COMPARISON OF PROMOTIONAL METHODS ON CONSUMERS' PRICE PERCEPTION AND THEIR POST PROMOTIONAL RESPONSE

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RESPONSE

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TABLE OF CONTENTS

Chapter

Page

I. INTRODUCTION 1

Background Information 1
Purpose of the Study 3
Objectives of the Study. 6
Hypotheses 6
Definition of Terms 8

II. LITERATURE REVIEW 11

Mental Accounting Theory 11
Value Function 11
Segregation and Integration 13
Implications of Mental Accounting Theory 14
Consumers' Price Perception 16
Psychological Pricing 17
Price-consciousness. 17
Price-quality Relationship 18
Differential Price Thresholds 18
Suggested Retail Price 19
Price Perception by the Use of Different Promotions 19
Promotion Effects 22
Price Promotion 22
Gift Promotion. 24
Reference Effects 26

III. METHODOLOGY. 30

Selection of the Sample. 30
Development of Instrument. 31
Data Collection 32
Dependent Variables 33
Methods of Data Analysis. 34

IV. RESULT OF THE STUDY 35

Introduction 35
Description of the Samples 35
Data Analysis 37
Data Analysis 38
Measures of the Effects of Promotional methods on Price Perception . . 39
Measures of the Post Promotional Responses. 42
Measures of the Preference of Promotional Methods 44

V. DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS 46

Summary. 46
Discussion of Research Findings 48
Effects of the Promotional Methods on Price Perception 48
Consumers' Post Promotional Response. 49
Consumers' Preference of the Promotional Methods 50
Conclusions 51
Recommendations for Future Research 53

REFERENCES. 55

APPENDIXES 58

APPENDIX A - Questionnaire 1. 59

APPENDIX B - Questionnaire 2. 63

APPENDIX C - Questionnaire 3. 67

APPENDIX D - Questionnaire 4. 71

APPENDIX E - Questionnaire 5. 75

APPENDIX F - Questionnaire 6. 79

LIST OF TABLES

Table Page

CHAPER III

1. Six types of questionnaire 31

CHAPTER IV

2. Demographic Information of the Sample 36
3. Pearson's correlation between expected, fair and reservation price for the jeans 38
4. Pearson's correlation between expected, fair and reservation price for the shirt 38
5. ANOVA summary table for comparison of mean price perceptions between the two products 40
6. ANOVA summary table for comparison of mean price perceptions between the different promotional methods 41
7. Mean price perception of the jeans and shirt offered with promotions 41
8. Chi-square score for the relationship between price perceptions and willingness to buy the products after the promotional period 42
9. Chi-square score for the relationship between promotional methods and willingness to buy the products after the promotional period 43
10 Frequency table for the willingness to buy the promoted products after the promotional period 44
11. Frequency table for the preference of the promotional methods. 45
12. Chi-square score for the relationship between promotional methods and preferences of promotional methods 45

LIST OF FIGURES

Figure Page

CHAPTER I

1. Modified mental accounting model 5

CHAPTER II

2. Value function 12

3. New mental accounting model with the results of this study 47

CHAPTER I

INTRODUCTION

Background Information

Today, many apparel marketers use a variety of types of advertisements and promotions for their companies and customers. Companies spend billions of dollars on promotion in order to give retailers stronger merchandising support for their brands (Lattin & Bucklin, 1989). They found that off-pricing and promotion creates an immediate sales response from their consumers. Marketing managers need to concern themselves with the long-run implications of such activity.

The problem marketing managers encounter is how price perceptions of promoted products lead to consumers' purchasing behavior. There are a variety of types of consumer promotions which marketing managers might choose, such as coupons, rebates, sales, discounts, premiums, sweepstakes, gifts and free samples. Marketing managers must choose a promotional activity that will maintain the company profit and the consumers' loyalty. Specifically, managers need to understand how each type of promotion affects the consumers' price perception during and after the promotional period. To use promotions effectively, managers must understand the connection between the promotional activity and consumers' expectation for future prices. The reference price indicates the price that consumers expect to pay in the future, which has been set by the past pricing activity of the brand or the product. One of the problems confronting management is that consumers who have purchased a product for a discounted price may establish a mental reference price for the brand or the product based on the discounted price (Lattin & Bucklin, 1989).

Consumer researchers and psychologists have long known that judgments of a product are affected not just by its own characteristics but also by characteristics of other products judged concurrently or retrieved from memory (Lynch, Chakravarti, & Mitra, 1991). They suggest that price perception may depend on mean prices of brands judged concurrently, the price range seen, the presentation order of a set of prices, and the reference frames used to judge prices. The frequent use of price promotion may affect consumers' memory by setting the discounted price as a reference price. That consumers form expectations of prices and use them in formulating responses to retail prices has intuitive appeal as well as empirical support (Kalwani, Yim, Rinne, & Sugita, 1990).

This study investigated consumers' price perceptions of products during and after a promotion. The three types of promotions being compared were an off-price promotion, a gift promotion of an apparel product and a gift promotion of a non-apparel product. We are interested in how the promotion affects consumers' price perception during and after the promotional period. The results of this study may help apparel companies to understand how these different consumers' price perceptions interact with the different promotional methods to affect their responses after the promotional period and subsequent company sales volume.

Purpose of the Study

The present study seeks to understand the relationship between the consumers' price perception and the use of different promotional methods. Folkes and Wheat (1995) focused on how perceptions of various types of promotions, such as coupons, rebates, sales, discount, premiums, sweepstakes, and free samples, affect consumers' perceptions of price. However, there is little research about gift promotions. The purpose of this study was to provide information about how consumer's price perceptions differ between gift promotions and off-price promotions during and after the promotional period.

Most types of promotions could be perceived as involving small gains relative to larger expenditures. The gain for the consumer is the savings due to the promotion. For example, when a consumer buys a product, the price of the product is usually large in comparison to the savings realized due to the promotion. Different promotional methods may impact consumers' perception of the size of the gain. Even though the values of savings under various promotional methods are similar, consumers may perceive each differently.

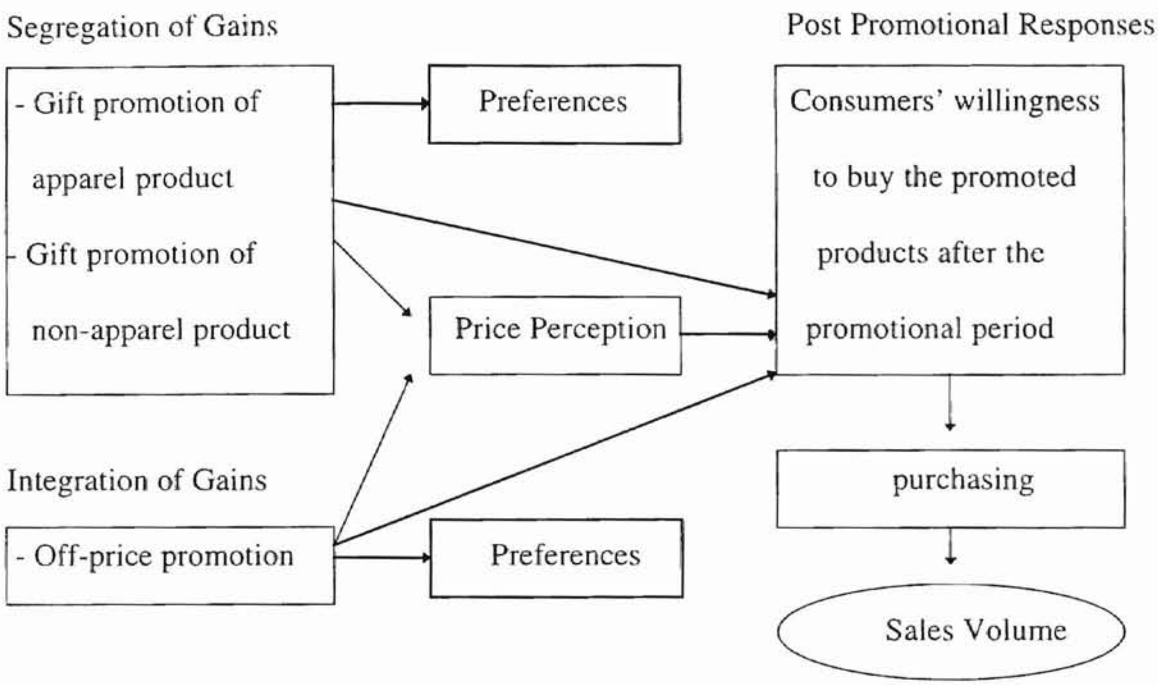
Based on Thaler's (1985) mental accounting theory, there are other features of promotions that may differently affect price perceptions. The length of time that a consumer receives value from the promotion may affect price perception. A gift with a purchase will give value for a period of time. However, a price discount will only give value immediately. Therefore, consumers may integrate the price savings into the product from the price discount but may segregate the price savings from the gift. For example, certain features of gift with purchase promotions may facilitate segregating their savings more so than those of other promotions. When consumers receive a gift, they have two products while paying the same amount as they would usually pay to purchase one product.

Thaler's (1985) research on the effects of off-price promotions on price perceptions and behavior indicates that information about the savings amount is combined with knowledge of the regular price, thereby lowering the price perception. Consumers are thought to now view the promotional sale price as the regular price for the product. He also indicates that very small savings may be segregated, and thus have little impact on price perceptions.

Mental accounting theory is also used to explain the differences in consumers' responses to different types of promotions. The following model and its propositional statement help to explain the relationships of the hypotheses. First, gains are divided into two categories: segregation of gains and integration of gains. These two types of gains might be produced by the use of different types of promotional methods. Second, these two types of gains may affect consumers' price perceptions and their preferences of the promotional methods. Third, the price perceptions may lead consumers' post promotional response such as their willingness to buy a product and their purchasing behavior (see Figure 1).

This study investigated how the use of gift promotions may differently effect the price perception of products as compared to off-price promotions. Additionally, the effects of the use of apparel products or non-apparel products as gift promotions were compared. This research may indicate that customers' post promotional response depends not only on the retail price, but also on promotional methods impact on the various types of price perception during the promotional period.

Figure 1. Modified mental accounting model



According to Thaler (1985), customers use the price they expect to pay for a brand on a given purchase occasion as a reference in forming price judgments. This notion of expected price is different from the notion of price limits, which refers to the price range customers are willing to pay for a product. The reservation price is the most a consumer is willing to pay for a product. Kalwani, Yim, Rinne, and Sugita (1990) mentioned that we use the term "expected price" to convey the idea that customers not only use information from past experience such as past paid price, but also consider contextual variables like store atmosphere and expectations of future prices in making purchase decisions. They define a brand's expected price as the price that consumers anticipate paying for the brand on a given purchase occasion, but there are other notions of the price that customers use as a reference in making purchasing decisions, such as "fair price." Fair price is the price that consumers think a product ought to cost. The expected price coincides with the fair price under most circumstances. If the fair price is perceived lower than the expected price, consumers use the expected price in evaluating the transaction (Thaler, 1985).

Objectives of the Study

To understand how different types of promotional methods affect consumers' price judgment, the following questions are of concern in this study.

