The effectiveness and consequences of price promotions

Is there a difference between store brands and high end brands?



Abstract

Price promotions can negatively influence aspects of a brand that is promoted, such as the perceived brand quality and brand image. Especially, promotions deeper than 20 percent influenced the postpromotion brand preference negatively and were perceived as untrustworthy. High end brands and store brands differ as it comes to the perceived quality, brand awareness, brand image, and price. Therefore, it was hypothesized that the effectiveness and consequences of deep price promotions (more than 20 percent) would affect a store brand more negatively than a high end brand. In study 1, an online questionnaire, a 2 (store brand vs. high end brand) x 3 (type of promotion: 50 percent vs. 10 percent vs. no percentage mentioned) between subjects design was used to test whether or not price promotion's effectiveness and consequences differed between a store brand and high end brand. In study 2, a taste test, a 2 (store brand vs. high end brand) x 2 (type of promotion: 50 percent vs. no price promotion) between subjects design was used to test whether the deep price promotion influenced the taste experience of a store brand differently compared to a high end brand. Results showed that the deep discount influenced the taste experience of the store brand negatively, whereas the taste experience for the high end brand was influenced positively. Next to that, the high end brand's quality and product evaluation was perceived better compared to the store brand, but the promotion depth (more or less than 20 percent) did not influence the result. Based on these results, store brands must be very careful using (deep) price promotions, because the possible positive effect in the short-term can be offset by the negative effects in the long run. The deal (trustworthiness, favorability and perceived fairness) for the store brand and high end brand was not perceived differently. Only the deep price promotion without mentioning the percentage discount was perceived with less skepticism for a high end brand compared to a store brand. There were also no differences in consumer behavior (willingness to spread positive word of mouth and purchase intent).

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1. Introduction

Sales promotions are used by many companies for introducing new products, increase sales, or to influence the consumer decision process (Montaner & Pina, 2008). There are many different sales promotions such as price discounts, feature advertising, special displays, trade deals, reward programs, coupons, rebates, contests, and sweepstakes (Neslin, 2002). Much research has been conducted on the possible positive and negative consequences of sales promotion for a brand. For example, Montaner and Pina (2008) found that sales promotion can have a negative effect on the perceived brand quality and brand image. But if sales promotions can have negative consequences for a brand, why do companies still use these promotions?

There is an enormous amount of products available for consumers. To be able to choose, consumers have certain preferences. Brand preference "represents attitudes toward one object in relation to another" (Blackwell et al., 2006, p. 400). Because consumers do not always process price information accurately and completely, sales promotions can change the purchase decisions of consumers (Morwitz et al., 1998). The better deal that consumers can get via a promoted brand (e.g. a discount) can persuade consumers to choose that certain product. When a consumer uses the brand and likes it, it is possible that this person switches to the brand and will use the product again even when the brand is not promoted. The consumer could get a preference for the brand.

Another reason why sales promotions are used, and in particular price promotions, is because it influences the price perception of consumers. Consumers overestimate the price savings from a special price; they use the presence of a special price as an indicator for a good deal (Dickson & Sawyer, 1990). According to GfK Shopping Monitor (2000), one of the most important factors for consumers to choose a certain product is the price. Also retailers believe that price is one of the major components that influences which product will be chosen by the customer (Kenesei & Todd, 2003). When consumers are actually asked about the price of a certain product, the actual price-knowledge is poor. There are several reasons why consumers do not check or know the price of a certain product. Among these reasons are time constrains, trouble in finding the shelf price label of the product, the price is satisfactory or not very different than was last checked, brand loyalty or habitual repeat buying, or the belief that the limited total savings from checking prices is not worth the time or effort (Dickson & Sawyer, 1990).

Sales promotions can affect various aspects of a brand, such as the perceived brand image and brand quality. Brand image refers to "the entire array of associations that are activated from memory when consumers think about the brand" (Blackwell et al., 2006, p. 339). These associations can be influenced by a promotion. A lower price of a high end brand could for example influence the perceived quality and brand image of that brand, because a lower price is often associated with lower quality (DelVecchio et al., 2007). The lower perceived quality influences the perceived brand image. When people have to judge the quality of two different brands based on the price, they judge the higher priced product as having more quality compared to the lower priced product (Oude Ophuis & Van Trijp, 1995).

The perceived taste can also be influenced by the promotion, because quality and taste are two variables that are closely related to each other. Taste is the most important experience quality attribute as it comes to food products (Oude Ophuis & Van Trijp, 1995). Experience quality attributes can be adopted when the product is being used. In the case of food products, when the product is consumed. The lower perceived quality could therefore influence the taste expectations of the consumer. When a discount influences the perceived quality and brand image, it is also possible that the taste experience of the consumers is influenced by the discount.

