of the means appears to support hypothesis 1b.1-8 which indicate that the exaggerated tensile price claim should result in the (a) highest discount expectations, (b) highest price perceptions, (c) lowest search intentions, and (d) highest shopping intentions. Specifically, the mean values for the maximum and average percentage discounts were highest for the exaggerated tensile price claim followed by high-plausible and low-plausible claims (See TABLE 4-11). The means for the minimum percentage discount were significantly different between the low-plausible and high-plausible tensile price claims (t = .2.42; p < .02), but they were not significantly different between the high-plausible and exaggerated tensile price claims (t = 1.17; p < .25). The mean for the minimum percentage discount was also significantly lower for the low-plausible compared to the exaggerated tensile price claim (t = 3.64; p < .000). As illustrated in TABLE 4-11, while the means for minimum percentage discount are not significantly different between the high-plausible and exaggerated levels of tensile price claims, they do follow the pattern proposed in hypothesis 1b with the exaggerated tensile price claim having the greatest effect followed by the high-plausible tensile price claim and the low-plausible tensile price claim.

The pattern of the means for the price perception variables indicates proper directionality across the three tensile price conditions (see FIGURE 4-4 and TABLE 4-11). Additionally, except for attitude toward the deal, the exaggerated and high-plausible tensile prices resulted in significantly higher
<table>
<thead>
<tr>
<th>Dependent Variables</th>
<th>Discount Level Mean</th>
<th>T-value for Contrasts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low Plausible</td>
<td>High Plausible</td>
</tr>
<tr>
<td>Maximum Percentage Discount</td>
<td>22.85</td>
<td>40.64</td>
</tr>
<tr>
<td>Average Percentage Discount</td>
<td>13.10</td>
<td>22.37</td>
</tr>
<tr>
<td>Minimum Percentage Discount</td>
<td>5.71</td>
<td>11.29</td>
</tr>
<tr>
<td>Perception of Savings</td>
<td>9.07</td>
<td>13.43</td>
</tr>
<tr>
<td>Perception of Value of the Deal</td>
<td>14.98</td>
<td>17.03</td>
</tr>
<tr>
<td>Attitude toward the Deal</td>
<td>10.59</td>
<td>11.91</td>
</tr>
<tr>
<td>Intentions to Search</td>
<td>18.26</td>
<td>16.35</td>
</tr>
<tr>
<td>Shopping Intentions</td>
<td>11.33</td>
<td>14.05</td>
</tr>
</tbody>
</table>
(lower for search intentions) means than the low-plausible condition. Again, based on these findings and the explanation provided by Licata, Biswas and Krishnan (1996), strong support was found for H1b.1-6 and H1b.8.

As stated previously, hypothesis 2 dealt with the consistency of the discounting behavior by the retailer. As shown in TABLE 4-10, the results indicate that there were no main effects of consistency on discount expectancies (Wilks' lambda = .985; F = .548; p = .651) and consumer perceptions (Wilks' lambda = .99; F = .168; p = .974). Thus, hypothesis 2a was not supported.

Hypotheses 2b and 2c proposed interactions between the consistency of discounting behavior and the discount level in the advertisement based on alternative theories of how varying tensile price claims are likely to effect consumers' price perceptions. No interaction effects were found for the discount expectancies (Wilks' lambda = .969; F = .594; p = .735) or the consumer perception variables (Wilks' lambda = .93; F = .75; p = .674). Thus neither hypotheses 2b nor 2c was supported.

Again, additional analysis was conducted to determine if the main effect of consistency or the proposed interaction effects may be found by weeding out respondents who did not perceive the manipulation of consistency as intended. Thus, using the third manipulation check question, all respondents who did not accurately report the number of times the merchant advertised winter coats on sale in the previous eight weeks were eliminated from the
analysis. Both MANOVAs were re-run to examine if the level of consistency had any effect on consumer perception variables and discount expectancies. The results still indicated that the level of consistency had no significant effect on either discount expectancies or consumer perceptions (Wilks' lambda = .97; F = .84; p < .48; and Wilks' lambda = .97; F = .42; p < .81, respectively). Likewise, no interaction effects were found for either discount expectancies or consumer perception variables (Wilks' lambda = .94; F = .91; p = .49; and, Wilks' lambda = .89; F = .89; p < .54, respectively).

Sale-rationale Experiments

Experiment 1 (Student Sample)

Study Design and Procedure. This study utilized a 3(levels of tensile price claims - low-plausible, high-plausible, and exaggerated) X 3(types of sale-rationale - product, merchant, no sale-rationale) between group experimental design. The levels of tensile price claims used in the sale-rationale experiments were determined by pretesting and were the same as in the consistency studies: low-plausible = Save up to 20%; high-plausible = Save up to 50%; and exaggerated = Save up to 80%.

The types of sale-rationale were manipulated within the advertisements seen by the respondents. These rationales were determined through pretesting. Specifically, one group of respondents was exposed to the merchant oriented sale-rationale "Grand Opening Week! It's an Open House Sale. Stop by and visit our new store and SAVE!". A second group of...
respondents was exposed to the product oriented sale-rationale "Introductory Sale! introducing our new merchandise at a Savings to You!". A final group was given an advertisement without a sale-rationale.

The experiment was conducted in a manner similar to the consistency study. The cover story, the appropriate advertisement, and a questionnaire were provided to students attending marketing classes at Louisiana State University. The respondents were asked to carefully read the instructions and other materials and then answer all questions on the questionnaire. The students were given extra credit points for their participation in this experiment.

Sample. The sample consisted of 225 students enrolled in marketing classes at Louisiana State University. Of the total respondents, 131 were male and 94 were female. Approximately 92% of the respondents (206) were in the 18-24 age group and approximately 6% of the respondents (14) were in the 25-34 age group. The remaining respondents (5) were in the 35-44 age group. No student respondent was over 44 years of age.

The income of the majority of the respondents (57%) was under $30,000 as would be expected from a student sample. The income breakdown was as follows: Under $10,000 = 70 respondents; $10,000-$19,999 = 41 respondents; $20,000-$29,999 = 17 respondents; $30,000-$39,000 = 12 respondents; $40,000-$49,999 = 8 respondents; $50,000-$59,999 = 14 respondents; and, over $60,000 = 63 respondents.
Distribution of the participants across the experimental cells is presented in TABLE 4-12. As indicated in TABLE 4-12, 26 respondents were given the product sale-rationale, low-plausible manipulation; 20 respondents were given the product sale-rationale, high-plausible manipulation; and, 27 respondents were given the product sale-rationale, exaggerated manipulation; 21 respondents were given the merchant sale-rationale, low-plausible manipulation; 21 respondents were given the merchant sale-rationale, high-plausible manipulation; and, 27 respondents were given the merchant sale-rationale, exaggerated manipulation; 21 respondents were given the no sale-rationale, low-plausible manipulation; 24 respondents were given the no sale-rationale, high-plausible manipulation; and, 23 respondents were given the no sale-rationale, exaggerated manipulation. (These numbers total 212. Because of missing data, some questionnaires were excluded from the study).

**Manipulation Checks.** A two item manipulation check measure was included in the questionnaire for the consistency manipulation. However, upon first administration, it was evident that the items were somewhat unclear to the respondents. Therefore, another measure was included in the subsequent questionnaires to check the manipulation of sale-rationale. The new item was a forced choice question in which the respondents were asked "What is the reason for the winter coat sale (check one): (a) New merchandise is being introduced, (b) The merchant is starting a new business, or, (c) No reason is offered in the ad."
TABLE 4-12
BREAKDOWN OF THE SALE-RATIONALE STUDENT SAMPLE
BY MANIPULATION RECEIVED

<table>
<thead>
<tr>
<th>Manipulations</th>
<th>Product Sale-Rationale</th>
<th>Merchant Sale-Rationale</th>
<th>No Sale-Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-plausible</td>
<td>26</td>
<td>21</td>
<td>23</td>
</tr>
<tr>
<td>High-plausible</td>
<td>20</td>
<td>21</td>
<td>24</td>
</tr>
<tr>
<td>Exaggerated</td>
<td>27</td>
<td>27</td>
<td>23</td>
</tr>
</tbody>
</table>

In determining if the sale-rationale manipulation was perceived by the sample as intended, cross tabulation and chi-square analyses were performed. In cross tabulation the largest numbers were expected on the diagonal indicating that the majority of the respondents perceived the sale-rationale as intended. Likewise, the chi-square analysis was expected to indicate significant differences between the cells in the cross tabulation. As is evident in TABLE 4-13, it appears that the respondents did perceive the sale-rationales as intended with 85% of the respondents receiving the product sale-rationale responding correctly, 78% of the respondents receiving the merchant sale-rationale responding correctly, and 78% of the respondents receiving the no sale-rationale manipulation responding correctly. Also, the chi-square was significant (chi-square = 184.96; df = 4; p = .000). Therefore, the sale-rationale manipulation was perceived by the respondents as intended.

The level of tensile price claim was checked in the same manner as it was for the consistency studies. To assess if the level of tensile price claim was perceived by the respondents as proposed, the mean levels for the
TABLE 4-13
CROSS TABULATION RESULTS OF SALE-RATIONALE MANIPULATION:
STUDENT SAMPLE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Sale-Rationale Manipulation</td>
<td>52</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Merchant Sale-Rationale Manipulation</td>
<td>2</td>
<td>40</td>
<td>9</td>
</tr>
<tr>
<td>No Sale-Rationale Manipulation</td>
<td>12</td>
<td>2</td>
<td>50</td>
</tr>
</tbody>
</table>

*These numbers total to 176 respondents because of the exclusion of the first few respondents who received the other manipulation check.

Sample’s responses to each of the two questions asked in the questionnaire ("What is the highest (lowest) percentage discount you would normally expect to see advertised for winter coats?") were examined. The mean for the lowest percentage discount expected was 12.44% which was slightly lower than the manipulation for the low-plausible tensile price claim which was 20%. The mean for the highest percentage discount expected was 47.71%, very close to the manipulation for the high-plausible tensile price claim at 50%. Finally, approximately 95.6% of the respondents had indicated that a 75% price reduction was the highest they would normally expect to see on winter coats. Based on this analysis, it was concluded that the manipulations for level of tensile price discount were perceived by the respondents as expected.
Reliability Analysis. The reliability of each of the dependent variable scales used in this study was first examined. The results are summarized in the third column of TABLE 4-3. The dependent variable of perception of savings which consisted of three items had a coefficient alpha of .70. The dependent measure of value of the deal consisted of four items and had a coefficient alpha of .81. The dependent variable of attitude toward the deal consisted of three items with a coefficient alpha of .93. The dependent measure of intentions to search consisted of three items with a coefficient alpha of .83. Finally, the dependent variable of shopping intentions consisted of three items with a coefficient alpha of .89. Hence, all of the reliabilities were considered adequate.

Hypotheses Tests. The first two hypotheses (H1a and H1b) were the same as those in the consistency study dealing with alternative explanations of how tensile price claims are likely to effect consumers' discount expectancies and price perception variables. H1a.1-8 and H1b.1-8 were examined by performing two separate MANOVAs and contrasts between treatment groups where applicable. The first MANOVA included the dependent variables relating to discount expectancies (expected maximum, average, and minimum percentage price reductions). Correlations among these variables are reported in TABLE 4-14. The second MANOVA included the dependent variables relating to consumer perceptions (perceptions of savings, perceptions of value of the deal, attitude toward the deal, search intentions,
TABLE 4-14
CORRELATIONS AMONG THE DEPENDENT VARIABLES
SALE-RATIONALE STUDY: STUDENTS

<table>
<thead>
<tr>
<th>Discount Expectancy Variables</th>
<th>Average Percent</th>
<th>Minimum Percent</th>
<th>Maximum Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Percent</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum Percent</td>
<td>.663*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Maximum Percent</td>
<td>.735*</td>
<td>.397*</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consumer Perception Variables</th>
<th>Perception of Savings</th>
<th>Value of the Deal</th>
<th>Attitude toward the Deal</th>
<th>Search Intentions</th>
<th>Shopping Intentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of Savings</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value of the Deal</td>
<td>.660*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitude toward the Deal</td>
<td>.500*</td>
<td>.674*</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Search Intentions</td>
<td>-.260*</td>
<td>-.224*</td>
<td>-.140**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Shopping Intentions</td>
<td>.445*</td>
<td>.471*</td>
<td>.557*</td>
<td>-.094</td>
<td>1</td>
</tr>
</tbody>
</table>

*indicates significance at .01
**indicates significance at .05
and shopping intentions). Correlations among the consumer perception variables are also reported in TABLE 4-14.