1. What is the reservation price that customers are willing to pay for a product during promotional period?
2. What is a fair price that a product ought to cost for the promoted product?
3. What is expected price for the product after the promotional period?
4. How do consumers' price perceptions affect their future-purchasing behavior?
5. Which promotional methods are most preferred by consumers?
6. How does type of promotional method affect price perception?

Hypotheses

In this study, four hypotheses concerning the consumers' price perception of products with off-price promotions, gift promotions of an apparel product and gift promotions of a non-apparel product, and their responses after the promotional period were developed. The followings are hypotheses formulated in this study:

H1: Consumers' price perceptions of the product promoted with an off-price will be lower than for the product offered with a gift for both an apparel or a non-apparel item.

It was thought that the use of a gift with purchase promotion should make consumers feel they have received two products at a one product price. According to mental accounting theory, consumers should segregate the gains when they receive a gift. For instance, the savings (gains) from a gift with purchase would be placed in a mental account separate from the price paid, and the extra cost for the gift should have little effect on price perceptions of the purchased product. To measure the consumers' price perception, reservation price, fair price, and expected price were used in this study.

H2: There will be a direct relationship between consumers' price perceptions and their willingness to buy the product at the original price after the promotional period.

H3: Consumers will be more willing to buy the product at the original price promoted with a gift than the product promoted off-price after the promotional period.

Consumers who have a lower price perception of the promoted product may be less willing to buy the same product at the original price in the future, because mentally they set the price range as the promoted price, and this memory affects their post-promotion purchasing behavior. The use of a promotional method that has little impact on lowering price perceptions may lead to improved sales after the promotional period. The use of gift with purchase promotional methods may increase consumers' willingness to buy the product after the promotional period is completed.

H4: Consumers will prefer the promotion that facilitates segregating their savings (e.g., gift with purchase promotion) over other types of promotions (e.g., off-price promotion).

Based on the Thaler's (1985) principle, consumers preferred to segregate gains rather than integrate gains when the amount is small. Consumers who receive a gift with purchase may feel that they have two gains by having two products at a one product price.

Definition of Terms

The following conceptual definitions and operational definitions are used in this study.

1. **Absolute prices** indicate the consumers' psychological price that they have an idea of a product's price in their mind based on their previous purchases.
2. **Composite price** indicates the mean of reservation price, fair price and expected price.
3. **Contextual sets** are defined as the ranges of individual attribute scores.
4. **Core set** is derived from a common stimulus determined by mean overall rating.
5. **Differential price threshold** indicates a stimulus that is produced by a minimum amount of change and the stimulus is necessary to produce a "just noticeable difference."
6. **Disutility** indicates a lack of utility and is used to express the losses.
7. **Endowment effect** indicates that people generally will demand more to sell an item they own than they would be willing to pay to acquire the same item.
8. **Expected price** taps what consumers think they will have to pay for a product in the future.

9. **Fair price** indicates what a product ought cost.
10. **Gift promotion** involves a motivation maximizing the pleasure of the recipient by receiving an unexpected product.
11. **Integration** indicates that the outcomes could be valued jointly as V(X+Y) in which case they are said to be integrated. For example, when faced with a $50 product offered with a 20% off sale, consumers mentally integrate the amount into a net expenditure of $ 40 and evaluate the offering as such.
12. **Just noticeable difference** indicates that the higher the absolute price, the greater the price change needed for the buyer to notice there has been any change.
13. **Mixed gains** involve outcomes framed as large gains and small losses so there is a net gain.
14. **Mixed losses** involve outcomes framed as small gains and large losses so there is a net loss.
15. **Multiple gains** as described in this study mean that the utility from two gains is greater if they are valued separately as $V(G1) + V(G2) > V(G1 + G2)$. For example, people value two separate $25 gains as greater than one $50 gain.
16. **Multiple losses** indicate that the disutility of two losses is minimized if they are valued jointly as $V(L1) + V(L2) < V(L1 + L2)$. For example, people value one $50 loss as greater than two separate $25 losses.
17. **Off-price promotion** involves some amount of savings that make consumers perceive the price of the product to be lowered.
18. **Psychological pricing** includes customary pricing and odd pricing. Customary pricing refers to a single point that excludes all price alternatives. Odd pricing is a price that

ends with an odd number or just under a round number.

19. **Reservation price** is the most a consumer is willing to pay for a product.

20. **Reference price** indicates the price formed by consumers' expectations which has been set by the past pricing activity of the brand or the product.

21. **Scale anchoring** is defined as a consumer's judgment that a consumer anchors the scale endpoints with the most extreme stimuli in the set and adjusts the use of other scale categories to reflect this.

22. **Segregation** indicates that the outcome could be valued separately as V(X)+V(Y) in which case they are said to be segregated. For example, the gains from a gift would be placed in a mental account separate from the price paid for the purchased product, and the reduced cost to the consumer should have little effect on price perception of the product.

23. **Suggested retail price** is equal to the market price and often offered by sellers as a suggested reference price.

24. **Utility** indicates a quality of being useful and is used to express the gains.

CHAPTER II

LITERATURE REVIEW

Mental Accounting Theory

This study is based on the theory of mental accounting developed by Thaler (1985). Mental accounting theory is useful in understanding how the use of promotions affects the consumers' price perception and how responses will differ after the promotional period ends. Two such promotional methods, an off-price promotion and a gift promotion were examined based on this theory.

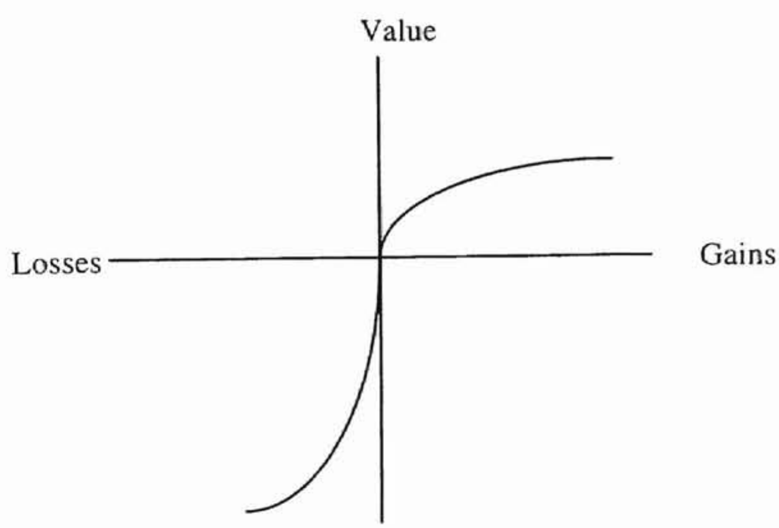
Value Function

The development of mental accounting theory began with the mental coding of combinations of gains and losses using the prospect theory's value function, introduced by Kahneman and Tversky (1979). The first step in describing the behavior of consumers was to replace the utility function from economic theory with the psychologically richer value function. Then, evaluation of transactions was modeled using the "transaction utility" concept.

The value function incorporated three major behavioral principles. First, the value function (V) was defined over perceived gains and losses relative to some natural reference point, rather than wealth or consumption. In other words, people are more sensitive to perceived changes than to absolute levels. The use of promotional methods that involve price changes can lower the consumers' price perception.

Second, the value function was described as concave for gains as V (X) < 0, for X > 0 and convex for losses as V (X) > 0, for X < 0 (see Figure 2). In other words, the value of the difference between two small gains seems greater than the value of the difference between two larger gains. For example, the difference in value between a gain of $10 and a gain of $20 seems greater than the difference between a gain of $110 and a gain of $120. Similarly, the value of the difference between two small losses seems greater than the value of the difference between two large losses. The difference between a loss of $10 and a loss of $20 appears greater than the difference between a loss of $110 and a loss of $120. In other words, the percentage price change, rather than the absolute price change, may have different effects on price perceptions.

Figure 2. Value function.



Third, the value function has shown that the value is steeper for losses than for gains (see Figure 2). This principle is called the endowment effect, that people generally will demand more to sell an item they own and want to keep than they would be willing to pay to acquire the same item.

Segregation and Integration

In developing mental accounting theory, Thaler (1985) established several steps that are needed to describe consumers' behavior. Whether people value the costs and benefits associated with a choice jointly or separately affects their net utility from that choice. Two possibilities were considered in order to determine how the joint outcome (X, Y) is coded. The outcomes could be valued jointly as V(X + Y), in which case they will be said to be integrated. Outcomes may be valued separately as V(X) + V(Y), in which case they are said to be segregated.

The issue to be investigated was whether integration or segregation produces greater utility. Three different perspectives made the issue of interest. First, if the situation is sufficiently ambiguous, people are able to choose the manner in which they code outcomes. People may code outcomes in the way that makes them happiest. Second, individuals may have preferences in regard to how their life is organized. Third, it is important to understand how a seller wants to describe the characteristics of a transaction. For instance, which attributes should be combined and which should be separated?

For the joint outcome, there were four possible combinations to consider. First, "multiple gains" indicates that the utility from two gains is greater if they are valued separately; that is, V(G1) + V(G2) > V(G1 + G2) where V(G) is the utility assigned by the value function to gain 'G,' so segregation is preferred. For instance, earning $25 in each of two games is more pleasurable than earning $50 in one. The use of a gift promotion may make customers feel that they received a bonus item. This type of promotion seems to use the multiple gains format and is a clear example of the segregation principle.

Second, "multiple losses" indicate that the disutility of two losses is minimized if they are valued jointly; that is V(L1) + V(L2) < V(L1 + L2), where V(L) is the utility assigned by the value function to loss 'L,' so integration is preferred. For instance, losing $25 in each of two games is worse than losing $50 in one game.

Third, another possibility is a "mixed gain." This involves outcomes V(G), V(L) framed as gains and losses where V(G) > V(L) so there is a net gain (e.g., - $25, $500). Here V(G) + V(L) < V(G + L) so integration is preferred. Thus, when a gain exceeds a loss, integrating the gain and loss maximizes one's utility.

Finally, a "mixed loss" involves outcomes V(G), V(L) framed as gains and losses where V(G) < V(L) so there is a net loss (e.g., gain $25, loss - $500). Here V(G) + V(L) > V(G + L) so segregation is preferred since V is relatively flat near -$500. This is referred to as the "silver lining" principle. On the other hand, for a gain of $25 and a loss of $30, integration is probably preferred since the gain of the $25 is likely to be valued less than the reduction of the loss from $30 to $5, nearly a case of cancellation.

Implications of Mental Accounting Theory

Several implications for marketing, particularly in the area of pricing, were developed from mental accounting theory. Henderson and Peterson (1992) presented insights into the processes of examining the relationship between the conceptual equivalence of selected categorization and mental accounting principles by using empirical data to illustrate the similarity of the principles. He argued that mental accounting is not a unique process occurring only when a decision has monetary features. Rather, it is simply an instance of categorization. Mental accounts are nothing more than a type of category, one that includes the advantages and disadvantages of the element being categorized. By linking mental accounting and categorization principles, he extended basic mental accounting concepts by viewing them in the broader context of information processing. He also suggested that mental accounting is inherently normative in that individuals who do not respond as predicted are viewed as behaving somewhat improperly.

