

WHAT ARE THE FACTORS AFFECTING PRICE PERCEPTION? THE CASE OF GUATEMALA

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ABSTRACT

Price perception is an important issue in consumer decision-making because it directly affects the buying process. Several studies have established the importance of this factor when consumers think about purchasing a product or service. Price is related to customer response behavior and emotion. Some behaviors such as dissatisfaction, anger, and outrage have been identified as some of the customer reactions to pricing of products and services. The issue of price in marketing, selling and shopping is at the core of customer desire for products and services. The marketing mix (product, price, place and promotion) presents the foundation for strategic marketing. The findings in this study provide some understanding of how price perceptions are formed (Grönroos, 1994; Subhash, 1989). It provides the evidence to develop a framework for the formation of price perception based on a review of the literature and an analysis of the empirical data. As such, we are able to develop an understanding of the factors affecting price perception formation in a developing country, Guatemala. This knowledge has not previously been synthesized.

Keywords: price perception, consumer behavior, Guatemala, shopping

INTRODUCTION

Price perception is a fundamental factor in consumer decision-making in the buying process. Several studies have established the importance of this factor when consumers think about purchasing a product or service (Kalapurakal, Dickson & Urbany, 1991; Maxwell, 2002; Simmons & Weiserbs, 1992). Price is related to customer response behavior and emotion. Some behaviors such as dissatisfaction, anger, and outrage have been identified as some of the customer reactions to pricing of products and services (Xia, Monroe, & Cox, 2004). The issue of price in marketing, selling and shopping is at the core of customer desire for products and services. Research has long established that the marketing mix (product, price, place and promotion) presents the foundation for strategic marketing. Almost all of these mix components form the base for developing an effective marketing strategy. Depending on the market segment, the manner in which one or more of these marketing mix components are managed can make or break a marketing strategy (Grönroos, 1994; Subhash, 1989). In the case of WalMart we find that price is the bottom line cue that motivates shoppers to patronize the thousands of outlets located throughout the world. Their

slogan of “everyday low prices” attracts multitudes seven days per week. Price is a major factor bringing the people into the stores. Customers can express their interest in price by being value conscious by associating price with the value of the product or service. This relationship of price and value seems to be ubiquitous among most market segments (Biswas & Blair, 1991, Moore & Carpenter, 2008). While this is a sensitive area because value and quality seem to be synonymous, consumers periodically purchase products and services using coupons and take advantage of sales. Both of these price-reducing mechanisms have a long history of popularity in just about every market segment. In most cases, consumers exhibit several central reactions to just about any issue related to price. These responses can be guided by price consciousness, value consciousness, price expertise, price sensitivity, and those external factors such as price coupons and sales, which have an impact on price (Kurtulus & Okumus, 2010). The understanding of price perceptions provides marketing managers with important cues for strategically aligning his/her marketing mix to meet the needs of consumers (Kurtulus & Okumus, 2010).

The literature and actual observations clearly indicate that the price is a very important factor affecting consumption and consumer purchases (Meng, Nasco, & Clark, 2008; Nasco & Clark, 2008). While there is ample evidence to suggest that price alone is not the only factor affecting the purchasing decision, there is limited data that suggest how different constructs affect consumer-buying behavior. It is evident that variables such as brand name and country of origin can also effect the consumer’s price perception (Meng, et al., 2008). As such, price perception is a multidimensional concept that determines the consumer’s desire and willingness to purchase a product or service. While price is an important factor in the purchase decision, its importance varies depending on the purchasing context (Meng, et al., 2008). The context or background situation will have a major impact on how intense the relationship of price is to the purchasing decision. There is substantial evidence indicating that people make purchasing decisions based not only on the price but the price and other elements. The consumer compares market prices and judges the attractiveness of the price relative to the value and other attributes of the product (Meng, et al., 2008).

The purpose of this paper is to investigate two perspectives on price perception: the negative role of price and the positive role of price. These roles become dominant in persuading consumers in the buying process. With regard to the negative role, there are essentially five constructs that are used to evaluate this role. These constructs include value consciousness, price consciousness, coupon proneness, sale proneness and price mavenism. On the positive side the constructs comprise price quality schema and prestige sensitivity (Lichtenstein, Ridgway, & Netemeyer, 1993). This study makes a contribution to the literature because it takes a major price perception construct and applies it to a lesser-developed country, Guatemala, located in Central America.

Essentially, the authors’ aim in this study is to answer three basic questions:

- a. Does the framework influence overall price perception and consumer decision-making?
- b. Is price perception, in fact, a multi-dimensional construct that needs consideration of several variables to provide solid consumer decision-making insight?
- c. Can the price perception construct be utilized to analyze price perception across cultures among consumers in Guatemala?

Few studies on this topic have crossed cultures and thus this research begins to close a major gap that now exists in the price perception literature.

