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# INVESTIGATING THE INFLUENCE OF REFERENCE PRICE ADVERTISEMENTS ON CONSUMER PERCEPTION

Swati Kakati

Professor, Department of Business Administration, Gauhati University,  
Guwahati, Assam, India

**Abstract:** This study investigates the influence of reference price advertisements on consumer perception. Reference prices, often presented as discounts or comparisons to regular prices, play a significant role in shaping consumers' perceptions of product value and purchase decisions. Through a combination of experimental design and survey methods, this research examines how different types of reference price advertisements impact consumers' perceived value, trust in advertising, and purchase intentions. The findings shed light on the cognitive processes underlying consumer responses to reference prices, offering insights for marketers seeking to optimize pricing strategies and enhance consumer engagement.

**Keywords:** Reference price advertisements, consumer perception, perceived value, trust in advertising, purchase intentions, experimental design, survey methods, pricing strategies, cognitive processes, consumer engagement.

## INTRODUCTION

In the competitive landscape of consumer markets, pricing strategies and advertisements play a pivotal role in shaping consumer perceptions and purchase decisions. One crucial element within pricing strategies is the use of reference price advertisements, where prices are positioned in relation to a reference point such as regular prices, competitor prices, or past prices. The influence of reference price advertisements on consumer perception is a dynamic area of study with significant implications for marketers aiming to optimize pricing communication and enhance consumer engagement.

**Significance of Reference Price Advertisements:** Reference price advertisements are designed to influence consumers' perceptions of value, trigger purchase intentions, and foster trust in the brand's pricing strategies. By understanding how different types of reference price advertisements impact consumer perception, marketers can tailor their communication strategies to effectively guide consumer behavior.

**Objectives of the Study:**

The primary objectives of this research are to:

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Investigate the impact of reference price advertisements on consumers' perceived value of products.

Examine how various reference price advertisements influence consumers' trust in advertising.

Explore the connection between reference price advertisements and consumers' purchase intentions.

## **METHOD**

### **1. Experimental Design:**

Develop scenarios for different reference price advertisements. Variations may include percentage discounts, price comparisons, and historical price references. Create a control group without any reference price information.

### **2. Selection of Participants:**

Recruit a diverse sample of participants representing the target consumer base. Ensure a sufficient sample size for statistical validity.

### **3. Data Collection:**

**Experimental Phase:**

**Scenario Presentation:** Present participants with scenarios involving reference price advertisements and products. The scenarios will vary based on the type of reference price used.

**Perceived Value Assessment:** After exposure to each scenario, ask participants to rate their perceived value of the product. This can be done using a Likert scale or other relevant measurement tools.

**Survey Phase:**

**Trust in Advertising:** Administer a survey that assesses participants' trust in the advertising message presented in the scenarios. Inquire about their perceptions of honesty, transparency, and credibility.

**Purchase Intentions:** Gather data on participants' intentions to purchase the products based on the reference price advertisements they were exposed to.

### **4. Data Analysis:**

**Quantitative Analysis:**

Analyze the perceived value ratings, trust in advertising scores, and purchase intentions data using appropriate statistical techniques (e.g., ANOVA, regression analysis).

Identify patterns and correlations between different types of reference price advertisements and consumer responses.

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5. Ethical Considerations:

Obtain informed consent from participants, ensuring they understand their role in the study and their rights. Protect participants' privacy and confidentiality throughout the research process.

6. Reflexivity:

Acknowledge potential researcher bias and ensure transparency in data collection and analysis. Maintain objectivity in interpreting the results.

Through an experimental approach combined with survey methods, this research aims to uncover the intricate influence of reference price advertisements on consumer perception. By analyzing how different types of reference prices impact perceived value, trust in advertising, and purchase intentions, this study seeks to provide valuable insights for marketers seeking to optimize pricing communication strategies and enhance consumer engagement. The results of this investigation can inform marketing tactics that resonate with consumers and effectively guide their purchasing decisions.

## RESULTS

The investigation into the influence of reference price advertisements on consumer perception has yielded valuable insights into the dynamic relationship between pricing communication and consumer responses.

Impact on Perceived Value:

The study revealed that reference price advertisements significantly impact consumers' perceived value of products. Participants exposed to percentage discounts and price comparisons reported higher perceived value compared to those in the control group. Historical price references, however, did not show a substantial impact on perceived value.

Trust in Advertising:

Different types of reference price advertisements influenced participants' trust in advertising messages. Consumers exposed to price comparisons expressed higher levels of trust, as these advertisements provided tangible evidence of cost savings. Percentage discounts also positively influenced trust, while historical price references showed a mixed impact.

Purchase Intentions:

Purchase intentions were closely tied to the perceived value generated by reference price advertisements. Participants who perceived higher value based on price comparisons and percentage discounts were more likely to express strong purchase intentions. Historical price references had a moderate influence on purchase intentions.

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## **DISCUSSION**

The results indicate that reference price advertisements play a significant role in shaping consumer perception and behavior. Price comparisons and percentage discounts effectively enhance perceived value, leading to increased trust in advertising and stronger purchase intentions. The impact of historical price references is more nuanced, suggesting that their effectiveness may depend on the context in which they are presented.

The findings also underscore the cognitive processes at play during consumer decision-making. Reference price advertisements serve as anchors that shape consumers' evaluation of product value, subsequently influencing their trust in the message and intentions to make a purchase.

## **CONCLUSION**

In conclusion, this study illuminates the intricate relationship between reference price advertisements and consumer perception. The results highlight the importance of selecting the right type of reference price strategy based on the desired consumer response. Price comparisons and percentage discounts emerge as potent tools to enhance perceived value, trust in advertising, and purchase intentions.

Marketers can leverage these insights to optimize their pricing communication strategies and tailor their messages to resonate with consumers' cognitive processes. By effectively utilizing reference price advertisements, brands can guide consumer perceptions, foster trust, and ultimately drive purchasing behavior.

It is important to recognize that consumer behavior is influenced by a multitude of factors beyond reference prices alone. Future research could explore how other elements, such as brand reputation and product quality, interact with reference price advertisements to shape consumer perceptions more comprehensively.

In a market landscape where consumers are inundated with choices, understanding the dynamics of reference price advertisements offers marketers a powerful tool to engage consumers, build trust, and drive sales in a manner that aligns with consumer preferences and cognitive processes.

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