Later, Hirst, Joyce and Schadewald (1994) examined how individuals have been thought to form psychological accounts for basic mental accounting and benefits of outcomes based on mental accounting theory. This study investigated the role that temporal contiguity plays in mental accounting for consumer-borrowing decisions and predicts that consumers will prefer to finance purchases of goods with loans whose terms correspond with the life of the good. To understand consumers' behavior concerning the life of goods, an experiment was conducted. For this experiment, two goods with different length lives, a vacation valued at $3000 and a furniture priced $3000, were shown to participants. This study assumed that the subjects will perceive the furniture as having a stream of future benefits but the vacation will provide no significant future benefits once it is completed. They were allowed to obtain a loan of $3000 from the bank to purchase one of the products and were then asked the purpose of the loan. The results showed that the majority of subjects identified the furniture as the purpose of the loan.

Thus, it was hypothesized that consumers prefer to finance purchases with loans which do not exceed the expected life of the benefit stream provided.

Heath, Chatterjee and France (1995) reviewed relationships between mental accounting and changes in price. This study tested the effects of popular percentage-based frames on price perceptions, preference for multiple price changes, and price increases on one product combined with price reductions on another. In this study, prices were stated with or without popular percentage-based pricing frames, such as 33% off. Consumers who preferred segregating two discounts (multiple gains) showed an indifferent reaction toward segregating or integrating two price increases (multiple losses). Consumers prefer segregating a price increase from a smaller discount (mixed loss), and integrating a discount with a smaller price increase (mixed gain). For example, they prefer segregating where there is net loss (e.g., $20 price increase with $5 discount), and integrating where is a net gain (e.g., $5 price increase with $20 discount). However, they do not prefer segregating or integrating for multiple losses. These findings indicate that the ways in which consumers perceive prices are dependent on the way the deviations are expressed.

Consumers' Price Perception

Several studies have investigated consumers' responses of the price of retail products (Monroe, 1973). There are several aspects of products that affect consumers' buying decisions. Four distinctive elements help to clarify buyers' price perceptions: psychological pricing, price-consciousness, the price-quality relationship, and differential price threshold.

Psychological Pricing

Research has examined customary pricing and odd pricing in order to understand consumers' preferences. Customary pricing excludes all price alternatives except a single point. With customary pricing, sellers adapt to changes in costs and market conditions by adjusting product size or quality, assuming the buyer would consider paying only one price. The findings from psychological pricing (Friedman, 1967) indicate that the amount of change needed for buyers to perceive price changes is dependent on the absolute price. The higher the absolute price, the greater the price change needed for the buyer to notice there has been any change. This phenomena is termed a "just noticeable difference." For example, consumers may perceive a price change differently between a $5 discount from a $20 original price and a $5 discount from a $100 original price. Odd pricing means that when prices end with an odd number or just under a round number (e.g., 99, 98), consumers have been found to be sensitive to price increases.

Price-consciousness

In the study of price-consciousness (Gabor & Granger, 1961), subjects were surveyed to determine their awareness of prices of goods that they purchased. The first measure was the percentage of prices remembered and the second was to investigate whether consumers remembered prices correctly. Fifty-seven percent of the prices were remembered correctly and of the forty-three percent that were remembered incorrectly, the answers differed from the correct price by not more than ten percent. In addition, price-consciousness was lower for branded items than for non-branded items.

Price-quality Relationship

In the study of price-quality relationship, Leavitt (1954) examined the relationship between price and quality. He asked subjects to select between two differently priced, lettered, imaginary branded products, and their degree of satisfaction with the purchased product was measured. He found that subjects tended to be more satisfied with higher-priced brands than lower-priced brands.

Another study related to the price-quality relationship (McConnel, 1968) tested the product quality perception as a function of price. Subjects were given identical beer differing only in brand name and price. Perceived quality was positively and significantly related to price. In addition, other studies gave evidence of a positive price-quality relationship, but price was not the dominant element used by consumers to make quality judgments (Andrews & Valenzi, 1971; Rao, 1971; Smith & Broome, 1966; Monroe, 1970).

Differential Price Thresholds

Differential price thresholds refer to a minimum amount of change in stimulus necessary to produce a "just noticeable difference." The higher the price of the product, the greater the change needed for consumers to notice the change. In the review of differential price thresholds, Monroe (1973) found that there is very little research on differential thresholds in pricing. Most research in this area has been based in psychology. One study related to differential price thresholds investigated behavioral responses to price changes (Uhl,1970). He suggested that the behavioral response to price changes depends on exposure to and perception of a price change, and motivation to alter behavior as a result of it. In addition, studies have shown that the price last paid or the buyers' notion of a "fair price" was one determinant of price perception (Helson, 1964).

Suggested Retail Price

According to Thaler (1985), many manufacturers offer a "suggested retail price" (SRP) for their product, and the SRP is usually equal to the market price. Sellers offer the SRP as a "suggested reference price," and then provide a lower selling price that leads to a positive transaction utility. Inexperienced buyers may use the SRP as an index of quality when they make buying decisions. The use of price promotions with SRP can make customers perceive the price of the product to be lowered because the inexperienced buyers may compare the selling price with the SRP. The SRP will be more successful as a reference price the less often the good is purchased. The SRP is most likely to serve as a proxy for quality when the consumer has trouble determining quality in other ways. Deep discounting relative to the SRP is usually observed for infrequently purchased goods whose quality is hard to judge. However, the frequent use of price promotions with the SRP may influence frequent purchasers to think that the quality of product is lower. The frequent use of price promotions requires more effort to maintain the store's image because it might produce a negative image for the brand.

Price Perception by the Use of Different Promotions

Folks and Wheat (1995) found that consumers' price perceptions are affected by various types of promotions. The problems marketing managers encounter are understanding how consumers' price perceptions of the promoted product lead to their purchasing behavior. A variety of consumer promotions, such as coupons, rebates, sales, discounts, premiums, sweepstakes, and free samples, are frequently used by marketing managers. Two experiments examined the effects of type of promotion on price perceptions. Two hypotheses were formulated for each experiment. For the first experiment the hypotheses were: H1) "Consumers' future price expectations should be higher for products offered with a rebate than the same products offered either on sale or with a coupon," and H2) "Consumers' future price expectations should be higher for products offered with a coupon than the same products offered on sale." Two hypotheses for the second experiment were: H3) "Consumers' price expectations are higher when savings from a promotion are received immediately compared to when delayed," and H4) "Consumers' price expectations are higher when savings require post-purchase effort to obtain compared to when effort is not required."

The first experiment examined the consumers' price perception when exposed to three types of promotion: rebate, coupon, or sale. The independent variables included two differently priced products and three types of promotions and three dependent measures asking reservation price, fair price and expected price. A questionnaire was given to thirty-four undergraduate business students. Subjects were asked to imagine the price they want to pay for each promoted product. The findings indicated that sales and coupons lowered price perceptions as compared to rebates. However, there was no significant differences between sales and coupons on price perceptions.

The second experiment examined the consumer's price perception when there was a delay in receiving savings and differences in post-purchase effort required to receive the savings. One independent variable, the type of price promotion (off-price sale), was manipulated to examine the dependent variables, which were the timing of receiving the savings and the degree of effort required. Forty-five undergraduate business students completed a dependent measure composed of questions about differently timed savings offers. In the immediate savings condition, no effort was required. In the delayed savings conditions, the amount of effort required to realize the savings was varied. The subjects' price expectations for each type of savings were measured. The results revealed that subjects show higher price perceptions in the delayed savings conditions than in the immediate savings with no effort condition. However, there were no significant differences between the delayed savings with effort situation and the delayed savings without effort situation.

This study found that the use of some promotional methods, such as sales and coupons, may lower price perceptions to a greater extent than the use of rebates. Because the savings from the rebates involved a delay, consumers may have price perceptions of the product when offered the rebates that are similar to the price perception at regular price. These findings can help marketing managers to choose effective promotional methods for selling their product. However, one limitation of this research was that this study did not test whether segregation or integration of promotional gains occurred.

Promotion Effects

Price Promotion

According to Engel, Blackwell, and Miniard (1995), there are two types of advertising and promotion used in retailing. Traditionally, promotions were used to communicate information about price or other attributes of the product and store. The effectiveness of price promotions is always of concern among marketers. Price promotions may only move demand from one period to another period for a store. They may move demand from one brand to another brand without increasing a store's total sales, or they may move market share from one competitor to the next competitor without raising total demand. Price promotions can affect a segment of the population, but loyalty may last only until the next set of promoted prices attracts that segment.

Recently, price, expressed as a multidimensional construct composed of more than just actual price, has been used to explain the consumers' purchasing behavior (Thaler, 1985; Kalwani, Yim, Rinne & Sugita, 1990). Kalwani, Yim, Rinne and Sugita (1990) provide a theory of how consumers accept price information based on standard economic theory, which provides a model for consumers' response to market price with downward-slopping demand function. They used a two-stage modeling procedure: one stage included the determination of how price expectations are formed among consumers, and the second stage showed brand choice is assumed to depend on the brand's retail price and whether or not that price compares favorably with the brand's expected price. They found that consumers reacted more strongly to price increases than to price discounts. These results indicated that expected price is not only dependent on past price, but is also affected by the frequency with which a brand is promoted and other attributes of the store.

There are disadvantages to using price promotions. According to Kalwani and Yim (1992), introducing a product at a lower than 'regular' price and then raising the price to its 'regular' price has been shown to have an adverse effect on subsequent sales. The reasoning is that consumers come to adopt the low introductory price as the reference price and consider the regular price to be unacceptably greater than the price they expect to pay. Specifically, if a purchase is induced by an external cause (such as a price promotion) as opposed to an internal cause (e.g., preference for the brand), repeat purchase probability for the brand will be reduced when the external cause is removed. Consumers' reactions to a retail price may depend on how the retail price compares with the price they expect to pay for the brand. During a price promotion, they are apt to perceive a price "gain" and react positively; correspondingly, when the deal is retracted, they are apt to perceive a price "loss" and are unlikely to purchase the brand.

A newer method is to position the product to create perceptions about the attributes of products and the store, or overall brand image. The new role of promotion is to develop product positioning to communicate price attributes. Retailers have changed their perspective from merchandising products to marketing products. In the past, retailers were concerned only with what products sold and how many. The new perspective is more concerned with how the product is sold. In an effort to change perceptions of the store and to attract consumers to the store, retail marketers are developing more effective promotional methods. It is important today to be concerned with the store's image than just selling product. Using alternative methods of promotion may help retailers maintain their image while increasing sales volume.

Previous research suggested that price and quality have a very close relationship. Some retail stores offer more features, better service, or better performance with a higher price as a cue to the consumer that they have higher quality while other stores emphasize lower price with fewer product features to create a value positioning (Engel, Warshaw, & Kinnear, 1994). Deciding the appropriate product positioning is an important factor in keeping the customers' loyalty and the company profitable.

Gift Promotion

Gift giving is treated as an area of long standing interest to anthropologists and sociologists as well as consumer researchers. The motivation for gift giving is often presented as either altruistic (maximizing the pleasure of the recipient) or agnostic (maximizing the donor's personal satisfaction). There is some degree of both of these working in a gift exchange.

According to Komter (1996), there are two means of defining the word 'gift'. First, the 'pure gift' is defined as giving something when nothing is expected in return. The second is characterized by a kind of market exchange or 'barter' where both parties are expected to gain profit. Gifts given by retailers to customers are of the second type, barter. Gifts are used to create or maintain the relationship between the retailer and consumers. Gift giving not only provides important functions at the level of culture and social relations but when it is used by retailers, may have great psychological significance to consumers in forming the image of the store. The response to receiving a gift will differ among individuals. The feeling may depend on the value of the gift (Komter, 1996).