This paper is organized into five sections. The first two sections contain the introduction and literature review and development of research hypotheses and research model that provide the overview of the conceptual framework for the study of the price perception typologies. Section three includes price perception in developing countries and Guatemalan socioeconomic context Sections four and five contain the research design methodology, data analysis and findings. The final section provides the conclusions reached from the study as well research limitations.

PRICE PERCEPTION CONSTRUCTS: LITERATURE REVIEW, DEVELOPMENT OF RESEARCH HYPOTHESES, AND RESEARCH MODEL

Pricing is a marketing mix factor that needs to be strategically aligned with the consumer needs and desires. A firm's profitability is directly linked to the proper management of the pricing strategy. The more marketers know about a consumer's reaction to price issues, the better it will be for making pricing decisions. Since the issue of price affects the consumer's willingness and ability to purchase products and services, it becomes an important element to understand and manage. Price is a dynamic concept with relationships to many positive and negative attributes (Mendoza & Baines, 2012). Lichtenstein et al.'s, (1993) price perception scale provides a framework for a more thorough explanation of the pricing elements that affect a consumer's willingness and desire to buy goods and services. The formation of a pricing perception is affected by the seven constructs discussed in the introduction section of this article. A brief overview of each of these constructs will give the reader a better context for understanding their relevance to the price perception idea.

The first construct on the negative side of the discussion is the "Value Consciousness" factor. This concept essentially says that consumers are concerned with the relationship of prices being offered and the value of quality that they equate with the price (Lichtenstein et al., 1993). There are two basic ways a consumer perceives quality:

- a.) When a consumer sees a new product he/she will consider the salient attributes and form an opinion;
- b.) There are extrinsic cues that may influence consumer evaluation of products and services.

It is important to know how consumers in Guatemala form their evaluation of quality of goods. A consumer's perception of value is developed from an array of cues. Value of a good is related to attributes in that good but also the psychological outcome people have for it (Chowdhury & Abe, 2006). There is a relationship between expected positive and negative utility of perceived value (Willets & Kemp, 1995). In Latin America, Nielsen's Global Private Label Report (2011) revealed that private label shares ranged from 1 to 12% of the market. Of the six countries measured the researchers found that four of them had a solid growth trend with private labels. Mexico showed the greatest growth while Brazil and Venezuela were modest during the 2008-2010 periods (Nielsen Global Private Label Report , 2011). Sixty-two (62%) of Latin American consumers indicated that they purchased private label. Ninety percent said they would continue to buy private label. Thus we can state that:

H1: Value consciousness is related to price quality schema

The second construct is “Price Consciousness.” Price is an important part of the pricing mix in developing countries. With this factor it is believed that the consumer has a linear relation with price where their goal is to pay low prices (Lichtenstein et al., 1993). Perception of international price differences need not be based on reality. Price differences in international markets may simply arise from nominal currency differences. Confusion of the nominal vs. real values of money may affect price perceptions. Additionally, foreign prices might appear more expensive because foreigners might not know the best place to shop for cheaper brands of goods. As such, foreign prices seem higher (Willettts & Kemp, 1995). Consumer price knowledge varies across the globe (Aalto-Setälä, Evanschitzky, Kenning, & Vogel, 2006). In many countries pricing strategies are designed to exploit human psychology. Retail prices are set high so discounts can be offered - as such consumers they have gotten a bargain. How retailers market themselves on cost and value for money in different cultures provides some interesting insights into consumer’s perception of price in various markets around the world (Ger & Belk, 1996). As such we can posit that:

H2: Price consciousness is related to price quality schema.

The third element “Coupon Proneness” refers to how the seller presents the price cue. Some consumers view the coupon prices differently than a non-coupon lower price. While both approaches achieve essentially the same goal (lower prices) the method for presenting to the consumer provokes a different sensitivity for the regular consumer (Lichtenstein et al., 1993). Coupons continue to be a very important part of the traditional retail and online consumer shopping experience. They become an important mechanism for movement of products and goods for both manufacturers and retailers. One of the key variables that exists in any promotional technique is framing and timing. If the seller (retailer or manufacturer) does not get these two items correct then the consumer will be lost (Chatterjee, 2007; Oliver & Shor, 2003). Since coupons offer several benefits to both the seller and the consumer, it is important that their offerings and acceptance are coordinated properly. For the retailers, coupon offerings not only attract consumers because they reduce the price of goods but they also provide a vehicle for speeding up the product/service purchase cycle, increase the inclusion of multiple purchases, and migrate consumers to other shopping channels (Oliver & Shor, 2003). For the consumer, the coupons offer a reduced price not only on the first purchase but also for some in-pack or on-pack coupons, an opportunity for reduced price on the next purchase they may make. This is a huge incentive and has a major impact on the price perception of any good or service that is offered.