As shown in TABLE 4-15, the results of the MANOVAs indicate that the main effects of discount levels on discount expectancies (Wilks’ lambda = .186; F = 93.62; p = .000) and consumer perceptions (Wilks' lambda = .665; F = 9.00; p = .000) are significant. Contrasts were preformed to examine the nature of the main effects. As shown in TABLE 4-16 and FIGURES 4-5 and 4-6, the pattern of the means does not indicate the inverted U relationship as predicted by hypothesis 1a. Therefore, hypotheses 1a.1-8 which indicate that the high-plausible claim should result in the (a) highest discount expectations, (b) highest price perceptions, (c) lowest search intentions, and (d) highest shopping intentions are not supported. Instead, the means appear to follow the pattern proposed by hypotheses 1b.1-8 which state that the exaggerated tensile price claim should result in the (a) highest discount expectations, (b) highest price perceptions, (c) lowest search intentions, and (d) highest shopping intentions.

Specifically, consistent with Hypothesis 1b, the mean values for the maximum, average, and minimum percentage discounts were highest for the exaggerated tensile price claim followed by high-plausible and low-plausible claims and the differences were significant (see TABLE 4-16). As indicated in the left-hand section of TABLE 4-16, with the exception of attitude toward the deal, the mean values for the consumers’ price perception variables were
TABLE 4-15
THE EFFECTS OF TENSILE PRICE CLAIM AND SALE-RATIONALE OF RETAILER ADVERTISEMENTS ON DISCOUNT EXPECTANCIES AND CONSUMER PERCEPTIONS FOR STUDENTS

<table>
<thead>
<tr>
<th>Source</th>
<th>Wilks' lambda</th>
<th>F-values (sign.)</th>
<th>df</th>
<th>Minimum Percent Discount</th>
<th>Average Percent Discount</th>
<th>Maximum Percent Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Main Effects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale-rationale (S)</td>
<td>.979</td>
<td>.755 (.606)</td>
<td>2</td>
<td>1.45 (.237)</td>
<td>1.41 (.247)</td>
<td>.712 (.492)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n² = .019</td>
<td>n² = .010</td>
<td>n² = .002</td>
</tr>
<tr>
<td>Discount Level (D)</td>
<td>.186</td>
<td>93.62 (.000)</td>
<td>2</td>
<td>15.74 (.000)</td>
<td>93.98 (.000)</td>
<td>464.88 (.000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n² = .092</td>
<td>n² = .467</td>
<td>n² = .806</td>
</tr>
<tr>
<td><strong>Interactions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S x D</td>
<td>.926</td>
<td>1.39 (.167)</td>
<td>4</td>
<td>1.02 (.398)</td>
<td>1.198 (.313)</td>
<td>2.57 (.039)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n² = .018</td>
<td>n² = .014</td>
<td>n² = .013</td>
</tr>
<tr>
<td>Residual</td>
<td></td>
<td></td>
<td>215</td>
<td></td>
<td></td>
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</tbody>
</table>

(table con'd.)
<table>
<thead>
<tr>
<th>SOURCE</th>
<th>Wilks' lambda</th>
<th>F-value (sign.)</th>
<th>df</th>
<th>Perception of Savings</th>
<th>Value of the Deal</th>
<th>Attitude toward the Deal</th>
<th>Search Intention</th>
<th>Shopping Intentions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main Effects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale-rationale (S)</td>
<td>.922</td>
<td>1.65 (.089)</td>
<td>2</td>
<td>5.08 (.007)</td>
<td>6.12 (.003)</td>
<td>3.85 (.023)</td>
<td>.87 (.421)</td>
<td>.225 (.108)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n^2 = .037</td>
<td>n^2 = .053</td>
<td>n^2 = .038</td>
<td>n^2 = .007</td>
<td>n^2 = .022</td>
</tr>
<tr>
<td>Discount Level (D)</td>
<td>.665</td>
<td>9.00 (.000)</td>
<td>2</td>
<td>33.83 (.000)</td>
<td>11.09 (.000)</td>
<td>.59 (.554)</td>
<td>8.07 (.000)</td>
<td>.259 (.077)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n^2 = .236</td>
<td>n^2 = .090</td>
<td>n^2 = .005</td>
<td>n^2 = .070</td>
<td>n^2 = .022</td>
</tr>
<tr>
<td><strong>Interactions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S x D</td>
<td>.902</td>
<td>1.05 (.404)</td>
<td>4</td>
<td>1.044 (.389)</td>
<td>.876 (.479)</td>
<td>1.32 (.264)</td>
<td>1.197 (.313)</td>
<td>.624 (.646)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n^2 = .014</td>
<td>n^2 = .014</td>
<td>n^2 = .024</td>
<td>n^2 = .021</td>
<td>n^2 = .012</td>
</tr>
<tr>
<td>Residual</td>
<td></td>
<td></td>
<td>203</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FIGURE 4-5

CONTRASTS FOR DISCOUNT EXPECTANCIES OF DISCOUNT LEVELS
SALE-RATIONALE STUDY: STUDENTS
FIGURE 4-6

CONTRASTS FOR CONSUMER PERCEPTIONS OF DISCOUNT LEVELS
SALE-RATIONALE STUDY: STUDENTS
<table>
<thead>
<tr>
<th>Dependent Variables</th>
<th>Discount Level Mean</th>
<th></th>
<th>T-value for Contrasts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low Plausible</td>
<td>High Plausible</td>
<td>Exaggerated vs Low Plausible</td>
</tr>
<tr>
<td>Maximum Percentage Discount</td>
<td>21.13</td>
<td>47.96</td>
<td>73.18</td>
</tr>
<tr>
<td>Average Percentage Discount</td>
<td>12.19</td>
<td>23.31</td>
<td>34.94</td>
</tr>
<tr>
<td>Minimum Percentage Discount</td>
<td>6.41</td>
<td>9.90</td>
<td>13.31</td>
</tr>
<tr>
<td>Perception of Savings</td>
<td>10.93</td>
<td>13.89</td>
<td>15.23</td>
</tr>
<tr>
<td>Perception of Value of the Deal</td>
<td>17.49</td>
<td>19.28</td>
<td>20.40</td>
</tr>
<tr>
<td>Attitude toward the Deal</td>
<td>13.49</td>
<td>14.07</td>
<td>14.01</td>
</tr>
<tr>
<td>Intentions to Search</td>
<td>17.85</td>
<td>16.51</td>
<td>15.26</td>
</tr>
<tr>
<td>Shopping Intentions</td>
<td>14.72</td>
<td>15.27</td>
<td>15.95</td>
</tr>
</tbody>
</table>
highest (lowest for search intentions) for the exaggerated tensile claims followed by the high-plausible and low-plausible claims. In particular, the exaggerated and high-plausible claims consistently resulted in higher perceptions (lower search intentions) than the low plausible claim. Additionally, the exaggerated tensile claim resulted in significantly higher perceptions of savings, value of the deal and, lower intentions to search than the high-plausible tensile claim. Based on these findings and in view of the explanation offered by Licata, Biswas and Krishnan (1996), strong support was found for the anchoring and adjustment framework and H1b.1-5 and H1b.7 and some support for H1b.8.

Hypothesis 3 dealt with the main effects of sale-rationale in advertisement on discount expectations and consumers' price perception variables. Specifically, it stated that:

H3a: An advertisement with a sale-rationale aimed at reducing negative product attributions or enhancing positive merchant attributions compared with an advertisement with no sale-rationale will result in:

- H3a.1 Higher expected maximum percentage price reduction;
- H3a.2 Higher expected percentage price reduction;
- H3a.3 Higher expected minimum percentage price reduction;
- H3a.4 Higher perceptions of savings;
- H3a.5 Higher perceptions of value of the deal;
- H3a.6 Higher attitude toward the deal;
- H3a.7 Lower search intentions; and
- H3a.8 Higher shopping intentions.

Two MANOVAs were computed to determine if there were differences in discount expectancies and consumer perception variables based on the sale-rationale contained in the advertisement. As shown in TABLE 4-15, the results
indicate that sale-rationale had no effect on discount expectancies (Wilks' lambda = .979; F = .755; p = .606) but a marginal effect on price perception variables (Wilks' lambda = .922; F = 1.65; p = .089). Univariate analyses of the consumer price perception variables indicate that sale-rationale had a significant effect on perception of savings (F = 5.08, p < .007), value of the deal (F = 6.12, p < .003), and attitude toward the deal (F = 3.85, p < .023), but no effect on search intentions (F = .87; p < .42) or shopping intentions (F = 2.25; p < .108).

Contrasts were performed for the consumer perception variables to examine the nature of the main effect for sale-rationale. As shown in TABLE 4-17 and FIGURE 4-7, the results indicate that for the variables perception of savings, value of the deal, attitude toward the deal, and shopping intentions, some significant differences existed between the sale-rationale manipulations; whereas, for search intentions, no differences were found between the sale-rationale conditions. It appears that the use of a merchant sale-rationale in the advertisement resulted in significantly higher perceptions of savings (t = 2.34, p < .02), value of the deal (t = 3.32, p < .00), and attitude toward the deal (t = higher perceptions of savings (t = 3.12, p < .00), value of the deal (t = 3.45, p < .00), attitude toward the deal (t = 2.13, p < .03) and intentions to shop at the merchant's store (t = 1.67, p < .096) than the use of no-sale rationale. Based on these findings, H3a.4-6 and H3a.8 are partially supported.
## TABLE 4-17

SALE-RATIONALE STUDY: STUDENTS
MEANS AND UNIVARIATE CONTRASTS AMONG SALE-RATIONALES
FOR DEPENDENT VARIABLES

<table>
<thead>
<tr>
<th>Dependent Variables</th>
<th>Sale-Rationale Manipulation Mean</th>
<th>T-value for Contrasts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Product</td>
<td>Merchant</td>
</tr>
<tr>
<td>Perception of Savings</td>
<td>13.07</td>
<td>14.47</td>
</tr>
<tr>
<td>Perception of Value of the Deal</td>
<td>18.40</td>
<td>20.58</td>
</tr>
<tr>
<td>Attitude toward the Deal</td>
<td>13.18</td>
<td>14.90</td>
</tr>
<tr>
<td>Intentions to Search</td>
<td>16.71</td>
<td>16.08</td>
</tr>
<tr>
<td>Shopping Intentions</td>
<td>15.04</td>
<td>15.97</td>
</tr>
</tbody>
</table>

Hypotheses 3b and 3c proposed interactions between the use of a sale-rationale in the advertisement and the discount level in the advertisement based on alternative theories of how varying tensile price claims are likely to effect consumers' price perceptions. Specifically, the following hypotheses were offered:

H3b: The effects of tensile price claims hypothesized in H1a will be greater when consumers encounter a tensile price advertisement with a sale-rationale aimed at reducing negative product attributions or enhancing positive merchant attributions as opposed to encountering a tensile price advertisement with no sale-rationale provided.

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FIGURE 4-7

CONTRASTS FOR CONSUMER PERCEPTIONS OF SALE-RATIONALES
SALE-RATIONALE STUDY: STUDENTS

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H3c: The effects of tensile price claims hypothesized in H1b will be greater when consumers encounter a tensile price advertisement with a sale-rationale aimed at reducing negative product attributions or enhancing positive merchant attributions as opposed to encountering a tensile price advertisement with no sale-rationale provided.

No significant interaction effects were found for the discount expectancies (Wilks' lambda = .926; F = 1.39; p = .167) or the consumer perception variables (Wilks' lambda = .902; F = 1.05; p = .404). Thus neither hypotheses 3b nor 3c was supported.

Again, additional analysis was conducted after deleting those respondents who did not perceive the manipulation of sale-rationale as intended. Thus, using the information from the cross tabulation, all respondents who did not accurately report the type of sale-rationale represented in the advertisement to which they were exposed were eliminated from the analysis. Both MANOVAs were recalculated to determine if the type of sale-rationale had any effect on consumer perceptions and discount expectancies. As reported in TABLE 4-18, the type of sale-rationale had a significant effect on consumer perception variables (Wilks' lambda = .86; F = 1.89; p < .05) but not on discount expectancies (Wilks' lambda = .97; F = .73; p < .63). No interaction effects were found for either discount expectancies or consumer perception variables (Wilks' lambda = .88; F = 1.46; p < .14; Wilks' lambda = .88; F = .81; p < .70, respectively).

