

## Studying the Effects of Negative and Positive Perceptions of Price on Price Mavenism

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**Abstract:** Despite the importance of price mavens, little empirical research exists on understanding its theoretical and marketing drivers; especially in different cultural contexts Buyers in Iran often communicate positive and negative purchasing experiences through Word-of-Mouth (WOM), which creates special problems and opportunities for marketers. Price mavenism, which is associated with price-information searching and price-sharing behavior, is often considered as negative dimension of price. The purpose of this study, however, is to propose price mavenism as an outcome variable arising from both positive perceptions of price (prestige sensitivity) and negative perceptions (price and value consciousness). For this purpose structured questionnaire was developed to collect data and totaling 206 questionnaires of Iranian consumers were analyzed. The conceptual model was tested using structural equation modeling. This study found that prestige sensitivity, price consciousness and value consciousness shaped price mavenism among the Iranians, supporting the idea that price mavenism arises from both positive and negative perceptions of price.

**Keywords:** Iranian consumers, prestige sensitivity, price consciousness, price mavenism, value consciousness

### INTRODUCTION

One of the greatest paradigm shifts in marketing over the past two decades has been the change in marketer objectives from a transaction focus to a relationship focus (Allaway *et al.*, 2006). Consumer behavior is the study of human responses to products, services and the marketing of products and services. The topic has considerable importance to marketing managers and marketing researchers because the focus on the consumer is the key contribution of marketing to business practice (Kardes, 2003) indeed, the principle of consumer primacy is the central point on which the marketing field is based. According to this concept, the consumer should be at the center of the marketing efforts (Mowen and Michael, 2001). Many successful companies have recognized the importance of consumers and have sophisticated approaches and detailed data from which to develop organizational and marketing strategies. For many years, the marketing concept was not understood or implemented properly by firms. Often, even firms that accepted the marketing concept in principle did not recognize that the marketing concept required the organization to change its existing practices dramatically. In general, these firms viewed implementing the marketing concept as a marketing task rather than something in which the entire organization had to be involved. Although these

companies conducted marketing and consumer research, this research was seldom used as the basis for designing not only the marketing strategy but also the entire organizational strategy (Peter and Olson, 2010). But recently many Companies are making changes to serve consumers better.

In Iran, in spite of the high importance of understanding consumers' apparel shopping behaviors, little research has been done. The aim of this study is providing practical information for apparel retailers to understand Iranian consumers' apparel shopping behaviors, help them in developing and evaluating their marketing strategies to meet the needs of these consumers and suggest effective way of reaching and targeting Iranian consumers.

Price mavenism is a term adapted from Feick and Price (1987) concept of market mavenism. Price mavens, like their market maven counterparts, collect price information in order to share it with others and obtain social returns from their search behavior. Price mavenism, however, differs from market mavenism in three respects: First, price mavenism is associated only with price-information searching and price-sharing behavior. Second, it has traditionally been regarded as a negative perception of price -i.e., price is negatively related to purchase possibility lastly, price mavenism is a socially-or culturally embedded phenomenon (Byun and Sternquist, 2010).

Despite the importance of price mavens, little empirical research exists on understanding its theoretical and marketing drivers, especially in different cultural contexts. Like other Asian consumers, Iranian consumers communicate positive and negative purchasing experiences through Word-of-Mouth for (WOM), which creates special problems and opportunities for marketers. Since price mavens use WOM to spread price-related information for many products, it is valuable to explore this phenomenon in Iran.

Culture affects consumption patterns and market behavior. For example, Aaker and Schmitt (2001) found differences between the Chinese and Americans in terms of self-construal patterns and self-expression, which eventually impact their product/brand choices. In examining the culturally embedded characteristics of price mavenism, we address the limitations of theoretical positioning of price mavenism solely as a dimension of a negative price perception and remodel it as an outcome variable arising from both a positive price perception (prestige sensitivity) and negative perceptions (price and value consciousness). This study focuses on prestige sensitivity, price consciousness and value consciousness as possible predictors for price mavenism.

## LITERATURE REVIEW

**Multi-dimensions of price perceptions:** While most studies investigated the effect of price on product evaluation as a uni-dimensional cue (Chang and Wildt, 1994), Lichtenstein *et al.* (1993) argued that a price cue is multi-dimensional and can be either positive or negative in purchase decision-making. On the positive side, higher prices may indicate higher quality or prestige. For those with a positive price perception, the higher the price, the greater the purchase probability. Researchers have suggested that price/quality schema and prestige sensitivity indicate a positive price perception. On the negative side of price cues, higher prices negatively affect purchase probability. Price consciousness, value consciousness, price mavenism, sales proneness and coupon proneness reflect a negative price perception.