In the present digital age, the existence of coupons is as important as is the traditional retail store. Barnes and Noble and Amazon have integrated coupons into their offerings also. While the digital approach is not universally accepted by all consumers (those who do not have computers), digital retail consumption has been very active over the most recent years. One of the factors that has made digital retailing attractive is not only the convenience but also the coupon offerings or the special promotions that the digital retailers have provided the consumers. These coupons are presented in the form of digital button submissions or require a special code that can be gotten on line. All of these are part of the process of making prices and products more readily accessible to consumers. Moreover, they offer, in many cases, better and fairer perceptions of products and prices (Chatterjee, 2007). Therefore we can say that:

H3: Coupon proneness is negatively related to price consciousness.

The fourth component “Sales Proneness” has a similar effect to that of a coupon but the signal is presented in a different form. The prompt relates to how sensitive they are to the price associated with the “sale” as opposed to the price being reduced because of a coupon. Between the two constructs the way price is presented and how the method of presentation affect the consumer sensitivity seems to be the operating principle here (Lichtenstein et al., 1993). Consumer promotion is directly related to the price of a product. The types of promotion include coupons, sales discounts, premiums, and free samples. These promotion ideas affect consumers’ price perception. While rebates, coupons, and price cuts all provide consumers with monetary savings, the means of savings vary. Primary motivation for these rebates etc. is to stimulate a purchase of the product or service (Folkes & Wheat, 1995). A comparative research results in a university in Beijing, China and in a large southern university in the USA shows that Chinese young consumers are less coupon prone than US college students (Zhou & Nakamoto, 2011). Consumers may think twice about the reduced prices and contemplate the value. Comparing the reduced price and the real value of the product has an impact on the consumers’ price perception. Consumers generally compare and contrast the promotion price with the actual price. Such things as a small saving may have a lower perception of the price issue altogether. The type of promotion i.e. coupons or rebates may be viewed differently and have a different effect on price perception (Folkes & Wheat, 1995). As such we can posit that:

H4: Sales proneness is negatively related to price consciousness.

Price perceptions are influenced by the desire of consumers to be informed about the prices of products. These consumers want this price information so that they can transfer it to other consumers. Such price sensitivity can affect not only the perception of prices but also the places that the information sharing consumer perceives to be the best to shop for the perceived prices that are offered (Gecti, 2014). As such, we can state that the fifth construct “Price Mavenism” means how consumers’ gather price information and disseminate it among the general population in their domain (Lichtenstein, et al., 1993). It focuses on getting out the price information about products and services. Some consumers are very good at investigating frequently and accurately product prices in order to seek out the best buys at the lowest price. They search, every day in just about every buying situation, for information about product and pricing fairness and consumer satisfaction. In order to successfully complete this important task of “data gathering,” the consumer must be in a particular socio economic class, have previous experience in this activity, and engage in a protracted learning process. Rational thinking and emotional motives influence a consumers desire to participate in this effort (Kurtulus & Okumus, 2010). Sharing price information with other potential consumers is essentially the foundation of this construct. As such we believe that:

H5: Value consciousness is related to price mavenism.

While these five constructs present waypoints for beginning the explanations and understanding of price perception, there is no definite understanding of the aforementioned constructs. According to Zeithaml’s work (1988) price, value, and quality are not distinct and can be mistaken for their real meaning. Quality value is not well differentiated and there is some ambiguity that needs to be

defined and explained when applying these constructs to actual market situations. J.C. Penny for example, has found that sales and coupons provoke consumers to spend more when they are offered. They say that having a sales price next to the original price gives the consumer an anchor or point of reference for making their purchase decision (The Daily Circuit, 2013).

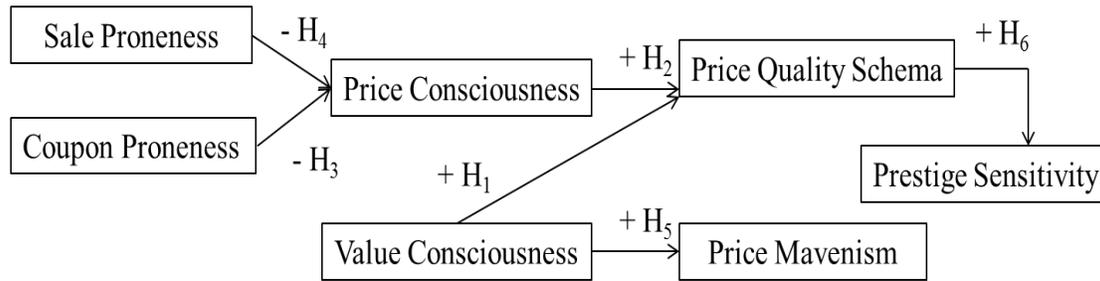
On the positive side of price perception, scholars have presented two major constructs: price quality schema and prestige sensitivity. According to this idea, some consumers see the price as a positive artifact in that the higher price means quality, better workmanship, etc. The higher price becomes a positive cue which consumers are sensitive to when evaluating the elements of the buying decision. The consumers who view this construct positively are willing to pay higher prices because they actually believe they are going to get higher quality with more expenditure of money (Lichtenstein et al, 1993).