According to TABLE 4-18, the univariate results indicate that for four of the five consumer perception variables, the sale-rationale had a significant
TABLE 4-18
THE EFFECTS OF TENSILE PRICE CLAIM AND SALE-RATIONALE OF RETAILER ADVERTISEMENTS ON DISCOUNT EXPECTANCIES AND CONSUMER PERCEPTIONS FOR CORRECTED STUDENT DATA

<table>
<thead>
<tr>
<th>Source</th>
<th>Wilks’ lambda</th>
<th>F-values (sign.)</th>
<th>df</th>
<th>Minimum Percent Discount</th>
<th>Average Percent Discount</th>
<th>Maximum Percent Discount</th>
</tr>
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<tr>
<td><strong>Main Effects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale-rationale (S)</td>
<td>.97</td>
<td>.73 (.628)</td>
<td>2</td>
<td>1.93 (.149)</td>
<td>1.31 (.273)</td>
<td>.17 (.843)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n²=.028</td>
<td>n²=.020</td>
<td>n²=.003</td>
</tr>
<tr>
<td>Discount Level (D)</td>
<td>.17</td>
<td>61.34 (.000)</td>
<td>2</td>
<td>9.61 (.000)</td>
<td>73.07 (.000)</td>
<td>306.02 (.000)</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n²=.127</td>
<td>n²=.525</td>
<td>n²=.823</td>
</tr>
<tr>
<td><strong>Interactions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S x D</td>
<td>.88</td>
<td>1.46 (.138)</td>
<td>4</td>
<td>1.10 (.358)</td>
<td>3.04 (.020)</td>
<td>2.23 (.069)</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>n²=.032</td>
<td>n²=.084</td>
<td>n²=.063</td>
</tr>
<tr>
<td><strong>Residual</strong></td>
<td></td>
<td></td>
<td>132</td>
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(table con’d.)
### MANOVA

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>Wilks' lambda</th>
<th>F-value (sign.)</th>
<th>df</th>
<th>Perception of Savings</th>
<th>Value of the Deal</th>
<th>Attitude toward the Deal</th>
<th>Search Intention</th>
<th>Shopping Intentions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Main Effects</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale-rationale (S)</td>
<td>.86</td>
<td>1.89 (.047)</td>
<td>2</td>
<td>3.84 (.024)</td>
<td>4.53 (.015)</td>
<td>1.90 (.154)</td>
<td>2.51 (.085)</td>
<td>2.57 (.090)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n²=.058</td>
<td>n²=.065</td>
<td>n²=.030</td>
<td>n²=.039</td>
<td>n²=.040</td>
</tr>
<tr>
<td>Discount Level (D)</td>
<td>.66</td>
<td>5.56 (.000)</td>
<td>2</td>
<td>22.18 (.000)</td>
<td>12.35 (.000)</td>
<td>1.20 (.306)</td>
<td>1.80 (.169)</td>
<td>1.16 (.318)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n²=.262</td>
<td>n²=.165</td>
<td>n²=.019</td>
<td>n²=.028</td>
<td>n²=.018</td>
</tr>
<tr>
<td><strong>Interactions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S x D</td>
<td>.88</td>
<td>.81 (.703)</td>
<td>4</td>
<td>.81 (.522)</td>
<td>1.79 (.135)</td>
<td>1.40 (.237)</td>
<td>.55 (.702)</td>
<td>.85 (.496)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n²=.025</td>
<td>n²=.054</td>
<td>n²=.004</td>
<td>n²=.017</td>
<td>n²=.026</td>
</tr>
<tr>
<td><strong>Residual</strong></td>
<td></td>
<td></td>
<td>125</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
effect. Namely, sale-rationale had an effect on perceptions of savings
\( (F=3.84, p<.024) \), value of the deal \( (F=4.35, p<.015) \), intentions to search
\( (F=2.51, p<.085) \), and shopping intentions \( (F=2.57, p<.080) \).

Contrasts were again performed to examined the main effect of sale-
rationale on the consumer price perception variables. These contrasts
revealed significant differences between the merchant sale-rationale condition
and the product sale-rationale condition for four of the five consumer
perception variables (value of the deal \( t=2.04, p<.043 \), attitude toward the
deal \( t=2.02, p<.046 \), intentions to search \( t=-1.90, p<.06 \), and shopping
intentions \( t=1.69, p<.094 \)). As shown in TABLE 4-19 and FIGURE 4-8, in
each of these cases, the mean value for consumer perceptions were higher
(lower for search intentions) for the merchant sale-rationale condition. Also,
for three of the five consumer perception variables, significant differences were
found between the merchant sale-rationale condition and the no sale-rationale
condition (perception of savings \( t=2.43, p<.016 \), value of the deal \( t=2.79,
p<.006 \), and intentions to search \( t=-2.09, p<.038 \)). In each of these cases,
the mean values for consumer perception variables were higher (lower for
search intentions) for the merchant sale-rationale condition. In addition, the
pattern of the means between the merchant sale-rationale condition and the
no sale-rationale condition are in the hypothesized direction for attitude toward
the deal and shopping intentions. Finally, no significant differences were
found between the product sale-rationale condition and the no sale-rationale
<table>
<thead>
<tr>
<th>Dependent Variables</th>
<th>Sale-Rationale Manipulation Mean</th>
<th>T-value for Contrasts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Product Sale-Rationale</td>
<td>Merchant Sale-Rationale</td>
</tr>
<tr>
<td>Perception of Savings</td>
<td>13.10</td>
<td>14.30</td>
</tr>
<tr>
<td>Perception of Value of the Deal</td>
<td>18.87</td>
<td>20.44</td>
</tr>
<tr>
<td>Attitude toward the Deal</td>
<td>13.69</td>
<td>15.16</td>
</tr>
<tr>
<td>Intentions to Search</td>
<td>17.15</td>
<td>15.68</td>
</tr>
<tr>
<td>Shopping Intentions</td>
<td>15.12</td>
<td>16.40</td>
</tr>
</tbody>
</table>

condition. Based on these findings, H3a.4-5 and H3a.7 are partially supported.

Experiment 2 (Nonstudent Sample)

Study Design and Procedure. The first sale-rationale study was replicated with a nonstudent sample in order to make the results more generalizable. The same 3(levels of tensile price claims - low-plausible, high-plausible, and exaggerated) X 3(types of sale-rationale - product, merchant, no sale-rationale) between group experimental design was utilized to test the
FIGURE 4-8

CONTRASTS FOR CONSUMER PERCEPTIONS OF SALE-RATIONALES
SALE-RATIONALE STUDY: STUDENTS CORRECTED DATA
proposed hypotheses. The levels of tensile price claims used in the nonstudent study were the same as those in the student study. The types of sale-rationales were manipulated in the same manner as was done in the student study.

The experiment was conducted by providing a cover story, the appropriate advertisement, and a questionnaire to students attending marketing classes at Louisiana State University. Each student was asked to recruit a nonstudent to participate in the experiment. The respondents had to identify themselves as being a nonstudent and provide telephone numbers for verification purposes. Of the respondents contacted, approximately 7% either could not be reached or were actually students. The students were given extra credit points for their participation in finding nonstudent respondents for this experiment.

Sample. The sample consisted of 217 nonstudents found by students enrolled in marketing classes at Louisiana State University. Of the total respondents, 92 were male and 122 were female (missing data = 3 respondents). The age distribution of the respondents was as follows: 18-24 years = 46 respondents; 25-34 years = 40 respondents; 35-44 years = 38 respondents; 45-54 years = 69 respondents; 55-64 years = 16 respondents; 65 years and over = 7 respondents; missing data = 1 respondent. The majority of the respondents were between the ages of 25 to 54 (89.4%).
The income averaged approximately $38,000. The distribution of income was as follows: Under $10,000 = 11 respondents; $10,000-$19,999 = 26 respondents; $20,000-$29,999 = 29 respondents; $30,000-$39,000 = 21 respondents; $40,000-$49,999 = 23 respondents; $50,000-$59,999 = 22 respondents; and, over $60,000 = 76 respondents; missing data = 9 respondents.

Distribution of respondents across the treatment conditions are reported in TABLE 4-20. According to TABLE 4-20, 23 respondents were given the product sale-rationale, low-plausible manipulation; 22 respondents were given the product sale-rationale, high-plausible manipulation; and, 23 respondents were given the product sale-rationale, exaggerated manipulation; 26 respondents were given the merchant sale-rationale, low-plausible manipulation; 24 respondents were given the merchant sale-rationale, high-plausible manipulation; and, 27 respondents were given the merchant sale-rationale, exaggerated manipulation; 22 respondents were given the no sale-rationale, low-plausible manipulation; 26 respondents were given the no sale-rationale, high-plausible manipulation; and, 23 respondents were given the no sale-rationale, exaggerated manipulation.

Manipulation Checks. The forced choice question utilized in the student sale-rationale study was again used for the nonstudent study. Again, in determining if the sale-rationale manipulation was perceived by the sample as intended, cross tabulation and chi-square analyses were performed. As
TABLE 4-20
BREAKDOWN OF THE SALE-RATIONALE NONSTUDENT SAMPLE
BY MANIPULATION RECEIVED

<table>
<thead>
<tr>
<th>Manipulations</th>
<th>Product Sale-Rationale</th>
<th>Merchant Sale-Rationale</th>
<th>No Sale-Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-plausible</td>
<td>23</td>
<td>26</td>
<td>22</td>
</tr>
<tr>
<td>High-plausible</td>
<td>22</td>
<td>24</td>
<td>26</td>
</tr>
<tr>
<td>Exaggerated</td>
<td>23</td>
<td>27</td>
<td>23</td>
</tr>
</tbody>
</table>

(These numbers total 216. Because of missing data, some questionnaires were excluded from the study).

indicated in TABLE 4-21, most respondents perceived the sale-rationales as intended with 72% of the respondents receiving the product sale-rationale responding correctly, 65% of the respondents exposed to the merchant sale-rationale responding correctly, and 86% of the respondents receiving the no sale-rationale manipulation responding correctly. Also, the chi-square was significant (chi-square = 169.24; df = 4; p = .000). Therefore, the sale-rationale manipulations were perceived by most respondents as intended.

To assess if the level of tensile price claim was perceived by the respondents as proposed, the mean levels for the sample's responses to each of the two questions asked in the questionnaire ("What is the highest (lowest) percentage discount you would normally expect to see advertised for winter coats?") were examined. The mean for the lowest percentage discount expected was 13.80%, slightly lower than the manipulation for the low-plausible tensile price claim of 20%. The mean for the highest percentage discount expected was 45.60%, very close to the manipulation for the high-plausible
tensile price claim of 50%. Finally, approximately 96.8% of the respondents had indicated that a 75% price reduction was the highest they would normally expect to see on winter coats. Based on these findings, strong support was found for the tensile price manipulation.

**Reliability Analysis.** Again, before testing the hypotheses, the reliability of each of the scales used in the analysis was examined. The results of the reliability analysis are presented for each scale used in this experiment in the last column of TABLE 4-3.

The dependent variable of perception of savings (3 items) had a coefficient alpha of .80. The dependent measure of value of the deal (4 items) had a coefficient alpha of .87. Attitude toward the deal (3 items) had a coefficient alpha of .96. Finally, dependent measures of intentions to search and shopping intentions (3 items each) had coefficient alphas of .82 and .91,
respectively. As in the first three studies, all the reliabilities were considered acceptable.

**Hypotheses Tests.** Consistent with the first sale-rationale study, two MANOVAs were conducted to determine if there were differences in consumer perception variables and discount expectancies among the three manipulated discount levels (H1a; H1b). Correlations for both discount expectancy and consumer perception variables are given in TABLE 4-22.