The effect sales promotions can have depends on different factors, such as the depth of the promotions, how the offer is presented (in cents off or in percentage off), and whether the original price is mentioned next to the promoted price. The promotion could have different consequences (either positive or negative) for various brands within a product category. This assumption is based on differences (e.g. price, brand image, perceived quality) between various brands, such as store brands and high end brands. According to Ailawadi et al. (2001) store brands are priced around 30 percent lower than high end brands. For example consumers who normally buy store brands could be persuaded by a price promotion to buy the high end brand, because there will be a small difference in price between the store brand and high end brand. Consumers that normally buy the high end brand would not be persuaded by a price promotion to buy the store brand, because they already buy a higher priced product.

The present study focuses on the effects that price promotions can have on various aspects of a brand. The main focus lies on the effectiveness and consequences of price promotions for two different brands, namely a store brand and a high end brand. Because these brands are very different from each other, for example the price, perceived brand quality and brand image, it is hypothesized that the effect of the price promotion will be different for the two brands. This paper starts with a theoretical framework in which the differences between store brands and high end brands and the effectiveness and consequences of sales promotions are described. Then, the first study is explained. Using an online questionnaire, the effectiveness and consequences of different price promotions for various aspects of the two brands is examined. The second study, a taste-test, elaborates on the findings in the first study. The influence of a price promotion on the taste experience of the two brands is researched. In the last section of this paper, based on the results found in the two studies, conclusions are made and discussed.

2. Theoretical framework

2.1. Differences between store brands and high end brands

In this study the effectiveness and consequences of price promotions for a store brand and a high end brand will be researched. It is assumed that the effects of a promotion could be very different for the two brands, because there are a couple of differences between a store brand and a high end brand. These differences will be discussed in this paragraph.

A store brand is a product that is manufactured and packaged for a particular store or retail chain. The focus of the owner of a store brand is not on production but on the distribution of the product (Richardson et al., 1994). Store brands are used to increase choice within a product category. It is a way for supermarkets to create differentiation and to counter competition. Next to that, store brands are sold for a lower price compared to high end brands (Sethuraman & Cole, 1999). It is not possible for store brands to be sold for a premium price, because of the image of store brands (De Wulf et al., 2005). Store brands are positioned as having a good quality for a lower price compared to high end brands. Traditionally, high end brands are perceived as having a higher quality compared to store brands (Sethuraman, 2001). But the store brand's quality improved a lot in recent years. A study in 2011 concluded that 65 percent of consumers perceived the same quality in store brands compared to high end brands (Nielsen Homescan, 2011).

A high end brand is a brand that has high brand awareness, a good reputation and is leading as it comes to price and quality in a particular product category. The reason why consumers are willing to pay a premium price is because of the positive brand image, brand associations, or brand equity of the high end brand (Sethuraman, 2001). This is also known as the non-quality utility, which means that consumers still buy high end brands, although they perceive the same quality in the high end brand as well as in the store brand. Another reason why some consumers choose a store brand and others high end brands is the perceived financial and performance risk (Sethuraman & Cole, 1999). Performance risk is based on the probability of a product failure and its consequences, whereas a financial risk refers to the monetary consequences of a product failure (Grewal et al., 1994).

A price promotion could have very different consequences for a store brand compared to a high end brand. For example, when consumers perceive little difference in the quality of a store brand compared to a high end brand, a price promotion for a high end brand could be very effective. The small price difference between the high end brand and store brand could persuade consumers to buy the high end brand (Sethuraman & Cole, 1999). On the other hand, when the quality of the high end brand is perceived as substantially higher compared to the store brand, a price promotion of the

high end brand could decrease the perceived quality of that brand. The lower price and the smaller price difference between the two brands could influence the perceived quality of the high end brand.

Another reason for different effects of price promotions for store brands and high end brands is the fact that consumers, on average, evaluate high end brands based on intrinsic cues and store brands on extrinsic cues (Richardson et al., 1994). Intrinsic cues are directly related to the product, whereas extrinsic cues are cues that can be changed without changing the product. The price promotion could affect aspects (e.g. perceived brand quality or brand image) of the store brand more negatively compared to high end brands, because consumers judge the store brand based on the extrinsic price cue. High end brands are judged based on intrinsic cues. The price promotion would therefore have no or less negative influence on for example the perceived brand quality or brand image of a high end brand.

2.2. Sales promotions effectiveness

Sales promotions can be divided into monetary and non-monetary sales promotions. Monetary sales promotions are also called price promotions. Price promotions can be communicated in different ways. They can be shown as percentage-off or as cents-off. Next to that, a reference price or original price can be shown next to the promoted price. Researchers thought for a long period of time that monetary savings were the only benefit consumers could get from a sales promotion (Chandon et al., 2000). In their Multibenefit Framework, Chandon, Wansink and Laurent (2000) found six different benefits of sales promotions which can be divided into two groups; utilitarian benefits (saving, quality improvement, and convenience) and hedonic benefits (value expression, exploration, and entertainment). The central premise that these researchers have is that "the value that sales promotions have for brands is related to the value, or benefits, that sales promotions have for consumers" (p. 65). Non-monetary and monetary promotions give certain benefits for the consumer. For example a price promotion of 30 percent gives the consumer a saving benefit and a possible quality improvement, because the consumer can purchase the product at a lower price where he or she is normally not able to buy that particular product. Sales promotions could also be fun, for example sweepstakes or contests. In these cases there is no monetary saving, but the entertainment benefit is more important for the consumer.