Prestige sensitivity can be defined as the perceptions of the price cue due to inferences about what it signals to other people regarding the purchaser (McGowan & Sternquist, 1998). Thorstein Veblen introduced the notion of conspicuous consumption, or the extent to which the demand for goods is increased because they bear a higher rather than lower price (Leibenstein, 1950). Prestige sensitivity can be viewed as the propensity to make attributions about other consumers, or to be sensitive to attributions made by other consumers, on the basis of the price level of the purchase (Calder & Burnkrant, 1977). It has been suggested that prestige sensitivity is related to socially visible behaviors, whereas a price/quality schema is influenced by cues that reinforce the validity of using price to imply quality. Rice (1992, p. 59) states, "As price conscious as consumers have become, they are still willing to pay more for products in which they have an ego investment." (Aaker, Fournier, & Reynolds, 1982) also found that Japanese consumers are more concerned with brand names than are Americans, even if required to pay more for them. Chinese young consumers are found to be more prestige sensitive than their US counterparts (Zhou & Nakamoto, 2011). As previously stated, when high price is viewed positively, it is believed to signal quality or status. It appears that there are those who view price in a positive way, using high price as a proxy for quality and an indication of prestige, thus representing market universal behaviors. Therefore we can say that:

H6: Price quality schema is related to prestige sensitivity.

These constructs are so defined that their understanding can provide information useful for making pricing strategy decisions. To test the model fit for the theory of online buyer behavior (see Figure 1), the following hypotheses are advanced:

Figure 1. Conceptual Model of Price Perception



With this theoretical framework in mind we can overview the developing country context within which the pricing perception operates.

PRICE PERCEPTION IN DEVELOPING COUNTRIES

In emerging markets, marketing strategy focuses on several factors, price being one of the most important. While there is a lot of information available on how to formulate and execute appropriate strategies in the developed countries, limited understanding is available to guide marketers in implementing different types of strategies that would be effective in developing countries. Since price is a critical piece of the marketing mix, and the marketing mix is the foundation upon which marketing strategies are built, it behooves marketers to know the price perceptions among consumers in developing countries (Anderson & Markides, 2007). While scholarly work regarding price perception is not at all new, it is a new area of research when investigating emerging or developing countries. The existing literature on price perception in developing countries is scant at best.

Guatemala provides an excellent example of a country that has a vibrant market economy with lots of product price issues among its consuming population. According to The Central Intelligence Agency (2014), Guatemala is slightly smaller than Tennessee (108,889 sq. km/42,042 sq. mi), tropical, has an estimated population of 14,361,666, is 49% urban, with a GDP of \$39 billion, 332 km/200 mi of railroads, and 4,863 km/2,872 mi of paved roads. The United States is much larger in area (9,161,666 sq. km/3,794,083 sq. mi), with a varied climate, has a population of approximately 307.2 million, is 82% urban, a GDP of US\$ 14,800 billion, 226,427 km/140,699 mi of railroads, and 4,209,835 km/2,615,942 mi of paved roads.

Guatemalan Socioeconomic Context

Table 1. Guatemalan Economic Data

Subject Descriptor	2013	2014-2018
Gross domestic product, constant prices, % growth	3.3	3.48
Gross domestic product, current prices, billions USD	52.867	70.436
Gross domestic product per capita, current prices	3,414.64	4,021.01
GDP based on purchasing-power-parity (PPP) valuation of	82.614	108.601
GDP based on purchasing-power-parity (PPP) per capita GDP,	5,335.95	6,199.77

GDP based on purchasing-power-parity (PPP) share of world	0.095	0.091
Total investment, % GDP	14.596	15.6686
Gross national savings, % GDP	10.91	12.1308
Inflation, average consumer prices	4.297	4.2272
Inflation, end of period consumer prices	4.495	4.27
Volume of imports of goods and services, % growth	3.186	4.863
Volume of Imports of goods, % growth	4.792	5.2586
Volume of exports of goods and services, % growth	2.461	4.3292
Volume of exports of goods, % growth	4.319	4.6848
Value of oil imports, billions USD	3.317	3.4134
Value of oil exports, billions USD	0.293	0.2206
Population, millions	15.482	17.517
General government revenue, % GDP	12.426	4.27
General government total expenditure, % GDP	14.92	14.7552
General government net lending/borrowing, % GDP	-2.493	-2.2136
General government primary net lending/borrowing, % GDP	-0.937	-0.42
General government gross debt, % GDP	26.042	27.6822
Current account balance, billions USD	-1.949	-2.2278
Current account balance, % GDP	-3.686	-3.5378

Source: Table by authors based on International Monetary Fund (IMF) data. World Economic Outlook online database. Retrieved from www.imf.org.