**Price mavenism:** Adapting the market mavenism concept to a price construct, Lichtenstein *et al.* (1993) defined price mavenism as “the degree to which an individual is a source for price mavenism information for many kinds of products and places to shop for the lowest prices, initiates discussions with consumers and responds to requests from consumers for marketplace price information” (p. 235). They argued that an

individual’s desire to know about marketplace prices is related to a negative price perception, measuring this tendency using six items:

- People ask me for information about prices for different types of products.
- I am considered somewhat of an expert when it comes to knowing the prices of products.
- For many types of products, I would be better able than most people to tell someone where to shop to get the best price.
- I like helping people by providing them with price information about many types of products.
- My friends think of me as a good source of price information.
- I enjoy telling people how much they might expect to pay for different kinds of products.

We question the theoretical positioning of price mavenism as solely a reflection of a negative price perception. First, there is a lack of coherence between the definition and the measures (Lichtenstein *et al.*, 1993) used. The authors, in their definition, limited consumer price knowledge and searching behavior to the lowest prices. However, in their actual measurement they covered broad price information for many types of stores and products. The degree to which an individual is a source of price information may not reflect a negative price perception in certain cultures. For example, Sternquist *et al.* (2004), who studied price perceptions among Asian consumers and found that price mavenism was cross-loaded in both positive and negative ways for Korean consumers, imply that price mavenism is more complex than Lichtenstein *et al.* (1993) proposed.

Moreover, items four and six capture a positive valence or an affective evaluation (such as enjoyment or pleasure) from consumers’ sharing their price information with others. Although a negative price perception can apparently bring pleasure to price mavens, enjoyment from price sharing may reflect an individual trait as well as a culturally embedded characteristic. In a collectivistic culture like Iran, knowledge sharing among group members is primarily valued for its social network relations, suggesting that enjoyment derived from information sharing may not be limited to a negative role of price. Accordingly, we propose that a positive perception of price (especially prestige sensitivity due to conspicuous public consumption behavior) as well as a negative perception of price (in particular, price and value consciousness) may both drive price mavenism in Iran. We consequently modify the definition by Lichtenstein *et al.* (1993) Price mavenism is the degree to which an

individual is a source of information about a broad range of prices for many kinds of products and places to shop and enjoy sharing information with others and responding to requests from consumers for marketplace price information (Byun and Sternquist, 2010).

**Prestige sensitivity:** Prestige sensitivity is related to socially visible consumption behaviors. It reflects “a favorable perception of the price cue based on feelings of Prominence and status that higher prices signal to other people about the purchaser” (Lichtenstein *et al.*, 1993). Prestige-seeking people tend to purchase expensive brands and consider price as an indicator to show their social status and fulfill a need for uniqueness. People are often concerned about what other people think of them. Some products are image products and people often buy these products to impress others (Kardes, 2003) prestige-seeking among Asian consumers may have different roots than it does in Western cultures, where it is associated more with the purchasers’ internal traits or private consumption. In Asian cultures same people who are price-conscious in their private consumption, purchase prestigious products for special occasions and public consumption and tend to be less conscious about price and represent the prevailing criteria for purchasing will be prestige, brand name and packaging (Byun and Sternquist, 2010). In our country that social status and prestige is considered as a very important and valuable matter, this is a critical phenomena.

**Price consciousness:** Price is central to consumer behavior due to its presence in all purchasing situations. It is ubiquitous in the marketing literature including inquiry into consumer use of reference prices, response to price reductions price as a signal for quality or value, as well as other areas. When price is perceived as a positive cue, it signals quality, prestige or status to the consumer (Lichtenstein *et al.*, 1990; Monroe and Krishnan, 1985). In its negative role, price is perceived purely as an economic sacrifice. The literature identifies a number of constructs that represent price in its negative role including: price consciousness, sale proneness, value consciousness and price mavenism. Price consciousness refers to “the degree to which a consumer focuses exclusively on paying low prices” (Lichtenstein *et al.*, 1993). People of various cultures have different value systems which lead to differences consumer shopping attitude and purchase behavior. For example Chinese consumers, whose value system is based on frugality, tend to be very price sensitive, especially when it comes to purchasing goods for personal consumption (Ackerman and Tellis, 2001).

Sinha and Batra (1999) consider price consciousness as an attitude-like enduring predisposition that varies in intensity across individuals: some individuals are simply more conscious of the prices they pay than others. Therefore, different consumer segments can be distinguished based on their price consciousness (e.g., high vs. low). Less price conscious consumers are not very involved with the price aspect of the purchase and wish to engage in little price search (Delgado and Palazon, 2009).