Products can also be divided into having a utilitarian (bought for their practical use) or a hedonic (bought because of the pleasure, fun or enjoyment they can give) benefit. To develop an effective sales promotion, it is important to know what kind of benefit the consumer is looking for. The benefits from the sales promotion should be congruent with the benefits that the product gives

to the consumer (both utilitarian or both hedonic), which is known as the Benefit Congruence Framework (Chandon et al., 2000). According to the framework, sales promotions are more effective in influencing brand choice when the benefits sought in the product are coherent with the benefits of the sales promotion. Thus, a utilitarian sales promotion is more effective when it is used for a product with utilitarian features. Therefore a sweepstake on Facebook will probably not be used to promote a store brand toilet paper. The utilitarian feature of the toilet paper (cost-saving benefit) is not coherent with the hedonic benefit of the promotion (entertainment benefit).

There are different variables that affect consumers' evaluation of sales promotions (Chen et al. 1998; DelVecchio et al., 2007; Krishna et al., 2002; Montaner & Pina, 2008). First of all situational factors influence this perception. Krishna and her colleagues (2002) found that the type of store or brand has an influence on the evaluation of the deal, where for example larger deals were more effective at specialty stores compared to discount stores, because of the higher deal frequency at discount stores. The offer is less special at a discount store; the deal is therefore less effective.

Furthermore, the way the promotion is communicated, which is known as price framing, influences consumers' perception. Research from DelVecchio, Krishnan and Smith (2007) showed that people choose a promotion they can easily calculate above ones they cannot easily figure out. This is caused by the fact that people have to put effort in calculating the price. When they think this effort will not exceed the benefit, they will use heuristics to estimate the price (Morwitz et al., 1998; Neslin, 2002). This heuristic way of thinking can be influenced via price promotions, for example via changing the anchor-point, which is known as the anchoring and adjustment theory (DelVecchio et al., 2007). When the original price is mentioned next to the promoted price, consumers tend to use the original price as an anchor-point to evaluate the attractiveness of the deal.

Sales promotion's effectiveness is also influenced by the characteristics of the deal. One example is the depth of the promotion. If the depth of the promotion is outside the latitude of price acceptance, consumers will see the price reduction as untrustworthy (Morwitz et al., 1998). DelVecchio, Henard and Freling (2006) conducted a meta-analysis of 51 studies in which they concluded that price promotions of more than 20 percent of the original value of the product have a negative effect on the post-promotion brand preference. The reason for this effect is that the purchase is attributed to the promotion instead of the product itself. When the promotion stops, the consumer has no reason to buy the product anymore. The negative effect on the post-promotion preference indicates that a deep promotion is viewed with suspicion and seen as less trustworthy compared to a smaller discount (under 20 percent). Jany (2009) elaborated on this result, finding that a 40 percent discount for hot wings at a Kentucky Fried Chicken restaurant was perceived as untrustworthy.

2.3. Consequences of sales promotions

Sales promotions have short, but also long-term consequences for the brand that is promoted. Sales promotions could increase sales in the short-term, because of the lower price consumers have to pay for the product. In the long run, sales promotions could negatively influence the perceived brand quality because lower priced products are associated with having less quality. In the literature there is no consensus about whether sales promotions are only positive for a brand in the short-term, and affect the brand negatively in the long run. In different situations, different outcomes where found.

Depending on the product and sales promotion, the promotion can either negatively or positively affect the post-promotion brand preference (DelVecchio et al., 2006). DelVecchio and his colleagues (2006) found that the effect of sales promotion on post-promotion brand preference for unfamiliar brands was more harmful than it was for familiar brands. Furthermore, promotions by durables and services were associated with more negative effects on post-promotion brand preference compared to packaged goods. Next to that, the type of promotion influenced the effect on post-promotion brand preference. Unannounced price cuts had a negative effect on the brand preference, whereas coupons and premiums had a positive effect on brand preference. According to Montaner and Pina (2008), consumers will search for explanations for the promotion, which is known as the attribution theory. This theory states that people search for causes to explain surrounding events. This can be based on internal (based on the person itself) or external (based on the situation) attributions. In case of sales promotions people can make attributions about the product, but also about their own behavior. Attributions about the product could be based on a price-quality inference. Consumers could attribute a lower price (because of a discount) to the low quality of the product, when the only information about the product is the price. A consumer could also question his or her own behavior which influences their future behavior (Dodson et al., 1978). When the consumer purchases a product based on the promotion, instead of the product itself, he or she will not buy the product unless it is promoted again. The purchase is attributed to the promotion and therefore the consumer will only buy the product when promoted.