Guatemala is classified as a lower middle-income group by the World Bank, and achieves a Medium Human Development classification by the United Nations. Guatemala has an economic structure that breaks down, in value added terms as a percentage of GDP, along the following lines: 11.3% agriculture, 29.9% industry, and 58.9% services. Household final consumption expenditure, etc. (% of GDP) constitutes a very high estimate of 88%. Household final consumption expenditure (annual % growth) averaged an annual 3.5% growth in the 2002-2012-time period. Guatemala is strongly open to trade, with exports accounting for roughly 26.3% of GDP and imports an estimated 37.6% of GDP. Guatemala has some 53.7% of its population living under the poverty line, and suffers from strong inequality as well, with a Gini coefficient of 55.9, making Guatemala one of the most unequal countries in the world. Income shares data bear this out, as the richest ten percent of the populace hold some 45% of the income, compared to just over 1% for the poorest ten percent, while in top-bottom quintiles the income shares distribution is roughly 60% to 3%. Compounding income inequalities in Guatemala are inequalities associated with ethnicity and class (Gibbons & Ashdown, 2010).

These background data on the socioeconomic condition of Guatemala are pertinent to a price study for several intuitive reasons. By decreasing disposable income and purchasing power, poverty lowers the consumption level. However, high poverty rates also raise the marginal propensity to consume, and lower income consumers, as a logical matter, have more incentives to be price conscious. Moreover, the racial, ethnic, and class inequalities such as those that exist in Guatemala can make consumers more prone to conspicuous consumption for reasons of status and prestige, as well as more prone to associate higher price with higher quality and prestige. Based on the aforementioned discussion the authors proceeded to empirically investigate the price perceptions of Guatemalan consumers.

RESEARCH DESIGN AND METHODOLOGY

Questionnaire Development

In the first section of the questionnaire, a number of relevant demographic variables were identified (see Table 2), based on earlier studies. In addition to the customary questions regarding gender, age group, income level, and job status, respondents also were asked demographic characteristic questions regarding years of college education and expected job areas.

The second section of the questionnaire contained a set of 40 statements that measure price perception construct item scale items adopted from Lichtenstein et al (1993). Respondents were instructed to indicate their level of agreement with 40 questions on a seven-point, Likert-type scale (7 = strongly agree; 1= strongly disagree). The 40 statements of price perception construct scale items were translated into Spanish using a back-translation procedure. This procedure involved two bilingual individuals, who participated independently in the translation process. The English versions were translated into Spanish and then the Spanish versions were translated back into English. This process was repeated until the statements were easily understandable in Spanish.

Data Collection Procedures

A questionnaire relating to the pricing perception of consumers was administered to primarily students in the Business and Economics Division of Landívar University, in Guatemala. Landívar is a private, Jesuit University in Guatemala. The main campus is in Guatemala City and is known as Vista Hermosa III, and there are satellite campuses in Quetzaltenango, Huehuetenango, Cobán, Zacapa, and other parts of the country. Guatemala City, is the capital and largest city of the Republic of Guatemala, and the most populous in Central America. The city is located in the south-central area of the country and has a large number of green areas. In 2009, it had a formal population of 1,075,000, but the metropolitan population is believed to be at least 2.3 million (City Population, 2014). Guatemala City is home to many communications company headquarters and banking headquarters.

The students in this sample data set are alert to consumer trends and have been studying prices in their academic courses. They have had experience in both the formal and informal market observing product and service pricing. These students are the consumers of the future and thus their academic studies should give them some major insight into the importance of pricing while their practical consumption function as consumers helps them learn about the reality of pricing in the day to day markets of Guatemala.

The data for this study was collected through self-administered questionnaires. The questionnaires were administered in Guatemala City. The survey data were collected from 351 university students at mainly Landívar University (96.3%) and a few other universities in Guatemala.

ANALYSIS AND FINDINGS

Demographic Characteristics of Respondents

The demographic and socio-economic profile of the respondents is presented in Table 2. The sample consisted of about 52.1 male and 47.9 female university students. Approximately one third (35.3%) of the sample’s age was younger than 20 years old and the rest were 20 years or more. University student respondents comprised 5.7% of freshman, 60.4% sophomore, 19.7% junior, and 14.2% senior.

Table 2. Demographic and Socio-Economic Characteristics of the Respondents

Grade	%	Income Level	%
Freshman	77 (21.9)	Very low	5 (1.4)
Sophomore	155 (44.2)	Below Average	11 (3.1)
Junior	69 (19.7)	Average	200 (57.0)
Senior	50 (14.2)	Above Average	121 (34.5)
		Very high	14 (4.0)
Gender	%	Job Status	%
Male	183 (52.1)	Unemployed	166 (47.3)
Female	168 (47.9)	Part Time	109 (31.1)
		Full Time	76 (21.7)
Age Group	%	Expected Job Area	%
<20	124 (35.3)	General Business	70 (37.8)
>=20	227 (64.7)	Service	81 (43.8)
		Industrial/Manufacturing	34 (9.7)
Ethnic Background			
Latino	292 (83.2)		
Other	59 (16.8)		

As indicated in Table 1 and 2, of the total 351 respondents, 334 or approximately 95.2% were single and the rest were married 2.8%, divorced 0.9%, and 1.1% other. A significant portion of the total respondents (83.2%) were Latino while 16.9% were from other ethnic groups, mainly white. In terms of income group, 4.5% were from very low income and the below average group, while the majority (57.0%) belonged to average, and 34.5% above average. Only 4.0% indicated that their income is well above the average. With regard to employment, 47.3% of students were unemployed, 31.1% part time and 21.7% were full time employed. Furthermore, between those employed part time and full time 37.8% were expected a general business work, 43.8% in service industry and 18.4% in manufacturing fields. The sample data characteristics are in-line with overall Guatemalan demographic population characteristics.