**Value consciousness:** Value is an important marketing concept, marketing research has adopted many varying views on value and value often has taken a back seat to more focal concepts such as quality and satisfaction (Babin and James, 2010). Although Importance of customer value is well recognized, there is no clear definition of the concept (Wang *et al.*, 2004). In early studies and Traditionally conceptualizations of value were mainly price based and determined by product quality, relative price (Sigala, 2006). Zeithaml (1988) offers a comprehensive review of value and describes four basic definitions derived from the varying usages of the term in marketing research. Each view is from the perspective of the consumer. The first definition equates value with price. Under this paradigm, a low price means high value, so value can be created by offering consumers’ discounts, true everyday low pricing or making coupons available for the goods they want. Under the second definition, value is achieved when a consumer gets all he or she wanted from the purchase of a product. Here, consumers weigh all relevant choice criteria, subjective and objective, qualitative and quantitative, to arrive at an eventual overall perception of product usefulness. Value is obtained ultimately by the benefits linked to specific product attributes and focuses on the get aspects of consumption. Zeithaml (1988) describes a third view in which value is a straightforward calculation of quality received less the price paid. A consumer receives benefits in the form of quality performance on key attributes and this quality is weighed against the price of the offering in determining perceived value. This is a common operationalization that generally depicts value as intervening between perceived quality, sacrifice and product purchase intentions. The fourth definition takes the third definition and expands on it by stating “value is what I get versus what I give” (Zeithaml, 1988). This concept of value encompasses the overall “give,” which includes factors such as effort, time, opportunity and emotions as well as the overall “get,” which includes quality as well as emotions, prestige and convenience.



Fig. 1: Conceptual model

Babin and James (2010) build on this approach and propose a multidimensional representation of value capturing the relative and subjective worth of consumer shopping activities. The personal shopping value scale captures value parsimoniously with two dimensions: utilitarian value and hedonic value.

Utilitarian value results when a consumer evaluates a consumption activity as successful in that a desired end result is achieved. In a shopping context, this is typified when a specific product motivates a shopping trip and that product is indeed purchased while shopping. The more efficient the consumption activity, in terms of minimizing the expenditure of resources, the higher is the value. Surprises, distractions, delays and interruptions usually work against utilitarian value. Hedonic value results when a consumption activity, as experienced by a consumer, is in and of itself gratifying. This can be derived from favorable emotions accompanying the interaction between a consumer and some marketing environment or experience (Babin and James, 2010). Wang *et al.* (2004) considered four factors for customer value: functional value, social value, emotional value and customer perceived sacrifices are proposed as the key dimensions of customer value. In addition, customer value is relativistic because it involves preferences among objects, it varies among people and it is specific to the context. Value is, therefore, comparative, personal and situational. Further, value is the outcome of an evaluative judgment and thus preferential. Holbrook notes that value (singular) as an outcome differs from values (plural) that are used as standards, rules, criteria, norms, goals or ideals for the evaluative judgment (Rintamkial *et al.*, 2006). Perceived value is the customer's overall assessment of the utility of a product based on Perceptions of what is received and what is given. Consumers' perception of value is influenced by differences in monetary costs, nonmonetary costs,

Table 1: The representative nature of the data collected variable level frequency percent

Variable	Level	Frequency	%
Gender	Male	114	55/3
	Female	92	44/7
	Total	206	100
Age	Under 20	40	19/4
	20-34	106	51/5
	35-50	40	19/4
	More than 50	20	9/7
Education	Elementary	48	23/3
	High school or similar	12	5/8
	College	138	67/0
	MA and higher	8	3/9
Monthly income (million Rials)	<3	8	3/9
	3-5	8	3/9
	5-10	120	58/3
	>10	70	34
	Total	206	100
Marital status	Single never married	80	38/8
	Married	98	47/6
	Divorced widowed	28	13/6

Table 2: Questionnaire items references

Variable	Adapted from
Prestige sensitivity	Prasad and Aryasari (2011) and Byun and Sternquist (2010)
Price consciousness	Prasad and Aryasari (2011), Byun and Sternquist (2010) and Neely <i>et al.</i> (2010)
Value consciousness	Prasad and Aryasari (2011), Byun and Sternquist (2010) and Parkpops (2010)
Price mavenism	Byun and Sternquist (2010) and Lichtenstein <i>et al.</i> (1993)

customer tastes and customer characteristics (Andreassen and Lindestad, 1998). The present study concurs with the majority of researchers who have defined customer value in terms of get (benefit) and give (sacrifice) components. Figure 1 presents the conceptual model of this study.

**Hypotheses:** From the previous literature on price mavenism, prestige sensitivity, price consciousness and value consciousness, the following research hypotheses were formulated for this study:

- H1:** Prestige sensitivity will have a positive impact on price mavenism.
- H2:** Price consciousness will have a positive impact on price mavenism.
- H3:** Value consciousness will have a positive impact on price mavenism.