Next to that, people could create a buying behavior in which they wait for promotions and will not buy the product at premium price anymore. Consumers adapt their purchase frequency to the promotional pattern, buying a lot of a particular product when it is on sale and then wait until the same product is promoted again. The lower price also affects the price expectations and increases the price sensitivity (Montaner & Pina, 2008), which is caused by an adjustment of the anchor-point of the consumer (DelVecchio et al., 2007). The anchoring and adjustment theory can be used to explain how people adapt their price expectations. The anchor-point of consumers adapts when they

buy a product for a lower price (e.g. a discount). Especially in the case of a deep promotion the anchor-point could be changed radically, because of the great difference between the normal price and the price when the product is promoted. The anchor-point of the consumer is changed based on the promoted price. This could make consumers price sensitive because they perceive the normal price as too expensive. The lower anchor-point could also affect the perceived brand quality, because lower prices are associated with lower quality (DelVecchio et al., 2007).

According to the literature, sales promotions do not only have negative consequence for a brand in the long run. They are also used to develop brand awareness and brand image. Montaner and Pina (2008) found that non-monetary promotions do not affect the reference price and can positively influence the brand image and brand differentiation, because of the attractiveness (e.g. it is fun to participate) of these promotions. Sales promotions can also develop meaningful points of differences and unique associations. As a result of sales promotions consumers could name a greater number and more favorable associations (Palazón-Vidal & Delgado-Ballester, 2005). People could name considerably more associations when non-monetary promotions were used. That is because monetary promotions only focus on one aspect of the brand, which is the price. The positive effects of sales promotions in the long run are mainly found for non-monetary promotions (Montaner and Pina, 2008; Palazón-Vidal & Delgado-Ballester, 2005).

2.4. The present study

2.4.1. Study 1

Sales promotions can influence the decision making of the consumer, but these promotions can also influence aspects of the brand (e.g. the perceived quality and brand image) in the long run. Managers must make a trade-off between the immediate short-term benefits of a promotion and the long term risks, especially in the case of a promotion depth larger than 20 percent (DelVecchio et al., 2006). A price promotion can increase the sales of the promoted brand (Leone & Srinivasan, 1996), but too deep promotions are seen as untrustworthy (Jany, 2009). Based on the literature, the way the promotion is communicated and the situation it is used in (e.g. which store) can influence the effect of the price promotion. Next to that, store brands and high end brands differ from each other when it comes to for example perceived quality, brand image, and price. It is therefore possible that a price promotion can affect a store brand and high end brand very differently concerning the effectiveness of the promotion and the consequences for aspects of the brand (such as the perceived brand quality and brand image).

Two studies will be conducted to find out whether price promotions have different effects on aspects (such as perceived brand quality and brand image) of the store brand and high end brand. The main question that study 1 tries to answer is whether or not there are differences between the effectiveness and consequences of various price promotions for a store brand compared to a high end brand. The focus will be on the effects that especially deep discounts (above 20 percent) have compared to small discounts (below 20 percent). Effects on short and long-term will be researched using an online questionnaire.

The product used in this research is wheat beer. This product is chosen because supermarkets both offer store brand and high end brand wheat beers. Next to that, people probably do not buy this product very often. Therefore their knowledge about certain wheat beer brands and their perceived quality will not be high. Consumers will not know what the normal price is for this beer, which makes the discount an important factor to choose the product. The preference for a certain brand will not be as strong, as it would probably be for a regular beer. Hoegaarden, a well-known wheat beer brand in Holland, will be used as the high end brand. The Albert Heijn (a Dutch supermarket) wheat beer will be used as the store brand. The respondents will not know that the Albert Heijn store brand is used; therefore the brand name of the supermarket will not influence the results. The brand will be named 'store brand' throughout the study and in the experiments.

A price promotion in percentage will be used to determine whether the promotion has a positive or negative effect on different aspects of the brand. According to research of DelVecchio, Henard and Freling (2006) a promotion of 20 percent or more has a negative effect on the post-promotion brand preference and Jany (2009) found that a 40 percent discount is seen as untrustworthy. Based on these results, a price promotion of more than 20 percent and less than 20 percent will be used. Next to that, a deep price promotion without the percentage being mentioned will be used to check if price framing (the way the offer is communicated) influences for example the perceived brand quality and brand image of the two brands differently. In practice sales promotions higher than 20 percent are often used, especially in supermarkets. It is therefore very important for (brand) managers to know what the possible consequences are of these promotions.

2.4.2. Study 2

Study 2 will dig deeper into the effect of a deep price promotion for a store brand and a high end brand. The effect of a deep price promotion on the taste experience of a store brand and high end brand wheat beer will be tested. The main research question in study 2 will be whether or not a promotion has a detrimental effect on the taste experience of a store brand or a high end brand.