Factors Affecting Price Perception: Exploratory Factor Analysis

Using the “factor analysis” module in SPSS, the “factors effecting price perception” was analyzed. The principal components' method for initial factor extraction with the criterion Eigenvalue greater than 1 and Varimax method of rotation was applied. Sample size is an element that can affect the adequacy of the factor models. It has been suggested (Hayes, 1992) that the sample size should equal at least 10 times the number of variables; for large numbers of variables the proportion is decreased to five. In similar studies, samples of size approximately 200 were chosen (Parasuraman, Zeithaml, & Berry, 1985). Sample size for this survey was 351 as it is mentioned above. All the

items were first factor analyzed. Rotated factor loadings were examined assuming different numbers of factors for extraction. As this was based on student data only, the adequacy of the sample size was questionable; the results showed no interpretable grouping of items. Deleting 4 different statements; “*When I shop, I usually compare the "price per ounce" information for brands I normally buy,*” “*I will grocery shop at more than one store to take advantage of low prices,*” “*I have purchased the most expensive brand of a product just because I knew other people would notice,*” “*One should try to buy the brand that’s on sale*” and “*Compared to most people, I am more likely to buy brands that are on special,*” all the price perception responses could be incorporated into the analysis. This was carried out. The results showed considerable improvement over the previous attempt as some meaningful patterns emerged and it has been found that there are seven different factors related to the price perception as we expected. Table 3 depicts the sorted rotated factor loadings for the items based on seven-factor extraction. The total figure of 50.13 represents the percentage of variance of all 37 items explained by the seven factors.

Table 3. The Results of Exploratory Factor Analysis

Factor and Items ^a	Factor Loadings	% of Variances	Cronbach Alpha
Factor 1. Prestige Sensitivity		21.145	0.885
1. People notice when you buy the most expensive brand of a product.	.555		
2. Buying a high price brand makes me feel good about myself.	.691		
3. Buying the most expensive brand of a product makes me feel classy.	.789		
4. I enjoy the prestige of buying a high priced product.	.707		
5. It says something to people when you buy the high priced version of a product.	.668		
6. Your friends will think you are cheap if you consistently buy the lowest priced version of a product.	.560		
7. I think others make judgments about me by the kinds of products and brands I buy.	.579		
8. Even for a relatively inexpensive product, I think that buying a costly brand is impressive.	.627		
Factor 2. Price Mavenism		7.619	.891
1. People ask me for information about prices for different types of product.	.735		
2. I'm considered somewhat of an expert when it comes to knowing the prices of products.	.661		
3. For many kinds of products, I would be better able than most people to tell someone where to shop to get the best buy.	.722		

4.I like helping people by providing them with price information about many types of products.	.661		
5.My friends think of me as a good source of price information.	.775		
6.I enjoy telling people how much they might expect to pay for different kinds of products.	.730		
Factor 3. Coupon Proneness		6.842	.894
1. Redeeming coupons makes me feel good.	.652		
2.I enjoy clipping coupons out of the newspaper.	.729		
3. When I use coupons, I feel that I am getting a good deal.	.776		
4.I enjoy using coupons regardless of the amount I save by doing so.	.836		
5.Beyond the money I save, redeeming coupons gives me a sense of joy.	.831		
Factor 4. Price-Quality Schema		4.664	.785
1. Generally speaking, the higher the price of the product, the higher the quality.	.586		
2. The old saying "you get what you pay for" is generally true.	.623		
3. The price of a product is a good indicator of its quality.	.718		
4. You always have to pay a bit more for the best.	.592		
Factor 5. Value Consciousness		4.092	.770
1.I am very concerned about low prices, but I am equally concerned about product quality.	.424		
2. When grocery shopping, I compare the prices of different brands to be sure I get the best value for the money	.595		
3. When purchasing a product, I always try to maximize the quality I get for the money I spend.	.648		
4. When I buy products, I like to be sure that I am getting my money's worth.	.662		
5.I generally shop around for lower prices on products, but they still must meet certain quality	.592		
6.I always check prices at the grocery store to be sure I get the best value for the money I spend.	.595		