## METHODOLOGY

**Sampling and data collection:** A self-administered questionnaire was distributed to a convenience sample of 250 Iranian consumers living in Arak, a city of Iran. After eliminating those completed incorrectly or missing too many questions, Totaling 206 usable questionnaires were collected. Table 1 displays the traits of the sample.

Table 3: Integrative model statistics

	Cronbach's alpha	Mean	S.D.	AVE	PS	PC	VC	PM
Prestige Sensitivity (PS)	0.70	4.286	1.425	0.66	1.000			
Price Consciousness (PC)	0.78	3.811	1.725	0.73	0.576	1.000		
Value Consciousness (VC)	0.92	4.556	1.114	0.64	0.343	0.135	1.00	
Price Mavenism (PM)	0.75	2.139	1.084	0.52	0.356	0.505	1.00	1.00

S.D.: Standard deviation

**Measures:** A questionnaire with closed-response questions using five-point-rating scales was developed. Respondents are asked to indicate their levels of agreement from “1” (strongly disagree) to “5” (strongly agree).

All measurement items developed based on the review of the most relevant literature on marketing and shopping behaviors (Table 2).

Validity was tested through a variation of the whereby each item is qualified by a panel of experts as “clearly representative”, “somewhat representative” or “not representative” of the construct of interest. An item was retained if a high level of consensus was observed among the experts.

The internal consistency of the questionnaire was tested through reliability analysis using Cronbach’s alpha. Reliability estimates for the construct variables are, Prestige sensitivity (0.70), Price consciousness (0.78), Value consciousness (0.92) and Price mavenism (0.75) revealing a high degree of reliability. All reliability results exceeded 0.70 limit of the acceptability. The Cronbach Alpha indicator, considering a minimum value of 0.7. All items were adjusted to the required levels.

**RESULTS**

**Measurement model:** For data analysis before testing the hypothesizes we used Confirmatory factor analysis to evaluate the Convergent and discriminant validities of the measures. All of the items had standard t value and weren’t remove due to the standard t-values (>1.96) at significance level of 0.05.

The average variance extracted for each construct was greater than the recommended threshold of 0.50. The factor loading values for each individual indicator to its respective latent variable were highly and all loading coefficients were above 0.50. These results provided evidence that the measured items robustly represented the underlying constructs, showing satisfactory convergent validity. In addition, the average variance extracted for each construct was greater than the shared variance between that construct and all other constructs, verifying discriminant validity. Therefore, the sample of this study revealed satisfactory reliability and validity of the scales. Although the  $\chi^2$  was significant  $\chi^2 = 304.59$ ,  $df = 263$ ,  $p < 0.05$ , the other goodness-of-fit indices for the measurement model showed an acceptable fit (CFI = 0.80, IFI = 0.89,

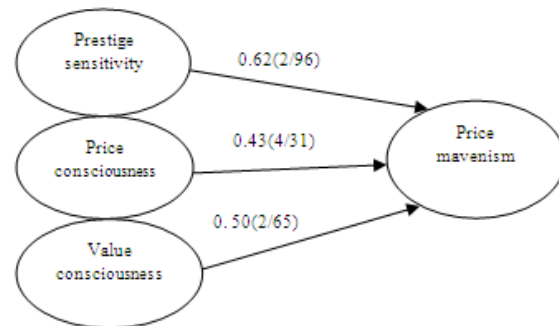


Fig. 2: Structural model

RMSEA = 0.059). Table 3 presents means, standard deviations, AVE and correlations among the constructs.

**Structural model:** After insurance of good fitness of model, the hypothesized model was tested via structural equation modeling. All parameter estimates for the structural paths were positive and significant. As proposed, the effects of prestige sensitivity, price consciousness and value consciousness on price mavenism were, respectively, 0.62 (t = 2.96), 0.43 (t = 4.31) and 0.50 (t = 3.65),  $p = 0.05$  which support H1, H2 and H3 (Fig. 2).

**DISCUSSION**

Price mavenism, derived from market mavenism, has been considered a negative dimension of price, according to previous researchers (Lichtenstein *et al.*, 1993). But in this research, we proposed a new view of price mavenism as an outcome variable arising from both positive and negative perceptions of price. We confirmed all hypothesized relationships. Prestige sensitivity (a positive dimension of price) and price consciousness and value consciousness (a negative dimension of price) drive price mavenism.

**Limitations and future studies:** This exploratory study was conducted to investigate relationships between negative and positive perceptions of price on price mavenism. For this purpose have used the data collection from a geographical area and convenience sampling. So generalizations of the findings of this study to other markets are limited due to the differences in consumers and retail formats available in various

places. Future research could compare shopping behaviour within large formats across different markets. Second, this study investigated shopping tendencies in general, not a specific product category. Third, future research should replicate this study in other cultural settings. Various cultural and market influences across countries may alter drivers of price mavenism.

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