As the MANOVA results in TABLE 4-23 show, there are differences in discount expectancies (Wilks' lambda = .359; F = 45.05; p = .000) and consumer perception variables (Wilks' lambda = .538; F = 12.42; p = .000) among the three tensile price manipulations. Contrasts were preformed to further examine the nature of the main effect of discount level. As shown in TABLE 4-24 and FIGURES 4-9 and 4-10, the results of the contrasts do not support H1a but lend support for hypothesis 1b. Consistent with Hypotheses 1b.1-2, the mean values for the maximum and average percentage discounts were highest for the exaggerated tensile price claim followed by high-plausible and low-plausible claims and the differences were significant. The mean for the minimum percentage discount (H1b.3) was significantly higher for the high-plausible compared with the low-plausible tensile price claim (t = 2.96; p < .003); however, the means for minimum percentage discount were not significantly different between the exaggerated and high-plausible tensile price claims (t = 1.32; p < .19). The mean for the minimum percentage discount
TABLE 4-22
CORRELATIONS AMONG THE DEPENDENT VARIABLES
SALE-RATIONALE STUDY: NONSTUDENTS

<table>
<thead>
<tr>
<th>Discount Expectancy Variables</th>
<th>Average Percent</th>
<th>Minimum Percent</th>
<th>Maximum Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Percent</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum Percent</td>
<td>.605*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Maximum Percent</td>
<td>.647*</td>
<td>.255*</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consumer Perception Variables</th>
<th>Perception of Savings</th>
<th>Value of the Deal</th>
<th>Attitude toward the Deal</th>
<th>Search Intentions</th>
<th>Shopping Intentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of Savings</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value of the Deal</td>
<td>.649*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitude toward the Deal</td>
<td>.506*</td>
<td>.633*</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Search Intentions</td>
<td>-.462*</td>
<td>-.433*</td>
<td>-.333*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Shopping Intentions</td>
<td>.606*</td>
<td>.532*</td>
<td>.664*</td>
<td>-.293*</td>
<td>1</td>
</tr>
</tbody>
</table>

* indicates significance at .01

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TABLE 4-23
THE EFFECTS OF TENSILE PRICE CLAIM AND SALE-RATIONALE OF RETAILER ADVERTISEMENTS ON DISCOUNT EXPECTANCIES AND CONSUMER PERCEPTIONS FOR NONSTUDENTS

<table>
<thead>
<tr>
<th>Source</th>
<th>Wilks' lambda</th>
<th>F-values (sign.)</th>
<th>df</th>
<th>Minimum Percent Discount</th>
<th>Average Percent Discount</th>
<th>Maximum Percent Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main Effects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale-rationale (S)</td>
<td>.980</td>
<td>.678 (.667)</td>
<td>2</td>
<td>1.286 (.279)</td>
<td>.094 (.910)</td>
<td>.089 (.915)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n² = .004</td>
<td>n² = .000</td>
<td>n² = .000</td>
</tr>
<tr>
<td>Discount Level (D)</td>
<td>.359</td>
<td>45.05 (.000)</td>
<td>2</td>
<td>9.376 (.000)</td>
<td>46.21 (.000)</td>
<td>175.97 (.000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n² = .105</td>
<td>n² = .318</td>
<td>n² = .647</td>
</tr>
<tr>
<td><strong>Interactions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S x D</td>
<td>.976</td>
<td>.407 (.961)</td>
<td>4</td>
<td>.286 (.887)</td>
<td>.314 (.868)</td>
<td>.370 (.830)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>n² = .009</td>
<td>n² = .001</td>
<td>n² = .001</td>
</tr>
<tr>
<td><strong>Residual</strong></td>
<td></td>
<td></td>
<td>204</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*(table con'd.)*
<table>
<thead>
<tr>
<th>SOURCE</th>
<th>'Wilks' lambda</th>
<th>F-value (sign.)</th>
<th>df</th>
<th>Perception of Savings</th>
<th>Value of the Deal</th>
<th>Attitude toward the Deal</th>
<th>Search Intention</th>
<th>Shopping Intentions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main Effects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale-rationale (S)</td>
<td>.971</td>
<td>.511 (.882)</td>
<td>2</td>
<td>.253 (.777)</td>
<td>.087 (.916)</td>
<td>.222 (.801)</td>
<td>.592 (.554)</td>
<td>.056 (.945)</td>
</tr>
<tr>
<td>Discount Level (D)</td>
<td>.538</td>
<td>12.42 (.000)</td>
<td>2</td>
<td>56.192 (.000)</td>
<td>21.985 (.000)</td>
<td>3.45 (.034)</td>
<td>11.95 (.000)</td>
<td>4.85 (.009)</td>
</tr>
<tr>
<td><strong>Interactions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S x D</td>
<td>.902</td>
<td>.896 (.593)</td>
<td>4</td>
<td>.728 (.574)</td>
<td>.634 (.639)</td>
<td>.468 (.759)</td>
<td>.648 (.629)</td>
<td>.325 (.861)</td>
</tr>
<tr>
<td>Residual</td>
<td></td>
<td></td>
<td>175</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### TABLE 4-24
SALE-RATIONALE STUDY: NONSTUDENTS
MEANS AND UNIVARIATE CONTRASTS AMONG DISCOUNT LEVELS FOR DEPENDENT VARIABLES

<table>
<thead>
<tr>
<th>Dependent Variables</th>
<th>Discount Level Mean</th>
<th>T-value for Contrasts</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low Plausible</td>
<td>High Plausible</td>
<td>Exaggerated</td>
<td>Low Plausible vs High Plausible</td>
<td>High Plausible vs Exaggerated</td>
</tr>
<tr>
<td>Maximum Percentage Discount</td>
<td>20.93</td>
<td>45.08</td>
<td>68.39</td>
<td>19.428</td>
<td>9.888</td>
</tr>
<tr>
<td></td>
<td>(.000)</td>
<td>(.000)</td>
<td>(.000)</td>
<td></td>
<td>(.000)</td>
</tr>
<tr>
<td>Average Percentage Discount</td>
<td>13.49</td>
<td>23.81</td>
<td>31.79</td>
<td>9.700</td>
<td>5.507</td>
</tr>
<tr>
<td></td>
<td>(.000)</td>
<td>(.000)</td>
<td>(.000)</td>
<td></td>
<td>(.000)</td>
</tr>
<tr>
<td>Minimum Percentage Discount</td>
<td>6.90</td>
<td>12.19</td>
<td>14.56</td>
<td>4.255</td>
<td>2.963</td>
</tr>
<tr>
<td></td>
<td>(.000)</td>
<td>(.003)</td>
<td>(.189)</td>
<td></td>
<td>(.003)</td>
</tr>
<tr>
<td>Perception of Savings</td>
<td>9.31</td>
<td>14.08</td>
<td>15.70</td>
<td>10.936</td>
<td>8.200</td>
</tr>
<tr>
<td></td>
<td>(.000)</td>
<td>(.000)</td>
<td>(.006)</td>
<td></td>
<td>(.000)</td>
</tr>
<tr>
<td></td>
<td>(.000)</td>
<td>(.002)</td>
<td>(.000)</td>
<td></td>
<td>(.002)</td>
</tr>
<tr>
<td>Attitude toward the Deal</td>
<td>11.91</td>
<td>13.05</td>
<td>13.74</td>
<td>2.270</td>
<td>1.395</td>
</tr>
<tr>
<td></td>
<td>(.024)</td>
<td>(.165)</td>
<td>(.393)</td>
<td></td>
<td>(.165)</td>
</tr>
<tr>
<td>Intentions to Search</td>
<td>18.78</td>
<td>16.85</td>
<td>15.49</td>
<td>-5.024</td>
<td>-2.943</td>
</tr>
<tr>
<td></td>
<td>(.000)</td>
<td>(.004)</td>
<td>(.040)</td>
<td></td>
<td>(.004)</td>
</tr>
<tr>
<td>Shopping Intentions</td>
<td>12.69</td>
<td>14.92</td>
<td>15.03</td>
<td>2.986</td>
<td>2.823</td>
</tr>
<tr>
<td></td>
<td>(.003)</td>
<td>(.005)</td>
<td>(.887)</td>
<td></td>
<td>(.005)</td>
</tr>
</tbody>
</table>
FIGURE 4-9

CONTRASTS FOR DISCOUNT EXPECTANCIES OF DISCOUNT LEVELS
SALE-RATIONALE STUDY: NONSTUDENTS
FIGURE 4-10

CONTRASTS FOR CONSUMER PERCEPTIONS OF DISCOUNT LEVELS
SALE-RATIONALE STUDY: NONSTUDENTS
was also significantly higher for the exaggerated compared with the low-plausible tensile price claim (t = 4.26; p < .000).

The mean values for the consumers' price perception variables were highest (lowest for search intentions) for the exaggerated claim followed by the high-plausible and low-plausible claims (see TABLE 4-24). Specifically, the exaggerated tensile price claim consistently resulted in higher perceptions (lower search intentions) than the low-plausible claim. With the exception of attitude toward the deal, the high-plausible tensile price claim resulted in significantly higher consumer perceptions (lower for search intentions) compared with the low-plausible claim. Also, except for attitude toward the deal and shopping intentions, the exaggerated tensile claim resulted in significantly higher perceptions or lower intentions to search compared with the high-plausible claim. Therefore, based on these findings and the propositions of Licata, Biswas and Krishnan (1996), overall support was found for H1b.1-5 and H1b.7-8. There was also evidence of support for H1b.6.

Hypothesis 3 dealt with the main effect of sale-rationale contained within the advertisement on discount expectations and consumers' perceptions. Again, two MANOVAs were computed to determine if there were differences in consumer perceptions and discount expectancies based on the sale-rationale contained in the advertisement. As shown in TABLE 4-23, the results indicate that there are not any differences in consumer perceptions (Wilks' lambda = .971; F = .511; p = .882) and discount expectancies (Wilks' lambda = .980; F
= .678; p = .667) among the three sale-rationales. Thus, hypothesis 3a is not supported.

Hypotheses 3b and 3c proposed interactions between the use of a sale-rationale in an advertisement and the discount level based on alternative theories of how tensile price claims are likely to effect consumers’ price perceptions. No significant interaction effects were found for the consumer perception variables (Wilks’ lambda = .902; F = .896; p = .593) or the discount expectancies (Wilks’ lambda = .976; F = .407; p = .961). Thus neither hypothesis 3b nor hypothesis 3c was supported.

Additional analysis was conducted after eliminating respondents who did not perceive the manipulation of sale-rationale as intended. Both MANOVAs were recalculated to determine if sale-rationale had any effect on discount expectancies and consumer perceptions. The results indicated that the type of sale-rationale did not influence either discount expectancies (Wilks’ lambda = .90; F = 1.37; p < .20) or consumer perception variables (Wilks’ lambda = .91; F = .44; p < .85). No significant interaction effects were found for either discount expectancies or consumer perception variables (Wilks’ lambda = .96; F = .53; p = .90; and Wilks’ lambda = .85; F = 1.01; p < .45, respectively).

Finally, two other MANOVAs were performed in which the two types of sale-rationales were pooled and compared against the no sale-rationale condition in order to determine if the mere use of a sale-rationale may have
some influence on consumer perceptions and discount expectancies. Again, the results mirrored those of the initial analysis which indicated that the sale-rationales did not have any influence on discount expectancies (Wilks' lambda = .99; F = .78; p < .51) or consumer perception variables (Wilks' lambda = .99; F = .55; p < .74). Likewise, no interactions between sale-rationale and level of tensile discount claim were evident for either discount expectancies or consumer price perception variables (Wilks' lambda = .99; F = .46; p < .84; and, Wilks' lambda = .93; F = 1.37; p < .19, respectively).
CHAPTER 5: DISCUSSION AND IMPLICATIONS

Introduction

As stated in Chapter 1, this dissertation attempted to address three research questions. First, the effects of exaggerated tensile price claims as compared to both high-plausible and low-plausible tensile price claims were examined. The results suggest that exaggerated tensile price claims do have at least as much of an effect on consumer price perceptions and discount expectancies as high-plausible tensile price claims. Exaggerated tensile price claims also appear to have a greater effect on both discount expectancies and consumer price perceptions than low-plausible tensile price claims.

Second, alternative frameworks of assimilation contrast theory and the anchoring and adjustment framework were assessed to determine which concept provided the most suitable explanation of the results. The anchoring and adjustment framework appears to provide the most accurate depiction of the effects of exaggerated tensile price claims on consumer perceptions and discount expectancies. However, more research must be conducted concerning the effects of exaggerated tensile price claims as compared to plausible but high tensile price claims due to the unexpected lack of significant differences between the two claims.

With respect to the third and final research question, this dissertation research examined the role of two contextual variables in moderating the relationships between the consumer price perception variables and the
discount expectancies with the advertised discount level. The studies concerning the consistency of advertising by a retailer implied that the behavior of the advertiser does not effect consumers' perceptions or discount expectancies. The studies concerning sale-rationale included in the advertisements paint a more complicated picture. In the student study, the results indicated that the type of sale-rationale included in the advertisement may affect certain perceptions; whereas, in the nonstudent study, no effects for sale-rationale were found.

In short, this research dissertation addressed three questions in a methodologically sound manner. The manipulations used in the four experiments were pretested prior to use to ensure that they would be perceived by the respondents as intended. Finally, the four experiments were carried out by following appropriate experimental procedures, thereby strengthening the implications that can be drawn from this dissertation research.