Factor 6. Price Consciousness		3.047	.737
1. I am not willing to go to extra effort to find lower prices.	.623		
2. The money saved by finding lower prices is usually not worth the time and effort.	.620		
3. I would never shop at more than one store to find low prices.	.577		
4. The time it takes to find low prices is usually not worth the effort.	.684		
Factor 7. Sale Proneness		2.721	.689
1. If a product is on sale, that can be a reason for me to buy it.	.507		
2. When I buy a brand that's on sale, I feel that I am getting a good deal.	.510		
3. I have favorite brands, but most of the time I buy the brand that's on sale.	.596		
4. I am more likely to buy brands that are on sale.	.558		
^a Items were measured 7 – Strongly agree, 1 – Strongly disagree. KMO= .848; $\chi^2= 5976,582$ $p = .000$ Cumulative variances : 50.13			

Only one item was found that did not load strongly on Factor 5 (below 0.5) or had cross-loadings found. Factor loadings for each item ranged from .42.4 to 83.1. The final research constructs and corresponding measurement items are presented in Table 3.

Factors Affecting Price Perception: Confirmatory Factor Analysis

The identified factor structure was then validated by confirmatory factor analysis using AMOS v.18. The CFA showed a good fit which is shown in Table 4. The χ^2 statistic was 58.657 (degrees of freedom=21, $p < 0.05$), which achieved to be non-significance. The χ^2/df ratio is 2.79, which is less than 3.0 (it should be between 0 and 3 with lower values indicating a better fit), the goodness of fit index (GFI) was 0.846 and adjusted goodness of fit (AGFI) index was 0.873. These scores are very close to 1.0 (a value of 1.0 indicates perfect fit). The Comparative Fit Index (CFI) was 0.887; Tucker-Lewis coefficient (TLI) was 0.932. All indices are close to a value of 1.0 in CFA. Therefore, the measurement models provide good support for the factor structure determined through the EFA. The model parameters were estimated using the method of maximum likelihood. The average of item scores for each factor in perceived value construct was used as measures in the path model.

Table 4. Goodness of Fit Statistics for Confirmatory Factor Analysis

Model/construct	χ^2	χ^2/df	RMR	GFI	AGFI	TLI	CFI
Price Perception	58.657	2.79	0.045	0.846	0.873	0.932	0.887

Reliability and Validity Tests

In this study, the internal consistency (Cronbach’s α) for the 37-itemscale was .897. The Cronbach’s α coefficients for the positive and negative items of the indecisiveness scale were .83 and .86 respectively. To test the appropriateness of factor analysis, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was conducted. The KMO was 0.848, which is very close to the excellent level, 0.92. Bartlett's test of sphericity reveals significance at a level of 0.000 (Chi-square = 5976.582). The result supports reliability and validity of constructs. We examined the reliability of each of the composite constructs by using Cronbach's alpha. These are depicted in last column of Table 3. Cronbach’s alpha analysis allowed the identification of 15 sub-dimensions (constructs) that were tested for reliability and validity by means of exploratory and confirmatory factor analysis. All constructs have Cronbach alpha coefficients greater than 0.60 to indicate acceptable internal consistency and reliability. Discriminant validity between the seven factors was measured by matching correlations between constructs. Outcomes specified that the correlation between constructs ranged from .44 to .72, with the correlations of no pair of measures exceeding the criterion of .90 and above according to Hair, Anderson, Tatham, & Black (1998). Therefore, the analysis supported the convergent and discriminant validity of the measures.

Table 5. Correlation Matrix

	Sales Proneness	Coupon Proneness	Price Consciousness	Value Consciousness	Price/ Quality	Price Mavenism	Price Sensitivity
Sales Proneness	1						
Coupon	0.55*	1					
Price	0.60*	0.57*	1				
Value	0.55*	0.49*	0.44*	1			
Price/ Quality	0.67*	0.62*	0.57*	0.51*	1		
Price Mavenism	0.72*	0.59*	0.54*	0.50*	0.63*	1	
Price Sensitivity	0.53*	0.55*	0.62*	0.61*	0.64*	0.52*	1

* Correlation is significant at the .01 level.

Structural Relationships of the Conceptual Model

The final step in the analysis was to test the path model as shown in Figures 1. Model fit determines the degree to which the structural equation model fits the sample data. Model fit criteria commonly used are chi-square (χ^2), goodness of fit index (GFI), adjusted goodness of fit index (AGFI), and root mean square residual (RMS). The goodness-of-fit indices for the first and the second model are shown in Table 6. All indices are within the generally accepted limits and they are quite acceptable. Therefore, the path model was accepted to fit the data.

Table 6. Goodness of Fit Statistics

Model/Construct	X ²	X ² /df	RMR	GFI	AGFI	CFI
Path Model	48.65	2.31	0.026	0.93	0.84	0.95

Table 7 lists the structural parameter significance of the conceptual model. All conceptual links were found to be significant; hence, H1-H6 are supported.