Organizations typically use business gifts to show appreciation for the past purchase and to influence the attitudes and behaviors of a selected group of buyers in anticipation of future purchase (Meredith & Fried, 1977). Approximately 64 percent of companies have given business gifts and 39 per cent of those giving gifts say they are sure it helps build business (Gibson, 1980). According to Specialty Advertising Association International, it is estimated that business gifts account for 38 per cent of the $4.1 billion being spent on advertising specialties and are growing at five per cent annually with a focus on "classy" gift items. Gift giving by sellers is effective in keeping the advertiser's intended brand image.

There is little research concerning the impact of business gifts on the attitudes and behaviors of buyers in actual business situations. Beltramini (1992) conducted a controlled field experiment to measure the effectiveness of gift giving by an actual company to its customers. The purpose of this study was to test the effectiveness of gifts using the following two research hypotheses: H1) "Recipients of a business gift will be found to manifest reciprocity by perceiving a donor company's product attributes as significantly more positive than do non-recipients," and H2) "Recipients of a business gift will be found to manifest reciprocity by perceiving themselves as significantly more likely to contact a donor company to purchase the product than do non-recipients."

With the cooperation of an international marketer, the key decision maker at each customer company with the products and vendors tested was identified and randomly assigned to groups. For the first experiment, a group was administered a pre-test, then received a business gift, and then completed a post-test to assess differences from the pre-test. A control group completed a pre-test, and a post-test without receiving any business gift. A second experiment was conducted in the same manner, but without the pre-test. The results showed that business gifts were generally effective in increasing positive customer perceptions of key product attributes, but not significantly increasing their likelihood of actually contacting the gift giver. These findings were particularly true in the case of the low-priced product line.

The effective use of gifts as a promotional method may create maximum benefit without creating a negative image of the brand in the minds of the consumers. When people encounter a promotion that involves lowering the price, they may perceive that the discounted price is appropriate for the promoted product. This perception affects the consumers' responses of the promoted product after the promotion period. The use of gifts as a promotional method may prevent the consumers from perceiving the discounted price as the true price.

Reference Effects

Lattin and Bucklin (1989) stated that the reference price is formed by consumers' expectations which are shaped by the past pricing activity of the brand. The consumers then have an expectation of the future price of the brand in relation to this reference price, and their responses are related to the disparity between the two prices. Consumers respond less to an expected price decrease than an unexpected price decrease. Product pricing is an increasingly important influence on consumer's purchasing behavior. Lattin and Bucklin (1989) investigated the reference effects of price and promotion on consumers' purchasing behavior. Their model was based on the assumption that consumers have expectations about future marketing activities from their past experience of purchasing the product at a discounted price or promotion. This included consumers' promotional reference points for a brand or for a product.

There are not only price reference effects on consumers' purchasing behavior, but promotion reference effects are also important factors forming consumers' responses. Recent research has indicated that promotional activities, such as store coupons, store displays, and gift giving promotions, serve to draw the consumers' attention to the brand or the product, and enhance consumers' evaluations of the brand or the product. For instance, consumers are willing to search for a favorable promotional activity. If they find an unexpected promotional activity, their responses toward this brand or product are more positive than toward the brand or product that they expect to have promotional activity. They see this situation as a special opportunity and therefore a greater response is evoked than for a brand promoted regularly (Lattin & Bucklin, 1989). The possible interaction between price and promotion was also considered. Price discounts are frequently accompanied by promotional activities to support their effectiveness. The use of promotions with price discount created much greater consumer response than unpromoted price discounts. This study suggests that the use of a promotional activity has a significant effect on consumers' responses.

Contrast effects (Lynch, Chakravarti, & Mitra, 1991) were also relevant in consumers' satisfaction and consumers' price perceptions. Consumers' satisfaction results from the contrast effects between expected outcomes and obtained outcomes. Consumers' price perceptions are from contrast effects and often are explained through concepts of "reference price" and "range of acceptable prices." Price perceptions are dependent on the mean of the prices, the range of the price, the presentation order of a set of prices, and the reference frames used to judge the prices. The distinction between contrast effects result from changes in mental representations and those result from changes in scale anchoring.

There were two ways to distinguish between the types of contrast effects: one was described as "core set" and the other one was presented as "contextual sets." Core set is derived from a common stimulus determined by mean overall rating of price. Contextual set indicates the ranges of individual attribute scores (Lynch, Chakravarti, & Mitra, 1991). Similar contrast effects have different underlying causes and implications for behavior and that knowledge moderates these contrast effects. They conducted two experiments to investigate the contrast effects on consumer judgment. For the first experiment, they found that extending the range of an attribute facilitated contrast effects on the mean of rating. However, the observed contrast effects are not reflected in measures of the relative importance of a unit change in the attribute whose ranges are held constant versus that of the attributes whose ranges are extended. In the second experiment they found that there is an indirect interaction between context and expertise when the rankings of purchase intentions are followed by a pricing rating task. For instance, correlations between the pricing rating and the purchase intention rank are unaffected by a context for experts.

According to the review of literature, there are multiple attributes that affect consumers' price perception. The different types of promotional methods may affect consumers' price perception differently during and after the promotional period.

Therefore, the use of an effective promotional method must be of concern to marketers. There are several types of promotional methods today, and they have been used by most apparel marketers. To survive in the flood of promotional activities, a unique method that may be differentiated from other apparel stores is needed.

CHAPTER III

METHODOLOGY

An experiment was conducted to examine whether the different types of promotions - an off-price promotion, a gift of an apparel product with purchase and a gift promotion of a non-apparel product with purchase - affect consumers' price perceptions differently. Because the different types of promotions may affect the mental encoding of prices, different kinds of promotion may have different effects on price perceptions, even when the amount of the promotion itself remains the same. This chapter discusses the subjects, instruments, data collection methods, dependent variables and statistical analysis in this study.

Selection of the Sample

The sample for this study consisted of one hundred eighty female students at Oklahoma State University, in Stillwater, Oklahoma. The research population was contacted using a convenience sample. This study used students because that is the market segment most apparel companies have targeted, younger people and highly educated people (Alderman, 1997). Students are more sensitive to new fashions than other age groups. Each subject was asked their opinion of two types of products which were differently promoted. Their responses toward the three different promotional methods were tested. Each subject was asked to respond to different products promoted in two ways.

Table 1. Six types of questionnaire

Types of product / Types of questionnaire	Promotion method for jeans	Promotion method for shirt
Questionnaire 1 (30 subjects)	Price promotion (33% off)	Free gift promotion of apparel product
Questionnaire 2 (30 subjects)	Price promotion (33% off)	Free gift promotion of non-apparel product
Questionnaire 3 (30 subjects)	Free gift promotion of apparel product	Price promotion (33% off)
Questionnaire 4 (30 subjects)	Free gift promotion of apparel product	Free gift promotion of non-apparel product
Questionnaire 5 (30 subjects)	Free gift promotion of non-apparel product	Price promotion (33% off)
Questionnaire 6 (30 subjects)	Free gift promotion of non-apparel product	Free gift promotion of apparel product

Development of Instrument

A questionnaire was developed by the researcher for collection of the data. The survey instrument included open-ended and close-ended questions and general information questions. In all, there were six questionnaire combinations that presented two products, each with a different promotion (see Table 1). Each questionnaire was given to 30 subjects with two products that were presented with different types of promotional methods. For example, jeans with an off-price promotion and a shirt with a gift of an apparel product with purchase were described in one questionnaire while another questionnaire included jeans with an off-price promotion and a shirt with a gift of a non-apparel product with purchase.

Data Collection

This study used a 2 (product) x 3 (promotion type) factorial design, with two different categories of apparel of a well known brand (denim jeans and a shirt) and three different types of promotions (an off-price, a gift of an apparel product with purchase and a gift of a non-apparel product with purchase). This brand was chosen because it is one of the leading brands among the casual apparel brands targeting the young market segment. Data collection was through a questionnaire. The questionnaire showed pictures, so that subjects could more easily imagine what the products looked like. Then, the scenarios in the questionnaire described the two products (denim jeans and a shirt) and the different types of promotional methods that were used for each product.

1. Denim jeans : a boot cut style of jeans priced originally $58 (non-promotion price).
2. Shirt: a French-cuff shirt priced originally $58 (non-promoted price).

The two products and three types of promotion were manipulated. This study used the two different products (denim jeans and a shirt) because the use of a single product might cause participants to be uninvolved due to their disinterest in the product.

Different promotion types were matched with each product in each scenario. The amount of savings was similar across promotions at approximately thirty-three percent off from the regular price, so that the promotion amount for the price discount was $19.50 less than the original price of $58 for the denim jeans and the shirt. For the gift promotion of an apparel product and a non-apparel product, the price of product remains at the regular price of $58 and a gift, of either an apparel product or a non-apparel product, valued $19.50 was offered.

Dependent Variables

Three dependent measures of price perceptions (reservation price, fair price and expected price) were used in this study. First, reservation price is the most a consumer is willing to pay for a product. Second, fair price taps the notion of what a product ought to cost. Third, expected price taps what consumers think they will have to pay for a product in the future (Folkes & Wheat, 1995). To investigate consumers' price perception of two products that were differently promoted, each subject was required to imagine the products and was asked the following questions: "Assuming that you wish to buy this product, how much are you willing to pay for this product?" "How much do you think this product ought to cost?" "What would you expect to have to pay for this product after the promotional period?" In addition, to understand the consumers' post promotional response, subjects were asked: "Assuming you want to buy this product, but it's no longer on promotion, are you willing to buy this product at regular price of $58?" To understand the consumers' preference of promotional method, another question was added: "Assuming you could choose a type of promotion, which one would you choose?"

Methods of Data Analysis

This study set out to determine the relationship between price perception and promotion. To determine this relationship, this study had one objective: "Empirically examine the specific relationship between consumers' price perception and the use of different promotional methods." To meet this objective, research hypotheses had been proposed to understand how consumers respond to the different promotional methods. The research hypotheses were tested at $p \leq .05$ level of significance. To analyze the first hypothesis which was a comparison of promotional methods on consumers' price perception, means and analysis of variance (ANOVA) were used. For the second hypothesis, to investigate the relationship between consumers' price perception and their willingness to buy the promoted product after the promotional period, chi-square analysis was used. For the third hypothesis, to understand which promotional method has greater impact on consumers' willingness to buy the product after the promotional period, frequencies and chi-square analysis were used. The fourth hypothesis, a comparison of promotional methods on consumers' preference, used frequencies and chi-square analysis.

percent) of respondents listed Design, Housing and Merchandising as their field of study. Family Relations and Child Development was second highest (23.9 percent) and Nutritional Sciences was third (12.2 percent) as a major field of study. Other fields of study included Hotel and Restaurant Administration, Art and Music.