In this chapter, discussion and implications of the three research questions examined in the dissertation are provided. First, the effects of plausible tensile price claims as compared to exaggerated tensile price claims are examined. Second, the suitability of the alternative frameworks of assimilation contrast theory and the anchoring and adjustment framework are assessed. Next, the effects of the two contextual variables (consistency and sale-rationale) are considered. After a summary of the theoretical
contributions of this dissertation, managerial implications, limitations, and directions for future research are provided.

**Effects of Plausible vs Exaggerated Tensile Price Claims**

As stated in Chapter 1, the effects of exaggerated tensile price claims on consumers' price perceptions have not been examined before. The premise for examining the effects of exaggerated tensile price claims is based on the effects found for exaggerated reference price claims. In reference price research, exaggerated reference price claims have been found to have an effect on consumer evaluations (Biswas and Blair 1991; Urbany, Bearden and Weilbaker 1988). Likewise, in this dissertation, exaggerated tensile price claims also appear to effect consumer evaluations.

The findings of the four studies included in this dissertation indicate that compared to low-plausible tensile price claims, exaggerated tensile price claims do have more influence on both consumer discount expectancies and consumer price perception variables with the exception of attitude toward the deal. For the variable attitude toward the deal, the exaggerated tensile price claim had more influence when compared to the low-plausible tensile price claim in the nonstudent studies only.

When comparing high-plausible tensile price claims with exaggerated tensile price claims, the results indicate that the exaggerated tensile price claims have about the same or slightly more influence than the high-plausible tensile price claims. These findings are fairly consistent for all variables across
all four studies. In the student consistency study, no significant differences were found between the exaggerated tensile price claim and the high-plausible tensile price claim for any variable with the exception of maximum percentaged discount expected and average percentage discount expected. The nonstudent consistency study indicated no significant differences for any variables between the exaggerated tensile price claim and the high-plausible tensile price claim with the exception of the maximum and average percentage discounts and perceptions of savings.

For the sale-rationale studies, both student and nonstudent studies found no significant differences between the means for the variables attitude toward the deal and intentions to shop when comparing the exaggerated and high-plausible tensile price claims. The nonstudent sale-rationale study also found no significant difference between the means for minimum percentage discount expected when comparing exaggerated and high-plausible tensile price claims. In each case where differences were not significant, the mean for the exaggerated tensile price claim was greater (lower for search intentions) than the mean for the high-plausible tensile price claim.

While at first glance the results concerning the effects of exaggerated tensile price claims compared to high-plausible tensile price claims seem somewhat contrary to expectations, it may be that these results are simply signifying another possibility that needs to be explored concerning the differences between exaggerated and high-plausible tensile price claims.
According to Licata, Biswas and Krishnan (1996), the results of a comparison between exaggerated and high-plausible tensile price claims are uncertain. They suggest that because of anchoring and adjustment, exaggerated and high-plausible tensile price claims should have more of an effect on consumer perceptions than a low-plausible tensile price claim. However, the results of a comparison between exaggerated and high-plausible tensile price claims is debatable. Licata, Biswas and Krishnan (1996) suggest that because of anchoring and adjustment, an exaggerated tensile price claim should not be less effective than a high-plausible tensile price claim. However, it may or may not result in significantly higher perceptions than a high-plausible claim. 

The findings of the studies presented in this dissertation may provide some indication as to how consumers perceive exaggerated tensile price claims as compared to high-plausible tensile price claims. It appears as though exaggerated tensile price claims are at least as effective as high-plausible tensile price claims at influencing minimum percentage discount expected, attitude toward the deal, and intentions to shop. This dissertation also suggests that an exaggerated tensile price claim may be more effective at influencing maximum percentage discount expected, average percentage discount expected, perceptions of savings, value of the deal, and search intentions than a high-plausible tensile price claim, in some cases.
Alternative Frameworks

In this dissertation two frameworks were used and alternative hypotheses were offered to interpret research findings concerning the use of varying pricing levels—the assimilation contrast theory (Lichtenstein and Bearden 1989; Lichtenstein, Burton and Karson 1991; Urbany, Bearden and Weilbaker 1988) and the anchoring and adjustment framework (Biswas and Burton 1993, 1994; Slovic, Fiscoff and Lichtenstein 1982). The major difference between the predictions of these two frameworks is in the explanation of the effects of exaggerated claims. According to the assimilation contrast theory, an exaggerated claim should be disregarded and have no effect because the information provided by the exaggerated claim is not accepted as representative of the current cognitive schema, therefore it is not perceived as a plausible claim (Sherif and Hovland 1961). In contrast, in the anchoring and adjustment framework, an exaggerated claim is expected to have a positive effect because it is used as a high anchor point from which adjustments are generally insufficient, thereby leading to estimates biased in the direction of the exaggerated claim (Tversky and Kahneman 1974; Slovic, Fiscoff and Lichtenstein 1982). The findings from a comparison of exaggerated versus high-plausible tensile price claims in this dissertation indicate that the anchoring and adjustment framework appears to provide the most suitable explanation of the effects of discount level on discount expectancies and consumer price perception variables.
According to the assimilation contrast theory, a high-plausible tensile price claim should result in the (a) highest discount expectations, (b) highest price perceptions, (c) lowest search intentions, and (d) highest shopping intentions compared to a low-plausible or exaggerated tensile price claim. In no study in this dissertation did this inverted U configuration materialize. Thus, the assimilation contrast theory is not strictly supported because contrast (or rejection) of the exaggerated tensile price claim did not occur.

The results from the four studies conducted in this dissertation indicate that the exaggerated tensile price claim does have positive effects on discount expectancies and consumer price perception variables. When compared to the high-plausible tensile price claim, it can be seen that in almost every instance across all four studies, the exaggerated tensile price claim had at least the same or slightly higher (lower for search intentions) means than the high-plausible tensile price claim. The exceptions being (1) perceptions of value of the deal for the student consistency study, (2) search intentions for the nonstudent consistency study, and (3) attitude toward the deal for the student sale-rationale study. In each of these cases, however, the difference between the high-plausible and exaggerated tensile price claim means were not significant.

These findings suggest that although the exaggerated tensile price claim may be highly discounted by consumers, it still has a positive effect (at least equal to that of a high-plausible claim) on discount expectancies and
consumer price perception variables. These findings support the contention by Licata, Biswas and Krishnan (1996) that because of anchoring and adjustment, the exaggerated tensile price claim should not be less effective than the high-plausible tensile price claim. These findings also support the "discounting hypothesis" proposed by Urbany, Bearden and Weibaker (1988). Essentially, their discounting hypothesis can be explained by the anchoring and adjustment framework.

The discounting hypothesis of Urbany, Bearden and Weibaker (1988) states that consumers may discount the credibility of advertised prices that are exaggerated. However, instead of totally rejecting the claim, the consumer may instead discount it to a level which seems more suitable for the product. Thus, while consumers may be skeptical of the exaggerated claim, it may still have a positive effect (Biswas and Blair 1991; Lichtenstein and Bearden 1989; Urbany, Bearden and Weibaker 1988).

Additional support for the anchoring and adjustment framework as the better explanation of the findings of this dissertation can be found in Chapman and Johnson (1994). While many of the means of the dependent variables indicate nonsignificant differences between high-plausible and exaggerated tensile price claims, anchoring and adjustment is still occurring. Chapman and Johnson (1994) found that when a implausible high anchor was used to determine selling prices for lotteries, this anchor point resulted in about the same selling price as the high but plausible anchor point. The reasoning
provided by Chapman and Johnson (1994, p.230) states that "...implausibly high anchors do not have an effect proportional to their magnitude." This finding was replicated in a second experiment in the same study. Additionally, Quattrone, Lawrence, Finkel and Andrus (1981) proposed that subjects adjust an anchor until soon after it enters the range of plausibility for the target item, at which point the adjustments stop. Thereby making the exaggerated and high plausible anchors result in similar judgements. Thus, while the differences between the high plausible tensile price claim and the exaggerated tensile price claim are not significant in every case, the fact that the exaggerated tensile price claim has at least as great an effect on discount expectancies and consumer perceptions as the high plausible tensile price claim is still an indication that anchoring and adjustment is occurring.

Additionally, another indication that the anchoring and adjustment framework is the most representative theory in which to interpret these findings is found when the compatibility between the anchor and the response scale is considered. The exaggerated tensile price claim is significantly greater than the high plausible tensile price claim in every instance for the means of the maximum and average percentage discount expected, but in only some cases for the consumer perception variables. The reason could be because the maximum and average percentage discount expected are expressed in percentages like those of the anchor point which says "Save up to X %" (Chapman and Johnson 1994; Chapman and Bornstein, in press).
Chapman and Johnson (1994) found that anchoring is only significant when the anchor is expressed on the same scale as the response mode unless there is a meaningful relationship between the anchor and the response scales which is significant enough to produce anchoring. Thus, anchoring effects would be more prevalent for the discount expectancies than for the consumer price perception variables. Although the means for the minimum percentage discount are not significantly higher for the exaggerated tensile price claim as compared to the high plausible tensile price claim in every case, one explanation could be that the low but plausible anchor was in line with subjects expectations in those cases; therefore, the adjustment from the anchor was less. Thus, the difference between the means of the exaggerated tensile price claim and the high plausible tensile price claim probably would not be significant (Chapman and Johnson 1994).

The anchoring effects described above appear to be occurring in the research presented in this dissertation. The positive effect of the exaggerated tensile price claim which is at least equal to and sometimes greater than the effect of the high plausible tensile price claim is predicted by the anchoring and adjustment framework. In addition, the anchoring and adjustment framework offers a conceptual explanation regarding the use of exaggerated price claims by consumers. While the exaggerated tensile price claim did not have a significantly greater effect than the high-plausible tensile price claim in
every instance, it appears that the anchoring and adjustment framework is the best interpretation of the effects that are present.

**Effects of Contextual Variables**

**Consistency**

In assessing consistency of retailer advertising behavior, it was expected that a retailer exhibiting less consistent advertising behavior would have a greater influence on consumer evaluations than one that consistently advertised (Lichtenstein and Bearden 1989). The reason behind this assertion was based on the likelihood that, when consumers encounter an advertisement from a retailer who does not consistently advertise, more attributional processing would occur because no ready-made schema would be present to account for the behavior (Lichtenstein and Bearden 1988, 1989). Lichtenstein and Bearden (1989) found support for this assertion when researching effects of consistency in the use of reference prices. Contrary to expectations, both the student and nonstudent studies in this dissertation concerning tensile price claims did not find any influence of consistency on consumer evaluations.

These results were somewhat surprising given that one of the original authors of the 1989 consistency study (Lichtenstein) was consulted about the consistency manipulation used in the studies in this dissertation. The manipulation of consistency, in fact, was made stronger than in previous studies by eliminating a possible confounding effect. In previous studies, the
low consistency manipulation showed the retailer advertising sales during the eight week period under consideration. However, this could be considered as evidence of consistent discounting behavior even if the specific product used in the study was not offered for sale. Hence, in the consistency studies in this dissertation, the low consistency manipulation showed the retailer advertising merchandise for another product in only one of the eight weeks, thereby eliminating the possible confound. According to the manipulation check, the consistency manipulation used in this dissertation was successful.

One reason for the findings in this dissertation could be the possibility that consumers have become accustomed to the proliferation of advertising from many retailers and thereby expect to see retailers advertise. Therefore, no additional attributional processing occurred because the respondents simply used the ready-made schema of retailers who consistently advertise for those who do not consistently advertise. Another possibility is that consumers use only one schema for all advertisers regardless of how often they advertise. If this is the case, respondents would have disregarded the consistency information when forming their evaluations. Another possible explanation may be found when consumer skepticism concerning all advertising is considered. It could be that either the respondents did not believe the consistency manipulation or did not consider this information important in an evaluation of the message. The sceptical consumer would likely not believe that a retailer rarely advertises. While the findings of the dissertation research concerning
consistency are somewhat disappointing, they do point to the need for more consideration of the consistency effects in pricing research in order to resolve the dissimilar findings.

**Sale-rationale**

Sale-rationale contained in the advertisement was thought to be another important contextual variable that could influence consumer evaluations because it is believed to provide the reason for the discount offering, thereby reducing consumer skepticism (Burton, Lichtenstein, Biswas and Fraccastoro 1994; Lichtenstein, Burton and O’Hara 1989). The results of the two studies in the dissertation were very interesting in that they were not congruent. The student study examining sale-rationale found effects for the sale-rationale provided in the advertisement on consumer price perceptions but not discount expectancies. The nonstudent study found no effects.