Table 7. Results of Estimation Structural Model

Path to	Path From	p-value
Price Consciousness	Sales Proneness	0.023 *
Price Consciousness	Coupon Proneness	0.000**
Price / Quality Schema	Value Consciousness	0.001**
Price/ Quality Schema	Price Consciousness	0.002**
Price Sensitivity	Price/ Quality Schema	0.000**
Price Mavenism	Value Consciousness	0.013 *

Note: **p-value is significant at the .01 level and * p-value is significant at the .05 level (two-tailed).

CONCLUSION

The price perception literature is considered on a multidimensional base. “The dimensions of price perception may change in terms of the roles that price plays on consumers' buying behavior. If price positively affects the buying decisions of consumers, then the positive role of price is mentioned. If it affects negatively, then the negative role of price is mentioned. In order to explicitly understand consumers' price perception, it is important to examine the dimensions of price perception and the relationships among these dimensions” (Gecti, 2014, p. 1).

The concept of price in marketing, selling, and shopping is at the core of a customer’s desire for products and services. Price perception theory is at the foundation of the consumer decision-making and buying process. Historically, a great many studies have established the importance of the pricing factor when consumers think about purchasing a product or service (Kalapurakal et al., 1991; Maxwell, 2002; Simmons & Weiserbs, 1992). Price perception is associated with a consumer’s response behavior. Behaviors such as dissatisfaction, anger, and outrage have been recognized as customer responses to pricing of products and services (Xia et al, 2004). The literature and actual observations clearly indicate that the price is a very important factor affecting consumption and consumer purchases (Meng et al., 2008). While price, by itself, is not the only factor affecting the purchasing decision, there is limited data that suggest how different constructs affect consumer-buying behavior. It is very clear that variables such as brand name and country of origin can also effect the consumer’s price perception (Meng et al., 2008).

With the above framework in mind, the primary aim of this paper was to examine the multidimensional aspect of price perception and answer three basic questions regarding price perceptions: First: does the Lichtenstein et. al, 1993 framework influence overall consumer decision-making? Based on our analysis and finding we can say yes it does. People in our data set have different perspectives on different levels of price attributes but overall the price perception factor does affect their purchase decisions. Second: is price perception, in fact, a multidimensional construct that needs a consumer to consider several other variables to provide solid insight?

While this is an exploratory study using mostly students from a University setting to evaluate price perception, it does provide a perspective and insight into the thinking of consumers. Students are consumers, they evaluate prices and make product and service selections based on their understanding of price. Therefore, the findings in this study provide some understanding of how price perceptions are formed.

Our findings support this idea and demonstrate that consumers are generally not absolutely linear in their consumer decision-making. Attributes such as brand, quality, discounts, and other items affect a consumer's price perception. Finally: can the Lichtenstein et. al, 1993 constructs be utilized to analyze price perception in a developing country? Overall, the results from the structural model analysis support the price perception model established in this paper. As such, this paper empirically validates the conceptual links established between sales proneness, coupon proneness, price consciousness, price quality schema, price maneuverism, and price sensitivity. In other words, consumers' perceptual evaluation of different price perception constructs are found related to each other. While the analyses in this study focused on one developing country, Guatemala, clearly we have demonstrated that the constructs are valid and can provide significant insight into price perception of consumer decision making in this developing country. We can say that these constructs have value across culture and can be used to evaluate price perception in other developing countries. Replication of the study in other developing countries would further evaluate its validity and applicability worldwide rather than in one developed country such as the U.S.A.

The results of this study provide the evidence for developing a framework for the formation of price perception based on a review of the literature and an analysis of the empirical data. As such, we are able to develop an understanding of the factors affecting price perception formation in a developing country, Guatemala. This knowledge has not previously been synthesized. In general price perception formation is presented as a linear purchasing process. In many cases the formation of price perception, the willingness to pay, and the purchase behavior are regarded as interrelated factors, which are influenced by a number of other factors.

The idea of price perception formation process is of importance to provide more insight into how people in developing countries view the various levels of price. The framework presented in this paper suggests that despite a positive price perception, the outcome of the purchase behavior can be affected, for example, by contextual factors such as store promotions, such as coupons, consumers' price sensitivity, or value consciousness of the consumer. In these situations, marketers are advised to consider this effect in their marketing strategies. Likewise, a cyclical process where consumers adjust their perceptions after they purchase a product or service support marketing strategies oriented, for example, towards ensuring positive purchase experiences on each occasion.

Limitations of this Study

This study has several limitations. First, although the study used a large number of samples, it was conducted in a limited region in one university in Guatemala and respondents are college students. While they are consumers and they have relationships with price and price perceptions, a more cross-sectional sample may provide a different perspective about the concept of price perception. Caution should be used in generalizing the results to larger groups. Second, price perception was operationalized based on general price of products or services. It is possible that future studies can use more specific product or service categories such as luxury products or airline tickets. Finally, this study only focuses on examining the price perception; a more comprehensive conceptualization of the price behavior would create better opportunities to understand the consumer buying behavior.

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