When a promotion has a negative effect on the perceived brand quality of a brand, it is also possible that the promotion has a negative effect on the taste experience, because taste is the most important experience quality attribute (Oude Ophuis & Van Trijp, 1995). An experience quality attribute can, in the case of food products, be adopted when it is consumed. It is very interesting to find out what happens with the taste experience of consumers after the two brands have been bought with a deep discount.

The effect price promotions could have on the taste of a wheat beer can have very important consequences. The promotion could influence the buying behavior, as price promotions have a strong immediate effect on brand purchase (Gedenk & Neslin, 1999). But when the promotion has a negative effect on the taste experience of a brand, it could mean that consumers would not buy the brand again. Based on the attribution theory, consumers could attribute the promotion to the taste of the wheat beer. Consumers could think that the beer has to be promoted or otherwise will not be sold. People would probably not buy a product again that tasted badly. Therefore, the promotion would only have a positive effect in the short-term (impulse buying), but a very negative effect in the long run (bad taste experience, no repeat buying).

2.5. The hypotheses

2.5.1. Trustworthiness, favorability and skepticism towards the promotion

Price promotions larger than 20 percent are seen as untrustworthy (DelVecchio et al., 2006; Jany, 2009). According to research of DelVecchio, Henard and Freling (2006), price promotions are more harmful for unfamiliar brands compared to familiar brands. The familiarity with the high end brand makes consumers trust the deep price promotion for the high end brand more than a deep promotion for a store brand. Because consumers will have less knowledge about a store brand compared to a high end brand, it is expected that especially deeper promotions (higher than 20 percent) are seen as less trustworthy for a store brand compared to a high end brand. Because price promotions under 20 percent are perceived as trustworthy, it is hypothesized that there will be no difference in trustworthiness of this promotion for both brands.

H1: A 50 percent price promotion, as opposed to a 10 percent price promotion, is perceived as more trustworthy for a high end brand compared to a store brand.

In addition, consumers evaluate deals of higher-priced products as more favorable (Krishna et al., 2002). Therefore, it is also expected that a deeper price promotion for a high end brand is perceived as more favorable.

H2: A 50 percent price promotion, as opposed to a 10 percent price promotion, is perceived as more favorable for a high end brand compared to a store brand.

It is hypothesized that a deep price promotion for a high end brand will be perceived as more trustworthy and more favorable. Because of that, it is also hypothesized that consumers are less skeptical towards a deep discount for a high end brand compared to the same discount for a store brand.

H3: Consumers are less skeptical towards a price promotion of 50 percent, as opposed to a price promotion of 10 percent, for a high end brand compared to a store brand.

2.5.2. Consumer behavior

Willingness to spread positive word of mouth and the purchase intent of the consumer are the two key behavioral intentions which will be measured (Peine et al., 2009). Price promotions can have positive consequences for the brand in the short-term. The value of the deal, the transaction utility, is better when a product is promoted (Neslin, 2002). Consumers are sensitive to the fact that they can get a better value for their money. Price promotions in particular have a strong immediate effect on brand purchase (Gedenk & Neslin, 1999) and induce trial (DelVecchio et al, 2006). These promotions can attract a set of consumers who normally would not buy the brand (Neslin & Shoemaker, 1989), because the product is too expensive or they bought another brand and found no reason for switching to the promoted brand. Blattberg and Wisniewski (1989) concluded that consumers, who normally buy high end brands, will not buy store brands even when they are promoted because of the lower perceived quality. In addition, consumers who normally buy store brands would buy promoted high end brands, which can be related to the increase in quality (one of the benefits from the Benefit Congruence Framework, Chandon et al., 2000).

H4: In the short-term, a 50 percent price promotion, as opposed to a 10 percent price promotion, will be more effective for high end brands compared to store brands.

2.5.3. Brand quality

The quality perception of products can be influenced by price promotions. First of all, the reference point of the promoted product can decrease because of the lower price the product is sold for (DelVecchio et al., 2006). Lower prices are associated with less quality (DelVecchio et al., 2007). Next to that, consumers could view the promotion as a 'cover up' for insufficient quality (Jørgensen et al., 2003). When consumers are more familiar with a product, they tend to indicate the quality of a product based on intrinsic rather than on extrinsic cues (Raghubir & Corfman, 1999). Next to that, Richardson, Dick and Jain (1994) found that store brand's perceived quality is judged based on extrinsic rather than intrinsic cues. Therefore, the price will be an important factor for consumers to judge the quality of a store brand, as price is an extrinsic cue. The more a consumer knows about a certain product, the smaller the effect of the price will be on the perceived quality of that brand. The deep price promotion will not have a negative effect on the perceived quality of the high end brand, because consumers will not judge the quality of the high end brand based on the extrinsic price cue.

H5: A 50 percent price promotion, as opposed to a 10 percent price promotion, will have a stronger negative effect on the perceived quality of a store brand compared to a high end brand.