Table 2. Demographic information of the sample

Variables		Frequency	Percent (%)
Age	Under 20	42	23.3
	21-25	116	64.4
	26-30	10	5.6
	Over 31	11	6.1
Nationality	US	155	86.1
	NON-US	25	13.9
Marital Status	Single	141	78.8
	Married	38	21.1
Education	Undergraduate	171	96
	Graduate	8	4
Field of Study	DHM	87	48.3
	FRCD	43	23.9
	Nutritional Science	22	12.2
	Other	28	15.6

Data Analysis

The subjects completed the dependent measure that asked about price perceptions of two differently promoted products, jeans and a shirt. Three dependent measures of price perceptions (reservation price, fair price and expected price) were used in this study. Two types of products were manipulated using three types of promotional methods: an off-price promotion, a gift of an apparel product with purchase, and a gift of a non-apparel product with purchase.

To investigate price perceptions, subjects were required to imagine the products and were asked the following questions: "Assuming that you wish to buy this product, how much are you willing to pay for this product?" "How much do you think this product ought to cost?" " What would you expect to have to pay for this product after the promotional period?" Price perceptions were measured based on the means of these three prices. To understand the consumers' post promotional response, a question was asked: "Assuming you want to buy this product, but it is no longer on promotion, are you willing to buy this product at the regular price?" To understand the consumers' preferences of promotional method, another question was asked: " Assuming you could choose a type of promotion, which one would you choose?"

Quantitative analysis was used to identify the respondents' price perception of the products using the three different promotional methods and the relationship between price perceptions and willingness to buy the promoted products after the promotional period. In addition, preferences for the various promotional methods were tested. Subjects were asked to answer open-ended questions concerning their perceptions of reservation price, fair price and expected price. They were also asked to respond to statements about their willingness to buy the promoted product after the promotional period and their preference of promotional methods. Descriptive statistics, correlation, ANOVA, frequencies, and chi-square were used to analyze the data.

Data Analysis

The Pearson's correlation analysis of the price perceptions for the jeans indicated the relationship between expected price and fair price (r^2 =.662), expected price and reservation price (r^2=.581), and fair price and reservation price (r^2=.507) (see Table 3). For the shirt, the Pearson's correlation analysis indicated the relationship between expected price and fair price (r^2=.658), expected price and reservation price (r^2=.718), and fair price and reservation price (r^2r=.605) (see Table 4).

Table 3. Pearson's correlation between expected, fair and reservation price for the jeans

		Expected	Fair	Reservation
Pearson Correlation	Expected	1.000	.662	.581
	Fair	.662	1.000	.507
	Reservation	.581	.507	1.000

Table 4. Pearson's correlation between expected, fair and reservation price for the shirt

		Expected	Fair	Reservation
Pearson Correlation	Expected	1.000	.658	.718
	Fair	.658	1.000	.605
	Reservation	.718	.605	1.000

As the three dependent variables were relatively correlated, they were combined to form a single price perception index for each product (Cronbach's alpha = .8648) (Folkes & Wheat, 1995).

Measures of the Effects of Promotional Methods on Price Perceptions

Data were entered into a 2 (product) x 3 (promotional method) ANOVA. This study investigated the relationship between the type of product and the type of promotional method (independent variables) and price perception (dependent variable). Price perceptions were measured based on the means of three variables: reservation price, fair price and expected price. Hypothesis one predicted that consumers' price perceptions of the product offered with an off-price promotion will be lower than for the product offered with either an apparel gift or a non-apparel gift. Also, this study examined how the type of product affects respondents' price perception differently.

The results showed that there was a main effect for products on price perception, $F(1, 349) = 51.148$, $p < .000$ (see Table 5). Respondents' price perceptions differed between two products although the regular prices of the both products were identical. Respondents had significantly higher price perceptions of the jeans ($M = 40.04$) than of the shirt ($M = 32.63$) (see Table 7).

Table 5. ANOVA summary table for comparison of mean price perceptions between the two products

		Sum of Squares	df	Mean Square	F	Sig.
Composite Price Perception	Between Group	4581.161	1	4581.161	51.148	.000
	Within Group	31258.610	349	89.566		
	total	35839.771	350			

The ANOVA indicated a main effect for promotion type, F (2, 172) = 11.358, p < .000 on the price perception of the jeans (see Table 6). Respondents' price perceptions of the jeans offered with an off-price promotion (M = \$35.35) were lower than jeans offered with an apparel gift (M = 42.98) or a non-apparel gift (M = 42.98) (see Table 7). In other words, respondents' price perception of the jeans was significantly affected by the use of different promotional methods.

The ANOVA indicated no main effect for promotion type, F (2,173) = 1.330, p = .267, on the price perception of the shirt (see Table 6). Respondents' price perceptions of the shirt promoted with a gift of a non-apparel product (M = \$31.50) were lower than the shirt offered with an off-price promotion (M = \$32.20) and a gift of an apparel product (M = \$34.18) (see Table 7). However, respondents' price perceptions of the shirt were not significantly affected by the use of different promotional methods. Therefore, hypothesis one was not supported across product categories.

Table 6. ANOVA summary table for comparison of mean price perceptions between the different promotional methods

		Sum of Squares	df	Mean Square	F	Sig.
Jeans Composite Price Perception	Between Group	2054.468	2	1027.234	11.358	.000
	Within Group	15555.647	172	90.440		
	total	17610.115	174			
Shirt Composite Price Perception	Between Groups	206.711	2	103.344	1.330	.267
	Within Groups	13441.784	173	77.698		
	Total	13648.495	175			

* Composite price indicates the mean of reservation price, fair price and expected price.

Table 7. Mean price perceptions of the jeans and shirt offered with promotions

Perception \ Scenario		Off-price	Apparel gift	Non-apparel gift	Average
Jeans	Reservation	$35.04	$43.88	$45.07	
	Fair	$32.65	$37.25	$39.62	
	Expected	$38.36	$44.26	$44.26	
	Composite price perception	$35.35	$41.80	$42.98	$40.04
Shirt	Reservation	$32.98	$35.05	$33.41	
	Fair	$29.63	$33.05	$28.15	
	Expected	$33.97	$34.44	$32.96	
	Composite price perception	$32.20	$34.18	$31.50	$32.63

Measures of the Post Promotional Responses

This study investigated the relationship between price perception (independent variable) and willingness to buy the product after the promotional period (dependent variable). The second hypothesis predicted that there will be a relationship between price perceptions and willingness to buy the products after the promotional period. Chi-square analysis was used to examine the relationship between price perceptions and willingness to buy the promoted product after the promotional period (see Table 8). The chi-square analysis (χ^2 (90) = 119.883, $p = .019$ for the jeans, and χ^2 (67) = 139.175, $p < .000$ for the shirt) indicated that respondents' price perceptions significantly impacted their willingness to buy the product after the promotional period. In other words, they were more willing to buy the product after the promotional period when they had higher price perceptions of the promoted product during the promotional period than when they had lower price perceptions. The second hypothesis for both products was supported.

Table 8. Chi-square for the relationship between price perceptions and willingness to buy the products after the promotional period.

Chi-Square	Value	df	Sig. (2-tailed)
Jeans	119.883	90	.019
Shirt	139.175	67	.000

This study also investigated the relationship between the promotional method (independent variable) and willingness to buy the product after the promotional period (dependent variable). The third hypothesis predicted that consumers would be more willing to buy the product promoted with a gift than the product offered with an off-price promotion after the promotional period. Chi-square analysis was used to determine relationships between promotional methods and willingness to buy the product.

The chi-square analysis (χ^2 (2) = 5.990, p = .050), for the jeans, indicated that there are significant differences between promotional methods and willingness to buy the promoted product after the promotional period (see Table 9). Respondents who saw the product with gift promotion were more willing to buy the product after the promotional period than respondents who saw the product with off-price promotion.

The chi-square analysis (χ^2 (2) = .787, p = .675), for the shirt, indicated that there is no significant difference between promotional methods and willingness to buy the product (see Table 9). However, the results indicate that most respondents were not willing to buy the products after the promotional period regardless of type of promotion (see Table 10). The third hypothesis was not supported across product categories.

Table 9. Chi-square for the relationship between promotional methods and willingness to buy the products after the promotional period.

Chi-Square	Value	df	Sig. (2-tailed)
Jeans	5.990	2	.050
Shirt	.787	2	.675

Table 10. Frequency table for the willingness to buy the promoted products after the promotional period.

		Willing to buy	Not willing to buy
Jeans	Off-price	11	49
	Apparel gift	23	37
	Non-apparel gift	19	41
	Total	53	127
Shirt	Off-price	5	55
	Apparel gift	8	52
	Non-apparel gift	7	53
	Total	20	160

In sum, this study found that there is a significant relationship between price perceptions and willingness to buy the product after the promotional period. However, the promotional method does not have a significant effect across products on willingness to buy the product after the promotional period.

Measures of Preference of the Promotional Methods

Finally, this study investigated the relationship between promotional method (independent variable) and preference of the promotional method (dependent variable). The fourth hypothesis predicted that consumers will prefer the promotion that facilitates segregating their savings (e.g., gift promotions) over other types of promotions (e.g., off-price promotions). A frequency table shows that respondents prefer the off-price promotion more than the gift promotion of either an apparel product or a non-apparel product (see Table 11). Chi-square analysis was used to examine significant relationships between promotional methods respondents were exposed to and their preferences of promotional methods. The chi-square analysis (χ^2 (4) = 1.329, p = .856 for the jeans, and χ^2 (4) = .595, p = .964 for the shirt) indicated that there is no significant difference between promotional methods respondents saw and their preferences of promotional methods (see Table 12). Regardless of which promotional methods they were exposed to, they preferred the off-price promotion. The fourth hypothesis was not supported.

Table 11. Frequency table for the preference of the promotional methods

		Promotional Methods Exposed			
		Price promotion	Apparel free gift	Non-apparel free gift	Total
Preference (Jeans)	Off-price	50	50	48	148
	Apparel gift	6	8	9	23
	Non-apparel gift	4	2	3	9
	Total	60	60	60	180
Preference (Shirt)	Off-price	49	48	51	148
	Apparel gift	8	9	7	24
	Non-apparel gift	3	3	2	8
	Total	60	60	60	180

Table 12. Chi-square for the relationship between promotional methods and preferences of promotional methods

Chi-Square	Value	df	Sig. (2-tailed)
Jeans	1.329	4	.856
Shirt	.595	4	.964

CHAPTER V

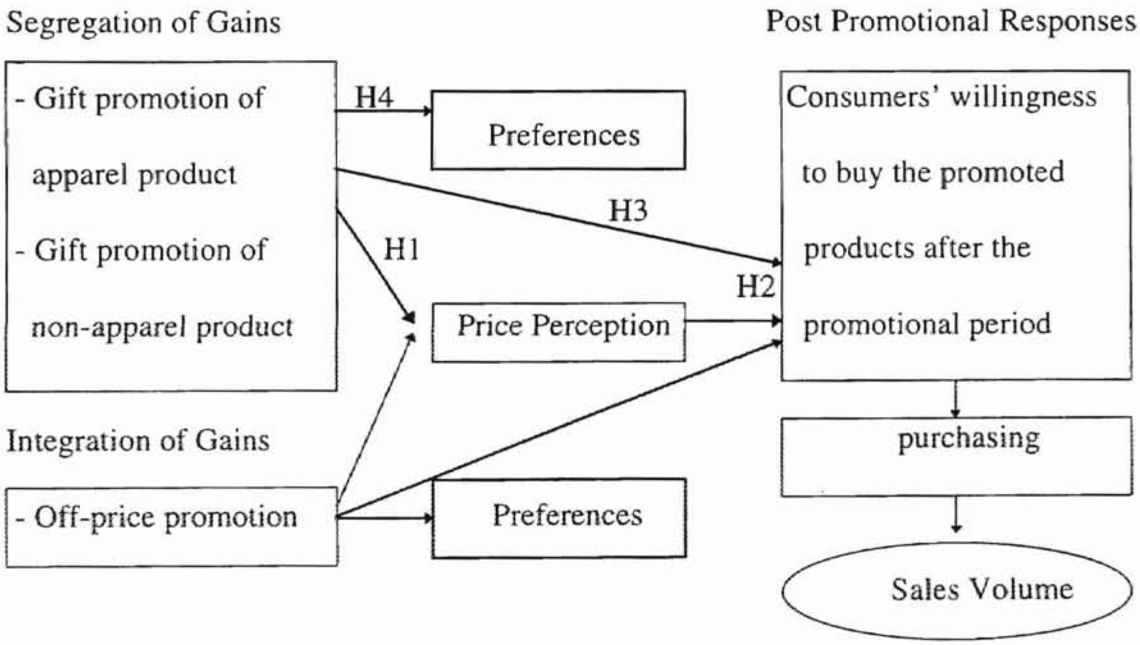
DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