In assessing these results, it appears from the contrasts and mean comparisons that the merchant sale-rationale was the influencing factor in the student study. In all cases in the student study, the means were highest (lowest for search intentions) for the merchant sale-rationale as compared to both the product sale-rationale and the no sale-rationale conditions. The mean differences were significant for all variables except search intentions (in which the differences were not significant compared to both product sale-rationale and no sale-rationale) and shopping intentions (in which the differences were not significantly different compared to the product sale-
rationale). In all cases, there were no significant differences between the means for product sale-rationale compared to no sale-rationale. Also, no pattern emerged in the means for product sale-rationale as compared to the no sale-rationale condition.

The results of the analysis performed on the data using only those respondents who perceived the sale-rationale manipulation as intended were similar to the first set of findings. Specifically, in all cases in the student study, the means were highest (lowest for search intentions) for the merchant sale-rationale as compared to both the product and no sale-rationale conditions. The mean differences were significant for all variables except perception of savings (in which the differences were not significant compared to the product sale-rationale) and attitude toward the deal and intentions to shop (in which the differences were not significant compared to the no sale-rationale condition). Again in all cases, there were no differences in the means between the product sale-rationale and no sale-rationale conditions. No pattern emerged among the means when comparing the product sale-rationale to the no sale-rationale condition either.

Although the MANOVA results did not indicate any effects of sale-rationale on consumer perceptions in the nonstudent study, a comparison of the means was conducted to determine if a pattern similar to that found in the student study existed. No such pattern was found among the means of the nonstudent study. While this is contrary to expectations, it does point to the
need for more research on the influence of sale-rationale on consumer evaluations.

One possible explanation as to the differing results concerning the findings of an effect of merchant sale-rationale while no effect of product sale-rationale is present can be found in the attributions people make concerning advertisements in general. In Burton et. al. (1994), attributions concerning advertisements were found to be positive for merchants and negative for products even though no sale-rationale was present in the advertisement. Consequently, in this dissertation it is possible that the positive sale-rationale (as determined by pretesting) did not adequately reduce negative product attributions for the subjects. Another possibility could be that the sale-rationale was perceived as positive enough to neutralize negative attributions but not positive enough to make these attributions be expressed as positive effects on consumer perceptions. In the case of the merchant sale-rationale, the attributions made by consumers are positive before the sale-rationale is introduced. Thus, when the positive merchant sale-rationale is introduced, the positive effect on consumer perceptions becomes even more pronounced; thereby resulting in significantly positive effects on consumer perceptions.

Another concern is the difference between the findings of the student and nonstudent studies. One possible explanation for finding results of merchant sale-rationale in the student sample and not in the nonstudent sample can be found when experience of the respondent in dealing with
advertising and promotions is considered. While the experience level of the respondent was not assessed in this dissertation, age of the respondent may provide some indication of this factor. The average age of the student sample is approximately 25 years whereas the average age of the nonstudent sample is approximately 35 years. Thus, the nonstudent sample possibly has about 10 years more advertising and promotional experience on which to draw conclusions about advertised discounts. As Licata et. al. (1994) indicate, consumers who lack experience at assessing advertised discounts are more skeptical of such discounts and are more likely to discount the offer. Since the main reason behind providing a sale-rationale in the advertisement is to reduce skepticism, it may not be necessary to include a sale-rationale for more experienced consumers because they are less skeptical and depend more on their experience in evaluating the advertised offer.

Hence, while the overall results of the two sale-rationale studies are paradoxical, the findings of the student sale-rationale studies seem to suggest that merchant sale-rationales tend to influence consumer perceptions whereas product sale-rationales and advertisements containing no sale-rationales do not. Thus, it appears that if a merchant would like to influence consumer perceptions, he/she may be able to do so by providing a reason for the sale within the advertisement so long as it pertains to something regarding the merchant. However, experience of the target consumer may be a factor that should be considered.
Summary

This dissertation was undertaken to contribute to the discipline of marketing by answering three important research questions: (1) "what are the effects of exaggerated tensile price claims as compared to plausible tensile price claims?", (2) "which alternative framework (assimilation contrast theory or the anchoring and adjustment framework) provides the most suitable explanation of the effects of exaggerated tensile price claims on consumer perceptions and discount expectancies?", and (3) "what role do two contextual variables (consistency and sale-rationale) play in moderating the relationship between the consumer price perception variables and the discount expectancies?". To this end, this dissertation has contributed to the knowledge in the area of pricing in several ways.

In assessing the moderating role of sale-rationale in an advertisement, some results were found which seemed to indicate a positive effect for the use of a merchant sale-rationale in the student sample. This has expanded our knowledge of the effects of sale-rationale because the role of sale-rationale in effecting consumer perceptions has not previously been examined in this context. The contributions of evaluating the moderating role of consistency of advertising behavior show that more research should be done in this area. Previously only one study, in the context of reference pricing, has found results of consistency of advertising behavior (Lichtenstein and Bearden 1989). Since it is imprudent to generalize based on a single study, this dissertation
has provided additional knowledge in this area. Although this dissertation found opposite results from the reference pricing study (Lichtenstein and Bearden 1989), it appears that there is a need to revisit this contextual variable in future research efforts.

This dissertation also attempted to assess the effects of exaggerated tensile price claims. This is theoretically important because people do utilize exaggerated tensile price claims; thus, there is a need to examine its effects. The results indicated that the exaggerated tensile price claim has at least as much of an effect on consumer perceptions and discount expectancies as a high-plausible tensile price claim and a greater effect on consumer perceptions and discount expectancies than a low-plausible tensile price claim. These findings are important in that they point to the need for more research in determining the effects between exaggerated and high-plausible tensile price claims and they also have public policy implications.

Finally, this dissertation was the first known attempt at directly comparing two alternative frameworks that have been used to depict the effects of exaggerated claims. The assimilation contrast theory and the anchoring and adjustment theory have been utilized as explanations of how an exaggerated claim effects consumer perceptions. To this end, both were compared to determine which framework provided the most accurate depiction of the effects of exaggerated tensile price claims on consumer perceptions.
and discount expectancies. The findings demonstrated that the anchoring and adjustment framework provided a more suitable explanation of the effects.

Managerial Implications

The dissertation research reveals several implications that may be useful to management. First, it appears as though exaggerated tensile price claims do tend to effect consumer evaluations. This finding might influence management to over-exaggerate the true savings that are being offered to consumers. However, the findings in the dissertation also indicate that the exaggerated tensile price claim has only as great an influence or just slightly more influence on consumer evaluations than high-plausible tensile price claims. Thus, management may be equally effective in their advertising efforts by simply using the high but plausible tensile price claims.

An additional consideration is the effect using exaggerated tensile price claims may have on public policy issues. In many states, the district attorneys have become more vigilant in their prosecution of false or misleading advertising (Schwadel 1989). The results of this dissertation tend to reinforce the fact that false or misleading advertising using exaggerated tensile price claims to influence consumer evaluations are not necessary since high-plausible tensile price claims can have an equally strong impact without misleading the consumer. Also, it appears that even if some retailers still feel the need to exaggerate their price claims that the net effect on consumers is not likely to be harmful. It appears as though consumers have a certain
skepticism about all advertising such that they are capable of discounting any exaggerated claims to a level that appears to be more in line with expectations, thereby reducing any undue influence these claims may have on their evaluations. This finding supports the contention by other researchers (Licata, Biswas, and Krishnan 1996; Liefeld and Heslop 1985; Sewall and Goldstein 1979) that consumers' skepticism of price promotions prevents undue influence of exaggerated claims because of heavy discounting of the claim on the part of the consumer.

Another implication for management concerns the effect of the frequency of a retailer’s advertising. It appears from this dissertation’s findings that the frequency of retailer advertising does not impact consumer evaluations. Thus, a retailer seemingly can advertise as much or as little as he/she wishes without the frequency of the advertising having any impact on consumer evaluations. One word of caution about this implication, however, is that in another study an influence of consistency has been found (Lichtenstein and Bearden 1989). Thus, more research is necessary before any definite conclusions can be drawn.

The final implication from the dissertation research concerns the type of information management should place in the advertisement. While the nonstudent study seemed to indicate that the contents of the actual advertisement were unimportant, the student study suggested otherwise. The findings of the student study implied that if management wants to have the
greatest effect on consumer perceptions, they should include a sale-rationale in the advertisement that suggests the reason for the sale has something to do with the merchant. This supplied merchant attribution in the sale-rationale had the greatest influence on consumer perceptions.

**Limitations**

A few limitations of this dissertation should be noted. First, both sets of experiments consisted of convenience samples made up of students, and nonstudents recruited by students, consequently, the results should be viewed in line with a test of theory rather than considered generalizable to other samples or settings (Calder, Phillips and Tybout 1981). Second, only a single product was used in the advertisements. Generally most retail stores promote a variety of products in a single advertisement, thus, the believability of the advertisement may need to be considered. Third, while consumers appeared to understand the consistency manipulation, it is not clear whether they actually believed the advertising behavior of the retailer and what effect (if any) this may have had on the results. The artificiality of the consistency manipulation may be a factor in the usefulness of the consistency information. Fourth, in the nonstudent studies, there was no control over the respondents while they were completing the questionnaire. Due to the uncontrolled nature of the sampling method, there is a possibility that outside factors, such as the student subjects who requested the nonstudents participation and environmental noise, may have influenced the responses of the nonstudents.
Finally, while this dissertation included dependent variables measuring perceptions, attitudes, and search and shopping intentions, like most price perception studies they do not extend to actual store patronage or purchase behavior.

**Directions for Future Research**

There are several directions for future research from the dissertation research. One research agenda concerns the effects of exaggerated tensile price claims. This dissertation was the first attempt to examine the effects of exaggerated tensile price claims on consumer evaluations. Additional research should be conducted to provide additional support for these findings. Also, the disparity among the proposed findings between the high-plausible tensile price claims and the exaggerated tensile price claims and the actual results provides another area that requires closer examination. As Licata, Biswas and Krishnan (1996) suggest, we do not know what effects to expect within an anchoring and adjustment framework for the differences between high-plausible and exaggerated tensile price claims. While this dissertation suggests exaggerated tensile price claims have at least as much or slightly more influence on consumer evaluations than high-plausible tensile price claims, this area needs to be researched further. Other research efforts should examine varying anchor points for the high-plausible and exaggerated tensile price claims as well as assess the effectiveness of each type of claim in increasing store traffic and sales.
Another avenue of research concerns the effects of consistency of retailer advertising behavior. While the dissertation research found no effects of consistency on consumer evaluations, other research efforts have found consistency effects. Thus, more research needs to be conducted to provide support concerning the effects, if any, of consistency. One possible way to examine the consistency effect is to provide the consistency manipulation within the advertisement itself, rather than in an advertising schedule. This manipulation might be more believable for respondents and may provide a clearer picture of the effects of consistency if any do exist.

The final avenue of research concerns the effects of information within the advertisement. The two sale-rationale studies in the dissertation provided mixed results. Additional research should be conducted to determine if merchant sale-rationales do have a greater influence on consumer evaluations than either product sale-rationales or no sale-rationales. Different types of sale-rationales should be considered as well to make the results more generalizable. Finally, other contextual variables such as ad content (verbal vs pictures) and duration of sale should be considered in the future.
BIBLIOGRAPHY


Quattrone, G.A., C.P. Lawrence, S.E. Finkel and D.C. Andrus, "Explorations in anchoring: The effects of prior range, anchor extremity, and suggestive hints," manuscript, Stanford University, 1981.


APPENDIX A:
PRETEST ONE QUESTIONNAIRE
PRETEST FOR JUDGES

It has been suggested that the **sale-rationales** stated in promotional ads may sometimes result in attributions made about the price reductions. Attributions may pertain to the product, the merchant advertiser, or a circumstance. The definitions for these attributions are as follows:

**Product attribution**—Some property, characteristic, or predisposition of the product is the reason or cause for the price reduction (e.g., the products' technologies are out of date or the brand names are relatively unknown).

**Merchant attribution**—Some property, characteristic, or predisposition of the merchant is the reason or cause for the price reduction (e.g., the merchant is a high volume dealer and therefore can afford to sell at lower prices or the merchant is attempting to build customer goodwill).

**Circumstance attribution**—A package of unspecified, but temporary causal factors are the reason or cause for the price reduction (e.g., competitors have lowered their prices or to increase slumping sales).