2.5.4. Product evaluation

It is assumed that price promotions larger than 20 percent will have a negative effect on the perceived brand quality of the store brand compared to the high end brand. This effect on brand quality could also influence the product evaluation, because perceived quality is an important factor that influences the product evaluation. When consumers perceive a low quality in a product, the product evaluation will probably also be low. According to research of Montaner and Pina (2008), monetary promotions reduce the image of a promoted brand, which could also affect the product evaluation. When the consumer chooses the product because of the price reduction, instead of the qualities of the product, the evaluation of the product will be lower (Dodson et al., 1978). The purchase is made because of the price reduction and not because of the qualities of the product. The purchase of a store brand is probably made because of the lower prices for these products; therefore it is hypothesized that the product evaluation of a store brand will be affected more negatively by the deeper promotion depth.

H6: A 50 percent price promotion, as opposed to a 10 percent price promotion, will have a stronger negative effect on the product evaluation of a store brand compared to a high end brand.

2.5.5. Taste experience

Consumers often see brand names as a reliable source for the quality of the product (Hoegg & Alba, 2007). As quality and taste are very closely related, it is expected that the taste of beer is influenced by the brand name. Research by Hoegg and Alba (2007) showed that people perceived the taste of a high end brand orange juice as better opposed to the taste of a store brand. Moreover, Gurnard and his colleagues (2000) found that the American participants in a blind taste test preferred the domestic beers over the imported beers. On the contrary, in the informed condition the participants preferred the imported beers. Clearly, the label on the bottle of the beer influenced the taste experience. Research by the Consumer Association of Belgium showed similar results concerning the Belgium beers (Test Aankoop, 2011). Although Belgians perceive the taste of their domestic beers as superior, the taste of some imported beers and even some store brand beers in a blind taste test was perceived as equal or even better compared to the domestic beers. These results indicate that a brand name alone can already influence the taste experience.

H7: When the brands are not on offer, the taste experience of the bottles with a high end brand label will be perceived better compared to the bottles with a store brand label.

Research showed that consumers evaluate the quality of store brands on extrinsic cues (e.g. price or brand name) and the quality of high end brands on intrinsic cues (e.g. appearance or color) (Richardson et al., 1994). Also the familiarity with the brand makes people judge the brand based on intrinsic cues (Raghubir & Corfman, 1999). It is expected that participants are more familiar with the high end brand Hoegaarden, therefore judging the taste experience on intrinsic cues and not on the extrinsic cue of the price promotion. The promotion indicates that the product is bought at a lower price, therefore indicating that the product is of less quality because lower priced products are associated with having less quality (Oude Ophuis & Van Trijp, 1995). The lower perceived quality could influence the taste experience. The price promotion would have a more detrimental effect on the taste experience of the store brand, because the taste of the store brand is judged based on the extrinsic price promotion cue.

H8: The price promotion has a detrimental effect on the taste experience of the bottles with a store brand label.

3. Methodology

The purpose of the following studies is to test the hypotheses that deeper discounts (larger than 20 percent) have a more detrimental effect on a store brand compared to a high end brand. It is hypothesized that there will be less difference in consequences and effectiveness of a small promotion (under 20 percent) for a store brand compared to a high end brand than when a deep promotion (above 20 percent) is used.

3.1. Pre-test

The pre-test was used to examine the trustworthiness of a discount larger and smaller than 20 percent for a wheat beer brand that was sold in a supermarket. According to research of DelVecchio, Henard and Freling (2006) consumers in general perceive discounts more than 20 percent as untrustworthy. In the pre-test a 40 percent discount was used to test whether or not the participants perceived the discount as trustworthy. 10 participants contributed to this pre-test (4 male, 6 female), with a mean age of 31.4 years (SD = 19.98).

A small introduction explained the scenario (see Appendix A). The participants were going to give a party and knew that some of the guests really liked to drink a wheat beer. After the introduction a picture of a beer shelf in the supermarket was shown (figure 1), and a picture of a six-pack of Hoegaarden wheat beer that was on offer with a 40 percent discount (figure 2). Using a 7-point Likert scale, participants had to answer the following statement: *"I think that the price reduction of 40 percent is very trustworthy"*. Respondents were then asked to indicate what their feelings were when they saw the 40 percent discount, and whether or not they would buy the product. After that participants had to answer, again on a 7-point Likert scale, the following statement: *"I think that the price reduction of 10 percent is very trustworthy"*. The last question asked respondents to indicate what their tipping point was concerning the trustworthiness of a price promotion. Altogether the answers of the respondents were used as input for the online questionnaire.



Figure 1. The beer shelf as shown in the pre-test.



Figure 2. The stimulus material in the pre-test.

The results found by DelVecchio, Henard and Freling (2006) and Jany (2009), that discounts larger than 20 percent are seen as untrustworthy were confirmed in this pre-test. The participants scored the trustworthiness of the 40 percent discount below average (M = 3.3, SD = 1.95). More importantly, the participants scored the trustworthiness of a 10 percent discount as far more trustworthy (M = 4.7, SD = 1.77). There was no t-test performed, because of the small population in the pre-test.