Summary

Marketing managers' primary goal when offering promotion is to stimulate consumer purchasing. Promotional activity is an important factor for increasing the company's sales volume and reducing the inventory (Blattberg & Neslin, 1989). There are many types of promotional methods apparel retailers may use to promote their products. However, offering off-price promotions may have psychological consequences for the consumers that are not desirable for the firm. For instance, consumers may utilize the reduced price information to reevaluate their notions of what price should be paid for the product. Such a reevaluation may explain lower repeat purchase rates following a promotional activity (Blattberg & Neslin, 1989).

This experimental study reveals the importance of promotional activity. This study used two types of products: jeans and a shirt. The purpose for using two products was to determine if the effects of various types of promotions were the same for two types of products. This study examined four relationships: the relationship between promotional methods and price perception, the relationship between price perception and willingness to buy the product, the relationship between promotional methods and willingness to buy the product, and the relationship between promotional methods respondents were exposed to and their preferences of promotional methods. Data were analyzed separately as there were differences between jeans and shirt on price perceptions and post promotional responses. The results generally do not support the hypotheses across product categories. Only one hypothesis that predicted the relationship between price perceptions and willingness to buy the promoted product after the promotional period was supported for both products (see Figure 3).

Figure 3. New mental accounting model with the results of this study



H1 : Supported for the jeans, but not for the shirt
H2 : Supported for the both products
H3 : Supported for the jeans, but not for the shirt
H4 : Not supported for the both products

Discussion of Research Findings

Effects of the Promotional Methods on Price Perception

Respondents had higher price perceptions for the jeans than the shirt although the regular prices and the promotional methods of both products were identical. Because the subjects used in this study were college students, they were familiar with jeans and may have had a good idea of how much the jeans should be priced. However, respondents may not have had as good an idea of how much the shirt should be priced. Because the shirt used in this study was a fancy style compared to the jeans and it may have affected consumers' price perception differently.

This study's results generally do not support the hypothesis that the type of promotion significantly affects price perception. Offering products with gifts of either an apparel product or a non-apparel or off-price did not significantly impact the price perceptions for both the products. Based on the results of this study, offering the jeans with an off-price promotion may result in lower price perceptions, as measured by the reservation price, fair price and expected price. These results indicate that the type of promotion has a differential effect on price perceptions of jeans. However, there were no significant differences between the promotional methods on price perception for the shirt. For the shirt, respondents had a lower price perception of the shirt offered with a gift of a non-apparel product than other promotional methods, but no significant difference with the product offered with an off-price promotion.

Consumers' Post Promotional Response

Findings indicate that there is a direct relationship between price perceptions and willingness to buy the products after the promotional period. In other words, subjects who had a lower price perception of the promoted product were less willing to buy the product after the promotional period. This result is consistent with work by Kalwani and Yim (1992). They found that introducing a product at a lower than regular price and then raising the price to its regular price has an adverse effect on subsequent sales. The results are also consistent with results from a study by Blattberg and Neslin (1989) who found that consumers' post promotional purchasing is affected by the use of the promotional methods. They found that the frequent use of off-price promotions may influence lower repeat purchase rates. The use of an off-price promotion which lowered price perceptions more than other promotional methods may increase sales during the promotional period. However, this promotional method may reduce sales after the promotional period. The reason may be that buyers adopt the low price during the promotional period as the reference price and consider the regular price to be unacceptably greater than the price they expect to pay after the promotional period (Kalwani & Yim, 1992). Respondents have shown higher price perceptions when the promotion is a gift with purchase than when the promotion is a price discount, and the gift promotion may have a more positive impact on sales volume over a period of time.

This study was also interested in how the type of promotion affects consumers' purchasing after the promotional period is completed. The results indicate that there were differences between the two products. The promotional method had significant effect on willingness to buy the product when tested with the jeans. Respondents were more willing to buy the jeans when they were exposed to the gift promotion than the off-price promotion. However, the results indicate that there is no significant difference between promotional methods and willingness to buy the product after the promotional period when tested with the shirt. Regardless of what type of promotional method they saw, respondents did not want to buy the promoted product after the promotional period was completed.

Consumers' Preference of the Promotional Methods

According to Thaler (1985), consumers tend to prefer segregating their savings than integrating their savings. Certain features of gift promotion may facilitate segregating their savings more so than those of off-price promotion. For instance, the use of a gift promotion can make customers feel that they received a bonus item. This study predicted that respondents would prefer to receive a gift with their purchase rather than to receive a price discount. However, in this study, when asked to select the most preferred promotional method, more respondents chose the off-price promotion than chose the gift promotion with either an apparel product or a non-apparel product. In other words, respondents preferred to integrate the savings when they were given the choice of two types of promotional methods: one that facilitates integrating their savings and the other two that leads to segregating their savings. The results of this study did not support Thaler's study (1985). However, these findings are consistent with work by Folkes and Wheat (1995) who found that differences in consumers' price perceptions of promoted products were influenced by perceptions of various types of promotions. When money savings were received at the time of purchase, price perceptions were lower than when savings were delayed. This study also found that there is no relationship between promotional methods respondents were exposed to and their preferences of promotional methods. Regardless of which type of promotional method they exposed to, they preferred the off-price promotion.

Conclusions

The results of this study indicate that different products have different effects on the price perceptions. Even though the amount of savings was the same among all the promotional methods, price perceptions of the two differently promoted products varied. The use of an off-price promotion may produce maximum sales during the promotional period compared other promotional methods, such as gift with purchase promotions. However, this promotional method influences negative post promotional responses. Retailers should be trying to get people to buy at regular price after the promotional period. Therefore, retailers need to limit off-pricing because it lowers price perceptions after the promotional period. The use of a gift promotion that helps to maintain a higher price perception during the promotional period may lead to higher levels of consumers' willingness to buy the product after the promotional period. This study suggests retailers might use a gift promotion as it should lead to higher sales after the promotional period is completed.

This study indicated that there is a direct relationship between price perceptions and post promotional responses. Respondents who had a higher price perception of the product were more willing to buy the promoted product after finishing the promotional activity. However, the promotional methods respondents were exposed to did not significantly affect their post promotional response. The results of this study indicate that the use of a gift promotional method may have more positive responses after the promotional period. However, this type of promotional method cannot create positive post promotional responses for all of the product categories. We should conclude that the use of promotional activity may affect consumers' response after the promotional period is completed, but all types of promotional methods may not produce the same effects for all types of product categories. When possible, a unique promotional method that fits to the company's image and product should be developed by each apparel marketing manager.

Contrary to the Thaler's (1985) theory and the fourth hypothesis in this study, this study found that respondents preferred to integrate the savings when they were given a chance to save money from the promotion. Regardless of the type of promotional method they saw, respondents preferred an off-price promotion rather than a gift promotion when they were given a choice of selecting the most preferred promotional method. The use of specific items for the gift may affect respondents to avoid buying the products promoted with a gift promotion. However, the use of off-price promotion may produce an immediate savings when the purchase is made and it may cause consumers' price perceptions to be lower and their preference for the product to be greater. We can conclude from these results that consumers prefer the promotional method that involves the immediate reinforcement of receiving a savings.

We cannot conclude from this study how other dimensions on which promotions differ, such as the timing of savings and perceived frequency of promotions, may influence price perceptions. A limitation of this study is that the use of a convenience sample may make not allow generalization of the results to all consumers. In addition, the use of specific products may affect the respondents' price perceptions. As there were no questions asking about the preferences for the products used in this study, further research may find that other products produce very different results.

Recommendations for Future Research

This study provides a basis for a more in-depth study of consumers' price perceptions during and after a promotional period. However, this research does not directly examine the effects of various types of promotions on observable consumer responses, including brand choice, product choice and time saving incurred. The results presented here were based on a limited set of price ranges, discount amounts and measures and time frames. The price perceptions of one retailer's products coupled with various promotional offerings may not be applicable to other retailers' products. Additionally, the methodology used in this study relied on the use of a convenience sample, which may not be representative of all shoppers.

In sum, this present study, though limited in scope and generalizability, suggests many possible new directions in examining the consequences of various types of promotions. Marketing managers need a better understanding of these issues to make good decisions concerning the types of promotions to use.

The followings are recommendations for further research:

1. Effects of promotional activities for other product categories (e.g., high fashion clothes, men's clothes and sports wear clothes) should be investigated to understand the relationship between the promotional methods and consumers' price perceptions.

2. Investigation concerning how other promotional activities affect the consumers' price perceptions (e.g., coupons, rebates, sweepstakes and premiums).
3. Other groups of consumers (e.g., high school students and young workers) who are potential purchasers of the product should be studied to determine their responses toward the promotional activities.
4. As this study investigated the consumers' willingness to buy the promoted product after the promotional period, but not actual consumers' purchasing behavior, investigation of actual purchasing behavior after the promotional period should be studied.
5. Other dimensions on which promotions differ such as timing of promotional activity, post promotional service (e.g., return and exchange policy) and perceived frequency of the promotion should be studied to understand how they influence consumers' price perceptions.
6. Study willingness to purchase and price perceptions following a delayed period after the end of the promotional activity should be investigated (e.g., if consumers see jeans on sale, they do not have to decide whether or not to buy at regular price, as it is already on sale.

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APPENDIXES

APPENDIX A

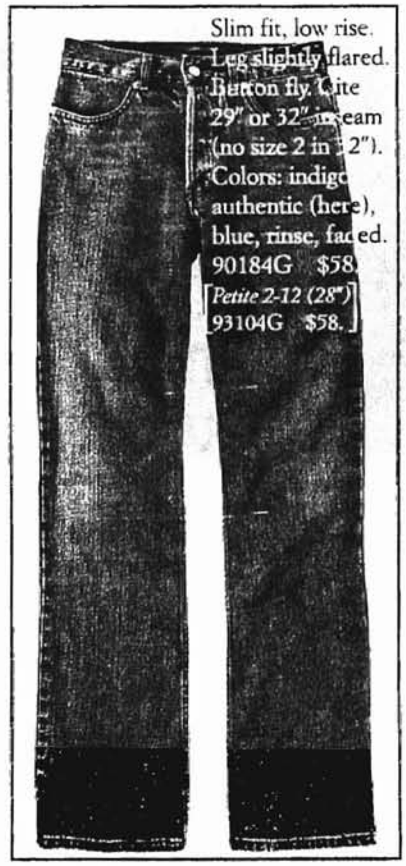
Questionnaire 1

QUESTIONNAIRE -1

Directions: Please imagine the following products, read the following scenarios, and check an appropriate answer to each of the following items.