Below are listed 16 sale-rationales. Please read each sale-rationale and determine whether it is likely to result in attributions regarding the product, merchant, or a circumstance. Please place the letter P for product, M for merchant, or C for circumstance in the blank provided beside the sale-rationale.

Next, I would like you to indicate how positive or negative the attribution is for each sale-rationale on the scale provided.

Finally, I would like you to indicate how realistic you believe the sale-rationale to be on the scales provided.

1. **Happy Anniversary to Us!** It's our anniversary and to celebrate, we're having a sale.

**The type of attribution is likely to be:**

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**The sale-rationale above is:**

Very Realistic

Very Believable

Very Credible

Very Conceivable

Not Realistic at all

Not Believable at all

Not Credible at all

Not Conceivable at all

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.
2. Hugh Bulk Purchase from the Manufacturer and we're passing the savings on to you.

**The type of attribution is likely to be:

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3. Year-end Inventory Close-out. All items must be sold.

**The type of attribution is likely to be:

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**The sale-rationale above is:

Very Realistic

Not Realistic at all

Very Believable

Not Believable at all

Very Credible

Not Credible at all

Very Conceivable

Not Conceivable at all

5. We're Quitting Business! We have made Final Reductions to all merchandise. Everything must be sold.

**The type of attribution is likely to be:

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**The sale-rationale above is:

Very Realistic

Not Realistic at all

Very Believable

Not Believable at all

Very Credible

Not Credible at all

Very Conceivable

Not Conceivable at all
6. Grand Opening Week! It's an Open House Sale. Stop by and visit our new store and save.

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**The sale-rationale above is:

Very Realistic

Very Believale

Very Credible

Very Conceivable

7. Great Moving Liquidation Sale! We’re moving and we don’t want to take it with us.

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**The sale-rationale above is:

Very Realistic

Very Believale

Very Credible

Very Conceivable

**The type of attribution is likely to be:

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**The sale-rationale above is:

- Very Realistic
- Not Realistic at all
- Very Believable
- Not Believable at all
- Very Credible
- Not Credible at all
- Very Conceivable
- Not Conceivable at all

9. Brand Close-out. We're saying good-bye to our "X" brand. So you can now save on this brand.

**The type of attribution is likely to be:

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**The sale-rationale above is:

- Very Realistic
- Not Realistic at all
- Very Believable
- Not Believable at all
- Very Credible
- Not Credible at all
- Very Conceivable
- Not Conceivable at all
10. Special Purchase from the manufacturer. This special purchase allows us to sell this product at a exceptional discount to you.

**The type of attribution is likely to be:*
Extremely Very Neither Positive Positive Positive or Negative Negative Negative Negative

The sale-rationale above is:

Very Realistic Not Realistic at all

Very Believable Not Believable at all

Very Credible Not Credible at all

Very Conceivable Not Conceivable at all

11. HELP! We are running out of room. Our inventory must be reduced, so we're putting all on sale.

**The type of attribution is likely to be:*
Extremely Very Neither Positive Positive Positive or Negative Negative Negative Negative

The sale-rationale above is:

Very Realistic Not Realistic at all

Very Believable Not Believable at all

Very Credible Not Credible at all

Very Conceivable Not Conceivable at all

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12. We are overstocked! YES, we bought too much merchandise so we are discounting it a tremendous savings to you.

**The type of attribution is likely to be:**

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**The sale-rationale above is:**

Very Realistic Not Realistic at all

Very Believable Not Believable at all

Very Credible Not Credible at all

Very Conceivable Not Conceivable at all

13. Model Close-out. The new models have arrived, but we still have some of last year’s model. We have to move them out, so we’ve put them on sale for you!

**The type of attribution is likely to be:**

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**The sale-rationale above is:**

Very Realistic Not Realistic at all

Very Believable Not Believable at all

Very Credible Not Credible at all

Very Conceivable Not Conceivable at all
14. Reduced! Just back from the repair shop as good as new.

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**The sale-rationale above is:

Very Realistic

Very Believable

Very Credible

Very Conceivable

15. Special introductory offer on our new models. Since it's new to us, we want it to be new to you! So, we are offering the new models at a special savings just for you!

**The type of attribution is likely to be:

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**The sale-rationale above is:

Very Realistic

Very Believable

Very Credible

Very Conceivable
16. It's a great value for the latest design of our product. It's time to update at a savings!

**The type of attribution is likely to be:**

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APPENDIX B:
PRETEST TWO QUESTIONNAIRES
Marketing Study

This study is a part of a research program being conducted by the Marketing Department at Louisiana State University. Please respond to all questions in a manner which most accurately reflects your opinions. While many questions appear very similar PLEASE ANSWER ALL QUESTIONS. We assure you that your responses will be kept strictly confidential and anonymous.

Thank you very much for your assistance.

Katherine A. Fraccastoro
Graduate Student
Louisiana State University

Abe Biswas
Associate Professor
Louisiana State University
PART I:
Please answer the following questions by writing the numerical percentage which best reflects your opinion in the space provided.

Assume that the retailer is offering all winter coats in stock on sale:

1. What is the highest percentage discount for winter coats you would be willing to accept as a valid reduction from the retailer?
   ____

2. What is the lowest percentage discount for winter coats you would be willing to accept as a valid reduction from the retailer?
   ____

The following questions are designed for classification purposes only. PLEASE ANSWER ALL QUESTIONS. Place an “X” in the space that most closely corresponds to your response.

3. On previous occasions I have considered purchasing a winter coat.
   Strongly Agree _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ _______ 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_______ _______
The following questions are designed for classification purposes only. PLEASE ANSWER ALL QUESTIONS. Place an "X" in the space that most closely corresponds to your response.

3. On previous occasions I have considered purchasing a calculator.
   
<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>___ ___ ___ ___</td>
<td>___ ___ ___ ___</td>
</tr>
</tbody>
</table>

4. I consider myself an expert on calculators.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>___ ___ ___ ___</td>
<td>___ ___ ___ ___</td>
</tr>
</tbody>
</table>

5. I'm not at all familiar with calculators.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>___ ___ ___ ___</td>
<td>___ ___ ___ ___</td>
</tr>
</tbody>
</table>

6. I have never purchased a calculator.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>___ ___ ___ ___</td>
<td>___ ___ ___ ___</td>
</tr>
</tbody>
</table>

Please answer the following questions by writing the numerical percentage which best reflects your opinion in the space provided.

Assume that the retailer is offering all televisions in stock on sale:

1. What is the highest percentage discount for televisions you would be willing to accept as a valid reduction from the retailer?

   ____
   %

2. What is the lowest percentage discount for televisions you would be willing to accept as a valid reduction from the retailer?

   ____
   %

The following questions are designed for classification purposes only. PLEASE ANSWER ALL QUESTIONS. Place an "X" in the space that most closely corresponds to your response.

3. On previous occasions I have considered purchasing a television.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>___ ___ ___ ___</td>
<td>___ ___ ___ ___</td>
</tr>
</tbody>
</table>

4. I consider myself an expert on televisions.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>___ ___ ___ ___</td>
<td>___ ___ ___ ___</td>
</tr>
</tbody>
</table>
5. I'm not at all familiar with televisions.

   Strongly Agree ______________________ Strongly Disagree

6. I have never purchased a television.

   Strongly Agree ______________________ Strongly Disagree

Please answer the following questions by writing the numerical percentage which best reflects your opinion in the space provided.

Assume that the retailer is offering all sofas and loveseats in stock on sale:

1. What is the **highest percentage discount** for sofas and loveseats you would be willing to accept as a **valid** reduction from the retailer?

   _______%

2. What is the **lowest percentage discount** for sofas and loveseats you would be willing to accept as a **valid** reduction from the retailer?

   _______%

The following questions are designed for classification purposes only. PLEASE ANSWER ALL QUESTIONS. Place an "X" in the space that most closely corresponds to your response.

3. On previous occasions I have considered purchasing a sofa and loveseat.

   Strongly Agree ______________________ Strongly Disagree

4. I consider myself an expert on sofas and loveseats.

   Strongly Agree ______________________ Strongly Disagree

5. I'm not at all familiar with sofas and loveseats.

   Strongly Agree ______________________ Strongly Disagree

6. I have never purchased a sofa and loveseat.

   Strongly Agree ______________________ Strongly Disagree

7. Are you:

   Male............................1
   Female........................2
8. What is your age (please circle one)?

18 - 24 years.....1  
25 - 34 years.....2  
35 - 44 years.....3  
45 - 54 years.....4  
55 - 64 years.....5  
Over 65 years.....6

PART II:

It has been suggested that the sale-rationales (the reasons for a sale) stated in promotional ads may sometimes result in attributions made about the price reductions. Attributions may pertain to the product, the merchant advertiser, or a circumstance. The definitions for these attributions are as follows:

**Product attribution**—Some property, characteristic, or predisposition of the product is the reason or cause for the price reduction (e.g., the products’ technologies are out of date or the brand names are relatively unknown).

**Merchant attribution**—Some property, characteristic, or predisposition of the merchant is the reason or cause for the price reduction (e.g., the merchant is a high volume dealer and therefore can afford to sell at lower prices or the merchant is attempting to build customer goodwill).

**Circumstance attribution**—A package of unspecified, but temporary causal factors are the reason or cause for the price reduction (e.g., competitors have lowered their prices or to increase slumping sales).

Below are listed 4 sale-rationales. Please read each sale-rationale and determine whether it is likely to result in attributions regarding the product, merchant, or a circumstance. Please place the letter P for product, M for merchant, or C for circumstance in the blank provided beside the sale-rationale.

Next, I would like you to indicate how positive or negative the attribution is for each sale-rationale on the scale provided.

Finally, I would like you to indicate how realistic you believe the sale-rationale to be on the scales provided.

---

1. Happy Anniversary to Us! It’s our anniversary and to celebrate, we’re having a sale.

**The type of attribution is likely to be:**

<table>
<thead>
<tr>
<th>Extremely Positive</th>
<th>Very Positive</th>
<th>Positive or Negative</th>
<th>Neither Positive or Negative</th>
<th>Negative</th>
<th>Very Negative</th>
<th>Extremely Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**The sale-rationale above is:**

<table>
<thead>
<tr>
<th>Very Realistic</th>
<th>Not Realistic at all</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Very Believable</th>
<th>Not Believable at all</th>
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<tbody>
<tr>
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<td></td>
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<table>
<thead>
<tr>
<th>Very Credible</th>
<th>Not Credible at all</th>
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<tr>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Very Conceivable</th>
<th>Not Conceivable at all</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

2. Grand Opening Week! It's an Open House Sale. Stop by and visit our new store and save.

**The type of attribution is likely to be:**

<table>
<thead>
<tr>
<th>Extremely Positive</th>
<th>Very Positive</th>
<th>Positive</th>
<th>Neither Positive or Negative</th>
<th>Negative</th>
<th>Very Negative</th>
<th>Extremely Negative</th>
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</table>

3. Introductory Sale. Introducing the new merchandise at a savings to you.

**The type of attribution is likely to be:**

<table>
<thead>
<tr>
<th>Extremely Positive</th>
<th>Very Positive</th>
<th>Positive</th>
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<th>Very Negative</th>
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<td></td>
<td></td>
</tr>
<tr>
<td>Very Conceivable</td>
<td>Not Conceivable at all</td>
</tr>
</tbody>
</table>

4. Special introductory offer on our new merchandise. Since it's new to us, we want it to be new to you! So, we are offering the new items at a special savings just for you!

**The type of attribution is likely to be:**

<table>
<thead>
<tr>
<th>Extremely Positive</th>
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<td></td>
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<tr>
<td>Very Conceivable</td>
<td>Not Conceivable at all</td>
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</tbody>
</table>

Thank you very much for your help with this project. We greatly appreciate your time and effort.
APPENDIX C: SURVEY
ADVERTISING SURVEY

This study is a part of a research program being conducted by the Marketing Department at Louisiana State University in conjunction with an advertising agency. The advertising agency is interested in having an advertisement from one of their clients evaluated. The client is a retailer in another state. The evaluation is being conducted in a different area to ensure that the advertisement in question has not been previously viewed by the evaluators.

In order for you to obtain a better understanding of the context in which the advertisement to be evaluated was presented to viewers, we monitored the advertising behavior of the retailer for the 8 weeks prior to the presentation of the advertisement that you will be evaluating. The following page contains the results of the retailer's advertising behavior for the previous 8 weeks. Listed in this chart are the dates the retailer advertised, whether or not the product in the current advertisement was included in the ad, and whether or not the sale discount is the same. The third page is the actual advertisement that we want you to evaluate.