Although there was a substantial difference between the trustworthiness of a 10 percent offer compared to a 40 percent offer, there were some contradictory results found in the pre-test. Some of the respondents perceived a 10 percent discount as very untrustworthy because of the small discount that was given; they trusted the 40 percent discount more because of the significant amount of money they could save. Respondent 4 said about the 10 percent discount "I do not like the 10 percent discount. It feels like a smart marketing trick and you do not get any real discount". Respondent 8 said almost the same: "I think a discount is trustworthy when it is 30 percent or higher. Under 30 percent you only get 20 cents or a Euro discount, which is almost nothing".

Based on the results of this pre-test, the discount in the deep promotion condition was raised from 40 to 50 percent. This decision was based on the feedback from the last question in the pre-test. The respondents had to indicate what their tipping point was concerning the trustworthiness of a discount. Eight out of ten participants indicated that they would not trust a discount of 50 percent or more. Respondent 6 indicated that her tipping point was 50 percent. "I think that a real untrustworthy discount is over 50%. From that point it is becoming a 'giveaway' and I start to question whether the product is normally priced well". Also respondent 9's tipping point was 50 percent. "From 50% discount I am going to look for a believable explanation".

An interesting result from the pre-test is that although most of the respondents did not perceive the 40 percent discount as trustworthy, they would buy the product. There was only one respondent that would not buy the product based on the 40 percent discount. The other respondents would buy it, mainly because of their familiarity with the brand. The participants were not drawn back from this particular offer, because of the brand. The question remains what consumers would do when an unfamiliar wheat beer brand, in this study the store brand, is on offer with a 50 percent discount.

3.2. Study 1: The effect of price promotions for a store brand and high end brand

To test hypotheses H1 to H6, a 3 (promotion depth: 50 percent vs. 10 percent vs. no percentage mentioned) x 2 (brand type: store brand vs. high end brand) between subjects design was used. The depth of the promotion had to give insight into the relationship between a deeper discount and its effect on different aspects of the two brands. The condition where no percentage was mentioned (only an 'action' sign) served as an indicator of whether the percentage itself (price framing) had a negative or positive effect on the different aspects of the brand. The promotion depth in this condition was comparable to a 50 percent discount.

An online questionnaire was used to test the different hypotheses. In January 2013 a total of 150 respondents participated in the main study, 75 were female and 71 male. In four cases the respondent did not answer this question. The mean age of the respondents was 34.34 (SD = 14.4). The level of education of the participants was university (n = 32), HBO (n = 68) and MBO (n = 39). The other participants had another education or did not answer the question.

The scenario was first explained to the participants. The same scenario as in the pre-test was used in the main study (see Appendix B). The participants were going to give a party and knew that some of the guests would like to drink a wheat beer. After the introduction a picture of a beer shelf in the supermarket was shown (figure 1), followed by a picture of a six-pack wheat beer that was on sale. The participants were randomly assigned to one of the six different questionnaires (see figure 3). There were two differences between the six different questionnaires. The type of brand (Hoegaarden or store brand) differed, as well as the discount that was given (10 percent, 50 percent, or no percentage mentioned). Because in two conditions the discount in percentage was not given, it was necessary to indicate the original price with the offer.

3.2.1. The questionnaire

The subjects in study 1 had to answer all the questions on a 7-point Likert scale (1 = totally disagree, 7 = totally agree), unless indicated differently in the following paragraph.

Perceived fairness of the promotion

To test the perceived fairness of the promotion participants were asked the following three questions ($\alpha = .81$); 'The price you have to pay for the wheat beer is a fair price', 'The consumer is treated fairly' and 'I think the price of this wheat beer is very high'. The questions were based on research by Peine, Heitmann and Herrman (2009) and Kampmann (2010).

Trustworthiness of the promotion

The trustworthiness of the deal was measured via three items (α = .73). The items read; 'I do not trust the ... discount', 'There is probably something wrong with the product' and 'Because of the discount I am reticent for buying the product'. On the three dots in the first question the three different price promotions were mentioned.



Figure 3. Stimulus material used in the online questionnaire.

Favorability towards the promotion

To check the favorability towards the deal the following questions were asked ($\alpha = .87$); '*l* appreciate the ... discount' and '*l* am pleased with the ... discount'. Initially the construct was measured via three items, but to get a better internal consistency one item was deleted. On the three dots in the two questions the three different price promotions were mentioned.

Skepticism towards the promotion

This construct was used to check whether people were more skeptical towards a deep promotion of particularly an unfamiliar brand (the store brand). The construct was measured via three questions (α

= .75) based on the research of Ford, Smith and Swasy (1990); 'I think the discount is very unlikely', 'I am very skeptical when I see the discount', and 'I think the discount is sincere'.