Scenario 1).

**"Suppose you went to J. Crew to buy jeans.
J. Crew sells a pair of denim jeans on sale
from $58.00 original price to $38.50 ($19.50 discount)."**



Boot cut jeans
Slim fit, low rise.
Leg slightly flared.
Indigo, Authentic,
Blue, rinse, fad.

1. Assuming you wish to buy this product during promotional period, how much are you willing to pay for this product?

   ____

2. How much do you think this product ought to cost?

   ____

3. How much would you be willing to pay for this product after the promotional period?

   ____

4. Assuming you want to buy this product, but it's no longer on promotion, are you willing to buy this product at regular price of $58.00?

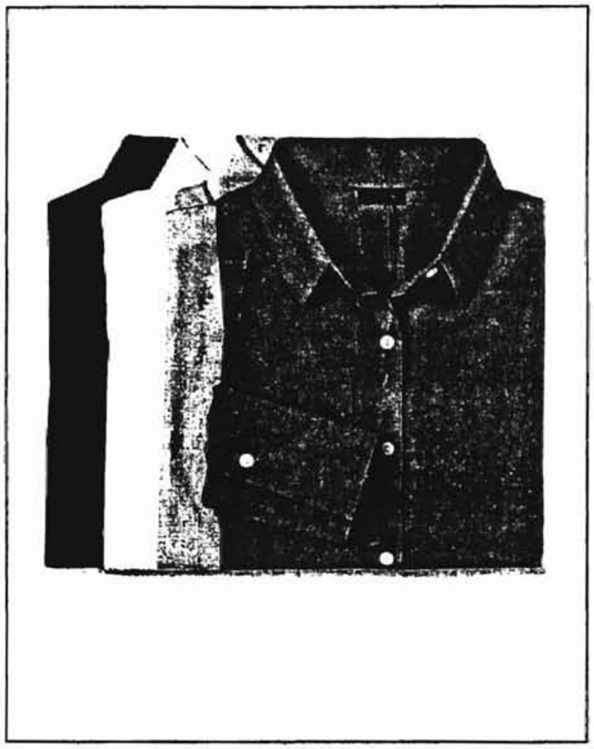
   Yes _____ No _____

5. Assuming you could choose a type of promotion, which one would you choose?

   1) Off price from $58.00 to $38.50 (19.50 discount) _____
   2) A free apparel product (e.g., T-shirt, scarf, socks, etc.) valued $19.50 or less in store with purchase of jeans at regular price of $58.00 _____
   3) A free non-apparel product (e.g., tote bag, diary, perfume, etc.) valued $19.50 or less in store with purchase of jeans at regular price of $58.00 _____

Scenario 2).

"Suppose you went to J. Crew to buy a shirt. J. Crew sells a French-cuff shirt at regular price of $58.00 and gives a free gift of apparel product (e.g., T-shirt, scarf, socks, etc.) priced $19.50 or less in store."



French-cuff shirt
Cotton in one-on-end weave
Each color crossed with white
Black, white, quartz, blue

6. Assuming you wish to buy this product during promotional period, how much are you willing to pay for this product?

   ____

7. How much do you think this product ought to cost?

   ____

8. How much would you be willing to pay for this product after the promotional period?

   ____

9. Assuming you want to buy this product, but it's no longer on promotion, are you willing to buy this product at regular price of $58.00?

   Yes ____ No ____

10. Assuming you could choose a type of promotion, which one would you choose?

    1) Off price from $58.00 to $38.50 (19.50 discount) ____
    2) A free apparel product (e.g., T-shirt, scarf, socks, etc.) valued $19.50 or less in store with purchase of shirt at regular price of $58.00 ____
    3) A free non-apparel product (e.g., tote bag, diary, perfume, etc.) valued $19.50 or less in store with purchase of shirt at regular price of $58.00 ____

Demographic Information:

Directions: Please check/mark the appropriate answer to each of the following items.

Age : Under 20 ____
21 - 25 ____
26 - 30 ____
Over 31 ____

Nationality: us citizen ____
non us citizen ____

Marital Status : Married ____
Single ____

Education Level At present : Freshman ____
Sophomore ____
Junior ____
Senior ____
Master ____
Ph. D. ____
Other ________

THANK YOU FOR YOUR PARTICIPATION !

APPENDIX B

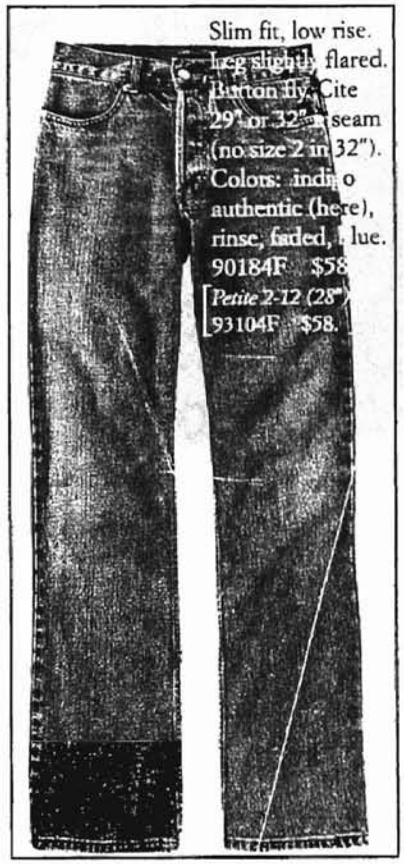
Questionnaire 2

QUESTIONNAIRE -2

Directions: Please imagine the following products, read the following scenarios, and check an appropriate answer to each of the following items.

Scenario 1).

"Suppose you went to J. Crew to buy jeans. J. Crew sells a pair of denim jeans on sale from $58.00 original price to $38.50 ($19.50 discount)."



Boot cut jeans
Slim fit, low rise.
Leg slightly flared.
Indigo, Authentic,
Blue, rinse, fad.

1. Assuming you wish to buy this product during promotional period, how much are you willing to pay for this product?

   ____

2. How much do you think this product ought to cost?

   ____

3. How much would you be willing to pay for this product after the promotional period?

   ____

4. Assuming you want to buy this product, but it's no longer on promotion, are you willing to buy this product at regular price of $58.00?

   Yes _____ No _____

5. Assuming you could choose a type of promotion, which one would you choose?

   1) Off price from $58.00 to $38.50 (19.50 discount) _____
   2) A free apparel product (e.g., T-shirt, scarf, socks, etc.) valued $19.50 or less in store with purchase of jeans at regular price of $58.00 _____
   3) A free non-apparel product (e.g., tote bag, diary, perfume, etc.) valued $19.50 or less in store with purchase of jeans at regular price of $58.00 _____

Scenario 2).

"Suppose you went to J. Crew to buy a shirt. J. Crew sells a French-cuff shirt at regular price of $58.00 and gives a free gift of non apparel product (e.g., tote bag, diary, perfume, etc.) priced $19.50 or less in store."

French-cuff shirt
Cotton in one-on-end weave
Each color crossed with white
Black, white, quartz, blue

6. Assuming you wish to buy this product during promotional period, how much are you willing to pay for this product?

   ____

7. How much do you think this product ought to cost?

   ____

8. How much would you be willing to pay for this product after the promotional period?

   ____

9. Assuming you want to buy this product, but it's no longer on promotion, are you willing to buy this product at regular price of $58.00?

   Yes _____ No _____

10. Assuming you could choose a type of promotion, which one would you choose?

    1) Off price from $58.00 to $38.50 (19.50 discount) _____
    2) A free apparel product (e.g., T-shirt, scarf, socks, etc.) valued $19.50 or less in store with purchase of shirt at regular price of $58.00 _____
    3) A free non-apparel product (e.g., tote bag, diary, perfume, etc.) valued $19.50 or less in store with purchase of shirt at regular price of $58.00 _____

Demographic Information:

Directions: Please check/mark the appropriate answer to each of the following items.

Age : Under 20 ____
21 - 25 ____
26 - 30 ____
Over 31 ____

Nationality: us citizen ____
non us citizen ____

Marital Status : Married ____
Single ____

Education Level At present : Freshman ____
Sophomore ____
Junior ____
Senior ____
Master ____
Ph. D. ____
Other __________

THANK YOU FOR YOUR PARTICIPATION !

APPENDIX C

Questionnaire 3

Scenario 2).

"Suppose you went to J. Crew to buy a shirt. J. Crew sells a French-cuff shirt on sale from $58.00 original price to $38.50 ($19.50 discount)."

French-cuff shirt
Cotton in one-on-end weave
Each color crossed with white
Black, white, quartz, blue

6. Assuming you wish to buy this product during promotional period, how much are you willing to pay for this product?

   ____

7. How much do you think this product ought to cost?

   ____

8. How much would you be willing to pay for this product after the promotional period?

   ____

9. Assuming you want to buy this product, but it's no longer on promotion, are you willing to buy this product at regular price of $58.00?

   Yes ____ No ____

10. Assuming you could choose a type of promotion, which one would you choose?

    1) Off price from $58.00 to $38.50 (19.50 discount) ____
    2) A free apparel product (e.g., T-shirt, scarf, socks, etc.) valued $19.50 or less in store with purchase of shirt at regular price of $58.00 ____
    3) A free non-apparel product (e.g., tote bag, diary, perfume, etc.) valued $19.50 or less in store with purchase of shirt at regular price of $58.00 ____

Demographic Information:

Directions: Please check/mark the appropriate answer to each of the following items.

Age : Under 20 ____
21 - 25 ____
26 - 30 ____
Over 31 ____

Nationality: us citizen ____
non us citizen ____

Marital Status : Married ____
Single ____

Education Level At present : Freshman ____
Sophomore ____
Junior ____
Senior ____
Master ____
Ph. D. ____
Other ________

THANK YOU FOR YOUR PARTICIPATION !

APPENDIX D

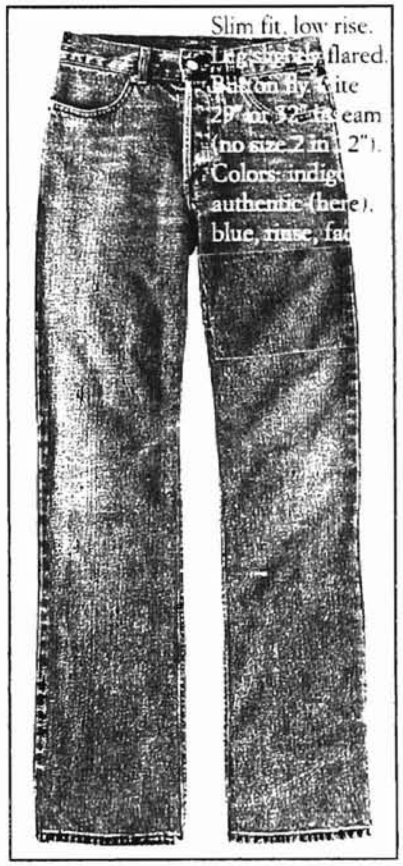
Questionnaire 4

QUESTIONNAIRE -4

Directions: Please imagine the following products, read the following scenarios, and check an appropriate answer to each of the following items.