Please examine the chart of the retailer's past advertising behavior and the advertisement that follows, and then respond to questions on the following pages concerning your beliefs, opinions, and reactions to the advertisement. There are some questions about the ad itself, the advertised offer, and the advertiser. Although the advertiser is not mentioned, please make any inferences necessary concerning your impression of this advertiser based on the advertisement presented. Please respond to all questions in a manner which most accurately reflects your opinions. Please feel free to refer back to the ad at any time. While many questions appear very similar PLEASE ANSWER ALL QUESTIONS. We assure you that your responses will be kept strictly confidential and anonymous.

Thank you very much for your assistance.

Abe Biswas  
Associate Professor  
Louisiana State University

Katherine Fraccastoro  
Graduate Student  
Louisiana State University

Student Name ___________________________  Student ID Number ___________________________
On this page is a listing of the retailer's advertising behavior over the 8 weeks prior to the presentation of the following advertisement to consumers. The retailer's behavior was monitored by the LSU Marketing Department. We believe that you should evaluate the advertisement in the same context in which it was viewed, therefore, the chart below lists the date the retailer ran an advertisement, whether or not the product in the ad to be evaluated (winter coats) was included in the previous advertisement, and whether or not the discount level in the previous advertisements that included winter coats is the same as the discount level for winter coats in the advertisement to be evaluated.

**RETAILER'S ADVERTISING BEHAVIOR**

<table>
<thead>
<tr>
<th>DATE</th>
<th>DID THE RETAILER ADVERTISE A SALE THIS WEEK?</th>
<th>WERE WINTER COATS INCLUDED IN THE SALE AD?</th>
<th>WAS THE SAME DISCOUNT USED?</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/3/94</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>9/10/94</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>9/17/94</td>
<td>YES</td>
<td>NO</td>
<td>--</td>
</tr>
<tr>
<td>9/24/94</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>10/1/94</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>10/8/94</td>
<td>YES</td>
<td>NO</td>
<td>--</td>
</tr>
<tr>
<td>10/15/94</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>10/22/94</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
</tbody>
</table>
ADVERTISING SURVEY

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<td>YES</td>
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<td>YES</td>
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</table>
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Student Name

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Please answer these first questions about the deal offered in the advertisement. Answer the questions by placing an 'I' in the space which best reflects your opinion.

1. The coats offered by the merchant were:
   - An excellent buy for the money
   - A bad buy for the money

2. The advertised price deal represents:
   - No savings at all
   - An extremely large savings

3. The prices charged by the merchant for its coats were:
   - An extremely fair price
   - An extremely unfair price

4. The coats offered by the advertising merchant were:
   - Not a good value for the money
   - An extremely good value for the money

My attitude toward this deal is:
1. Favorable
2. Bad
3. Poor

1. Across all the coats on sale at the store, what do you think the average percentage price reduction was?
   - 

2. Across all the coats on sale at the store, what do you think the minimum percentage price reduction was?
   - 

3. Across all the coats on sale at the store, what do you think the maximum percentage price reduction was?
   - 

1. The information provided by the ad was:
   - Useless
   - Useful

2. What I learned from the ad was:
   - Worthless
   - Valuable

3. What the ad told me was:
   - Beneficial
   - Not Beneficial

4. The ad was:
   - Informative
   - Not Informative

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1. If you were considering the purchase of a winter coat, how willing would you be to shop for a coat at the store running this advertisement?

<table>
<thead>
<tr>
<th>Definitely Willing to Shop</th>
<th>Definitely Unwilling to Shop</th>
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2. If you were thinking about purchasing a coat, would you go to the advertiser's store?

<table>
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<tr>
<th>Definitely Would Go</th>
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3. What is the probability that you would shop for a coat at the store running this ad, if you were considering a coat purchase?

<table>
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4. The amount of discount that is offered on coats represents:

<table>
<thead>
<tr>
<th>A Large Savings</th>
<th>No Savings at All</th>
</tr>
</thead>
</table>

5. The amount of money that customers will save on most coats is:

<table>
<thead>
<tr>
<th>A Lot</th>
<th>A Little</th>
</tr>
</thead>
</table>

6. The amount of discount implied in the advertisement is:

<table>
<thead>
<tr>
<th>High</th>
<th>Low</th>
</tr>
</thead>
</table>

7. If you were going to purchase a coat, how likely is it that you would search at other stores for a lower price than what you would find at the store running this ad?

<table>
<thead>
<tr>
<th>Very Likely</th>
<th>Very Unlikely</th>
</tr>
</thead>
</table>

8. How probable is it that you would shop around town looking for a lower price deal, if you had decided to buy a coat?

<table>
<thead>
<tr>
<th>Very Probable</th>
<th>Not Probable At All</th>
</tr>
</thead>
</table>

9. If you were going to buy a coat similar to the one advertised, would you check the prices at other stores in search of a lower price?

<table>
<thead>
<tr>
<th>Definitely Would Check Prices</th>
<th>Definitely Would Not Check Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>At Other Stores</td>
<td>At Other Stores</td>
</tr>
</tbody>
</table>

Now, please respond to the following four scales about your overall opinion of the advertisement itself.

1. I dislike the ad ___________ ___________ ___________ ___________ ___________ ___________ I like the ad

2. The ad is good ___________ ___________ ___________ ___________ ___________ The ad is bad

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3. I react ___ ___ ___ ___ ___ ___ unfavorably to the ad.
   I react ___ ___ ___ ___ ___ ___ favorably to the ad.

4. I feel positive ___ ___ ___ ___ ___ ___ toward the ad.
   I feel negative ___ ___ ___ ___ ___ ___ toward the ad.

Please answer the following questions about the advertisers marketing strategy.

1. This advertiser appears to use advertise the same product almost every week.
   Agree ___ ___ ___ ___ ___ ___ Disagree

2. This advertiser rarely advertises winter coats on sale.
   Agree ___ ___ ___ ___ ___ ___ Disagree

3. Please recall how often you think this advertiser has promoted winter coats on sale in the past eight weeks?
   ___ ___ ___ ___ ___ ___ ___ times

Please answer the following questions about why you think the merchant in the advertisement you previously evaluated is offering the price discount that they are. Many questions appear very similar, however, please answer all questions.

1. The products are out of date.
   Probable ___ ___ ___ ___ ___ ___ Improbable

2. The brand names are relatively unknown.
   Probable ___ ___ ___ ___ ___ ___ Improbable

3. The products are of poor quality.
   Probable ___ ___ ___ ___ ___ ___ Improbable

4. The products' guarantees are poor.
   Probable ___ ___ ___ ___ ___ ___ Improbable

5. The manufacturers of the brands carried are not reputable.
   Probable ___ ___ ___ ___ ___ ___ Improbable

6. The brands sold are inferior.
   Probable ___ ___ ___ ___ ___ ___ Improbable

7. Because the coats are inferior.
   Probable ___ ___ ___ ___ ___ ___ Improbable

8. Because the coats are from last year.
   Probable ___ ___ ___ ___ ___ ___ Improbable

9. The merchant is a volume dealer and therefore can afford to sell at lower prices.
   Probable ___ ___ ___ ___ ___ ___ Improbable
10. The merchant is following a high turnover strategy.
Probable _____ _____ _____ _____ _____ Improbable

11. The store bought at a lower price and is passing the savings on to the customers.
Probable _____ _____ _____ _____ _____ Improbable

12. To generate publicity for the store.
Probable _____ _____ _____ _____ _____ Improbable

13. To create the image of a "clothing discount house".
Probable _____ _____ _____ _____ _____ Improbable

14. To increase market share.
Probable _____ _____ _____ _____ _____ Improbable

15. To build customer goodwill.
Probable _____ _____ _____ _____ _____ Improbable

16. The merchant is overstocked with this product.
Probable _____ _____ _____ _____ _____ Improbable

17. The merchant overbought on this product class.
Probable _____ _____ _____ _____ _____ Improbable

18. Competitors have lowered their prices.
Probable _____ _____ _____ _____ _____ Improbable

19. To increase slumping sales.
Probable _____ _____ _____ _____ _____ Improbable.

20. To sell inventory to avoid the high carrying cost of inventory.
Probable _____ _____ _____ _____ _____ Improbable

21. To stimulate new business, i.e., attract new customers.
Probable _____ _____ _____ _____ _____ Improbable

Please answer the following questions by writing the numerical percentage which best reflects your opinion in the space provided.

1. What is the highest percentage discount you would normally expect to see advertised for winter coats?

2. What is the lowest percentage discount you would normally expect to see advertised for winter coats?
Please answer the following questions about the reason you think the price promotion occurred.

1. I believe the advertised winter coats were on sale because they were the newest styles in the market.
   Agree ____             Disagree

2. I believe the advertised winter coats were on sale because the merchant is a high volume dealer and, therefore, can afford to sell at lower prices.
   Agree ____             Disagree

Please indicate what percentage of coats are likely to be offered at the following price reductions? The numbers should sum to a total of 100%.

<table>
<thead>
<tr>
<th>Price Reduction</th>
<th>% of Coats for Sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>10% or less</td>
<td></td>
</tr>
<tr>
<td>11% - 20%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

These last questions are designed for classification purposes only. PLEASE ANSWER ALL QUESTIONS. Circle the number associated with the most appropriate response.

1. Do you own a winter coat?
   Yes...............................1
   No...............................2

2. Do you intend to purchase a winter coat in the future?
   Yes, in the next 6 months.................................1
   Yes, in the next one year.................................2
   No, I do not intend to purchase a coat in the future........3

3. Are you:
   Male...............................1
   Female.............................2

4. What is your age (please circle one)?
   18 - 24 years.....1
   25 - 34 years.....2
   35 - 44 years.....3
   45 - 54 years.....4
   55 - 64 years.....5
   Over 65 years.....6
5. What is your total annual household income (please circle one)?

- Under $10,000...........1
- $10,000 to $19,999....2
- $20,000 to $29,999....3
- $30,000 to $39,999....4
- $40,000 to $49,000....5
- $50,000 to $59,000....6
- Over $60,000............7

Thank you very much for your help with this project. We greatly appreciate your time and effort.
Please answer the following questions about the reason you think the price promotion occurred.

1. I believe the advertised winter coats were on sale because they were the newest styles in the market.
   
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</tr>
<tr>
<td>51% - 60%</td>
<td></td>
</tr>
<tr>
<td>61% - 70%</td>
<td></td>
</tr>
<tr>
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VITA

Katherine A. Fraccastoro was born July 10, 1966. She graduated high school in 1984 second in a class of 388. She attended Louisiana Tech University from Fall 1984 to Fall 1987 when she graduated Summa Cum Laude. After a year working as an assistant manager for a retail store, she returned to Louisiana Tech University to complete an M.B.A. in 1990. In 1990, she was married and moved to Baton Rouge, Louisiana. While in Baton Rouge, Kathy began attending Louisiana State University in the Fall of 1991 in order to complete her Doctorate. She had two children while in the program and completed her PhD. in Summer 1996.

While working on her doctorate, Kathy taught a variety of courses at various colleges and universities. While at LSU, she worked as a graduate assistant completing research and teaching Consumer Behavior. Two articles were published during this time: Fraccastoro, Katherine, Scot Burton, and Abhijit Biswas (1993), "Effective Use of Advertisements Promoting Sale Prices," Journal of Consumer Marketing, 10, 1, 61-70; and, Burton, Scot, Donald R. Lichtenstein, Abhijit Biswas, and Katherine Fraccastoro (1994), "The Role of Attributions in Consumer Perceptions of Retail Ads Promoting Price Discounts," Marketing Letters, 5, 2, 131-140.

Kathy then moved to Virginia where she taught Basic Business Statistics as an Adjunct Professor at Christopher Newport University, Newport News, Virginia, in the Fall of 1994. She also taught Principles of Marketing,
International Marketing Management, and Advertising Management as an Adjunct Professor at St. Leo College, Tidewater Center, Langley AFB, Virginia from March 1995 to December 1995. Then she took some time off to have her second child and complete her dissertation titled "Contextual Influences on Consumer Perceptions of Tensile Price Claims in Retail Advertisements." Her dissertation was defended April 29, 1996.
DOCTORAL EXAMINATION AND DISSERTATION REPORT

Candidate: Katherine A. Fraccastoro

Major Field: Business Administration

Title of Dissertation: Contextual Influences on Consumer Perceptions of Tensile Price Claims in Retail Advertisements

Approved:

Major Professor and Chairman.

Dean of the Graduate School

EXAMINING COMMITTEE:

Date of Examination: April 29, 1996