Scenario 1).

"Suppose you went to J. Crew to buy jeans.
J. Crew sells a pair of denim jeans at regular price of $58.00 and gives a free gift of apparel product (e.g., T-shirt, scart, socks, etc.) priced $19.50 or less in store."



Boot cut jeans
Slim fit, low rise.
Leg slightly flared.
Indigo, Authentic,
Blue, rinse, fad.

1. Assuming you wish to buy this product during promotional period, how much are you willing to pay for this product?

   ____

2. How much do you think this product ought to cost?

   ____

3. How much would you be willing to pay for this product after the promotional period?

   ____

4. Assuming you want to buy this product, but it's no longer on promotion, are you willing to buy this product at regular price of $58.00?

   Yes _____ No _____

5. Assuming you could choose a type of promotion, which one would you choose?

   1) Off price from $58.00 to $38.50 (19.50 discount) _____
   2) A free apparel product (e.g., T-shirt, scarf, socks, etc.) valued $19.50 or less in store with purchase of jeans at regular price of $58.00 _____
   3) A free non-apparel product (e.g., tote bag, diary, perfume, etc.) valued $19.50 or less in store with purchase of jeans at regular price of $58.00 _____

Scenario 2).

"Suppose you went to J. Crew to buy a shirt. J. Crew sells a French-cuff shirt at regular price of $58.00 and gives a free gift of non apparel product" (e.g., tote bag, diary, perfume, etc.) priced $19.50 or less in store."

French-cuff shirt
Cotton in one-on-end weave
Each color crossed with white
Black, white, quartz, blue

6. Assuming you wish to buy this product during promotional period, how much are you willing to pay for this product?

   ____

7. How much do you think this product ought to cost?

   ____

8. How much would you be willing to pay for this product after the promotional period?

   ____

9. Assuming you want to buy this product, but it's no longer on promotion, are you willing to buy this product at regular price of $58.00?

   Yes ____ No ____

10. Assuming you could choose a type of promotion, which one would you choose?

    1) Off price from $58.00 to $38.50 (19.50 discount) ____
    2) A free apparel product (e.g., T-shirt, scarf, socks, etc.) valued $19.50 or less in store with purchase of shirt at regular price of $58.00 ____
    3) A free non-apparel product (e.g., tote bag, diary, perfume, etc.) valued $19.50 or less in store with purchase of shirt at regular price of $58.00 ____

Demographic Information:

Directions: Please check/mark the appropriate answer to each of the following items.

Age : Under 20 ____
21 - 25 ____
26 - 30 ____
Over 31 ____

Nationality: us citizen ____
non us citizen ____

Marital Status : Married ____
Single ____

Education Level At present :
Freshman ____
Sophomore ____
Junior ____
Senior ____
Master ____
Ph. D. ____
Other ________

THANK YOU FOR YOUR PARTICIPATION !

APPENDIX E

Questionnaire 5

QUESTIONNAIRE -5

Directions: Please imagine the following products, read the following scenarios, and check an appropriate answer to each of the following items.

Boot cut jeans
Slim fit, low rise.
Leg slightly flared.
Indigo, Authentic,
Blue, rinse, fad.

Scenario 1).

"Suppose you went to J. Crew to buy jeans. J. Crew sells a pair of denim jeans at regular price of $58.00 and gives a free gift of non apparel product (e.g., tote bag, diary, perfume, etc.) priced $19.50 or less in store."

1. Assuming you wish to buy this product during promotional period, how much are you willing to pay for this product?

   ____

2. How much do you think this product ought to cost?

   ____

3. How much would you be willing to pay for this product after the promotional period?

   ____

4. Assuming you want to buy this product, but it's no longer on promotion, are you willing to buy this product at regular price of $58.00?

   Yes ____ No ____

5. Assuming you could choose a type of promotion, which one would you choose?

   1) Off price from $58.00 to $38.50 (19.50 discount) ____
   2) A free apparel product (e.g., T-shirt, scarf, socks, etc.) valued $19.50 or less in store with purchase of jeans at regular price of $58.00 ____
   3) A free non-apparel product (e.g., tote bag, diary, perfume, etc.) valued $19.50 or less in store with purchase of jeans at regular price of $58.00 ____

Scenario 2).

"Suppose you went to J. Crew to buy a shirt. J. Crew sells a French-cuff shirt on sale from $58.00 original price to $38.50 ($19.50 discount)."

French-cuff shirt
Cotton in one-on-end weave
Each color crossed with white
Black, white, quartz, blue

6. Assuming you wish to buy this product during promotional period, how much are you willing to pay for this product?

____

7 How much do you think this product ought to cost?

____

8 How much would you be willing to pay for this product after the promotional period?

____

9. Assuming you want to buy this product, but it's no longer on promotion, are you willing to buy this product at regular price of $58.00?

Yes _____ No _____

10. Assuming you could choose a type of promotion, which one would you choose?

1) Off price from $58.00 to $38.50 (19.50 discount) _____
2) A free apparel product (e.g., T-shirt, scarf, socks, etc.) valued $19.50 or less in store with purchase of shirt at regular price of $58.00 _____
3) A free non-apparel product (e.g., tote bag, diary, perfume, etc.) valued $19.50 or less in store with purchase of shirt at regular price of $58.00 _____

Demographic Information:

Directions: Please check/mark the appropriate answer to each of the following items.

Age . Under 20 ____
21 - 25 ____
26 - 30 ____
Over 31 ____

Nationality. us citizen ____
non us citizen ____

Marital Status : Married ____
Single ____

Education Level At present : Freshman ____
Sophomore ____
Junior ____
Senior ____
Master ____
Ph. D. ____
Other ________

THANK YOU FOR YOUR PARTICIPATION !

APPENDIX F

Questionnaire 6

QUESTIONNAIRE -6

Directions: Please imagine the following products, read the following scenarios, and check an appropriate answer to each of the following items.

Scenario 1).

"Suppose you went to J. Crew to buy jeans. J. Crew sells a pair of denim jeans at regular price of $58.00 and gives a free gift of non apparel product (e.g., tote bag, diary, perfume, etc.) priced $19.50 or less in store."

Boot cut jeans
Slim fit, low rise.
Leg slightly flared.
Indigo, Authentic,
Blue, rinse, fad.

1. Assuming you wish to buy this product during promotional period, how much are you willing to pay for this product?

   ____

2. How much do you think this product ought to cost?

   ____

3. How much would you be willing to pay for this product after the promotional period?

   ____

4. Assuming you want to buy this product, but it's no longer on promotion, are you willing to buy this product at regular price of $58.00?

   Yes ____ No ____

5. Assuming you could choose a type of promotion, which one would you choose?

   1) Off price from $58.00 to $38.50 (19.50 discount) ____
   2) A free apparel product (e.g., T-shirt, scarf, socks, etc.) valued $19.50 or less in store with purchase of jeans at regular price of $58.00 ____
   3) A free non-apparel product (e.g., tote bag, diary, perfume, etc.) valued $19.50 or less in store with purchase of jeans at regular price of $58.00 ____

Scenario 2).

"Suppose you went to J. Crew to buy a shirt. J. Crew sells a French-cuff shirt at regular price of $58.00 and gives a free gift of apparel product (e.g., T-shirt, scarf, socks, etc.) priced $19.50 or less in store."

French-cuff shirt
Cotton in one-on-end weave
Each color crossed with white
Black, white, quartz, blue

6. Assuming you wish to buy this product during promotional period, how much are you willing to pay for this product?

   ____

7. How much do you think this product ought to cost?

   ____

8. How much would you be willing to pay for this product after the promotional period?

   ____

9. Assuming you want to buy this product, but it's no longer on promotion, are you willing to buy this product at regular price of $58.00?

   Yes ____ No ____

10. Assuming you could choose a type of promotion, which one would you choose?

    1) Off price from $58.00 to $38.50 (19.50 discount) ____
    2) A free apparel product (e.g., T-shirt, scarf, socks, etc.) valued $19.50 or less in store with purchase of shirt at regular price of $58.00 ____
    3) A free non-apparel product (e.g., tote bag, diary, perfume, etc.) valued $19.50 or less in store with purchase of shirt at regular price of $58.00 ____

Demographic Information:

Directions: Please check/mark the appropriate answer to each of the following items.

Age : Under 20 ____
21 - 25 ____
26 - 30 ____
Over 31 ____

Nationality: us citizen ____
non us citizen ____

Marital Status : Married ____
Single ____

Education Level At present : Freshman ____
Sophomore ____
Junior ____
Senior ____
Master ____
Ph. D. ____
Other ________

THANK YOU FOR YOUR PARTICIPATION !

OKLAHOMA STATE UNIVERSITY
INSTITUTIONAL REVIEW BOARD
HUMAN SUBJECTS REVIEW

Date: January 21, 1998 **IRB #: HE-98-042**

Proposal Title: COMPARISON OF PROMOTION METHODS ON CONSUMERS' PRICE PERCEPTION AND THEIR POST PROMOTION RESPONSE

Principal Investigator(s): Nancy Stanforth, Jung Im Shin

Reviewed and Processed as: Expedited

Approval Status Recommended by Reviewer(s): Approved

ALL APPROVALS MAY BE SUBJECT TO REVIEW BY FULL INSTITUTIONAL REVIEW BOARD AT NEXT MEETING, AS WELL AS ARE SUBJECT TO MONITORING AT ANY TIME DURING THE APPROVAL PERIOD.
APPROVAL STATUS PERIOD VALID FOR DATA COLLECTION FOR A ONE CALENDAR YEAR PERIOD AFTER WHICH A CONTINUATION OR RENEWAL REQUEST IS REQUIRED TO BE SUBMITTED FOR BOARD APPROVAL.
ANY MODIFICATIONS TO APPROVED PROJECT MUST ALSO BE SUBMITTED FOR APPROVAL.

Comments, Modifications/Conditions for Approval or Disapproval are as follows:

Signature: John H. Wyckoff

Chair of Institutional Review Board

Date: January 26, 1998

Cc: Jung Im Shin

2

VITA

Jung Im Shin

Candidate for the Degree of

Master of Science

Thesis: COMPARISON OF PROMOTIONAL METHODS ON CONSUMERS' PRICE PERCEPTION AND THEIR POST PROMOTIONAL RESPONSE

Major Field: Design, Housing and Merchandising

Biographical:

Personal Data: Born in Seoul, Korea, on May 12, 1966, the daughter of Kwang Sik Shin and Myung Sook Kim.

Education: Graduated from Myung-ji High School, Seoul, Korea, in Feb, 1985: received Bachelor of Art degree in Graphic Design from Sang Myung Women's University, Seoul, Korea, in Feb, 1989; received Master of Art degree in Advertising Design from Ewha Women's University, Seoul, Korea, in January, 1993; completed requirements for the Master of Science degree with a major in Apparel Merchandising at Oklahoma State University in July, 1998.

Professional Experience: Apparel Designer, U-bon Enterprise, Seoul, Korea, January 1989 to April 1990; Graphic Designer, Esprit De Corp., Seoul, Korea, August 1990 to August 1992