Price affect

The way participants emotionally reacted to the different price promotions was measured via price affect. Eight emotions were used to test the feelings participants had when they saw the discount, based on the emotions Peine, Heitmann and Herrmann (2009) used in their research. The participant was asked *'When I see the offer, I feel:'*. Six emotions were selected from a larger list of emotions and two emotions were added because they were suitable for this research. The other emotions were not selected, because they were not applicable for this research (such as sleepy, sluggish, or drowsy). The emotions selected from the research of Peine and his colleagues (2009) were *happy, pleased, satisfied, surprised, astonished,* and *nervous.* Two emotions were added, *mindful* and *alert*, because these emotions were applicable in this research. Research showed that discount more than 20 percent are seen as untrustworthy (DelVecchio et al., 2006; Jany, 2009). Therefore, consumers could become mindful and alert when products are promoted with such a deep discount.

Consumer behavior

Consumer behavior was operationalized via four items which measured two key behavioral intentions of the participants (α = .82). These two behavioral intentions were willingness to spread positive word of mouth and purchase intent, based on a study by Peine, Heitmann and Herman (2009). The questions were based on research by Jeon (1990), Rook (1987) and Peine, Heitmann and Hermann (2009). The construct measured whether the respondent would buy the product based on the discount and if they would recommend the product to friends. Examples of items were 'When I see the offer, I tend to buy the wheat beer spontaneously' and 'I would buy this product immediately'.

Perceived quality

The perceived quality was measured via four items (α = .68). These items were based on research of Zeithaml (1998), Montaner and Pina (2008) and Kampmann (2010). Examples of items were '*I* think this product has a very good quality' and '*I*t would be a wise choice to buy this product'.

Product evaluation

The evaluation of the product was also measured via four items (α = .82). All the items were derived from research by Montaner and Pina (2008). Example questions were *'The product does not disappoint his customers'* and *'It is probably one of the best products in the wheat beer market'*.

Brand image

Three questions were asked to check the general assumptions about the two different brands (α = .86). Via these questions it was possible to find out what the respondents thought about the brand image in general. The three items were *'In general I am very positive about Hoegaarden/the store brand'*, *'The brand Hoegaarden/The store brand is a brand with a good quality'* and *'The brand Hoegaarden/The store brand'*.

The questionnaire ended with two questions. The first question asked the respondent about their wheat beer consumption (1 = never, 7 = very often) and in the second question the participants had to indicate what their favorite wheat beer brand was (if they had one).

3.3. Study 2: The taste test

To test the effect of a deep price promotion on the taste experience of a store brand and a high end brand, a 2 (type of brand: high end brand vs. store brand) x 2 (promotion type: 50 percent discount vs. no discount) between subjects design was used. The hypotheses were tested in a field study which was executed on the campus of the University of Twente in Enschede, the Netherlands. The research was carried out on two sunny afternoons in April 2013. A total of 80 people participated in the study, 64 were male and 16 female. The mean age of the participants was 23.3 (SD = 6.72), with the youngest participants being 18 years old. Because of ethical reasons (participants had to drink beer), it was important that the participants were at least 18 years old. The level of education of the participants was university (n = 69), HBO (n = 4), MBO (n = 1), and secondary school (n = 2). In four cases the participants did not indicate their level of education.

People walking by a stand were asked if they wanted to take part in a taste test for wheat beer. The people that agreed to take part in the study tasted half a glass of wheat beer from a bottle that was taken out of a six-pack. The six-pack in one condition had a 50 percent discount sticker on it, in the other condition there was no such sticker (see figure 4). After the participants had tasted the beer, they filled out a small questionnaire with 12 questions concerning the taste of the wheat beer.

Wheat beer was an excellent product to test the possible difference in taste with or without a promotion, because not many people have a strong preference for a particular wheat beer. The knowledge about the taste of a particular wheat beer will not be high. In all four conditions the same beer was served to the participants. The labels of the store brand beer (Albert Heijn wheat beer) were put on bottles of the high end wheat beer brand Hoegaarden. Because in all four conditions the same beer was served, it was possible to test if the promotion and the brand name had an influence

on the taste of the wheat beer. The condition where no promotion was given served as the control condition, to check whether the brand name influenced the taste of the wheat beer.



Figure 4. Stimulus material used in study 2.

3.3.1. The questionnaire

The questionnaire started with a small introduction that explained what the main purpose of the research was and how participants had to fill in the questionnaire (see Appendix C). The questionnaire consisted of 12 questions regarding the taste of the wheat beer. The participants had to fill in the questions using a 9-point Likert scale ranging from 1 = dislike extremely/totally disagree to 9 = like extremely/totally agree. Questions 1 to 8 and 12 were based on research of Gurnard and colleagues (2000), who tested the participant's taste experience for regular beers. Questions 9, 10 and 11 were based on research of Oude Ophuis and Van Trijp (1995). These authors mention that taste is influenced by several intrinsic (appearance, color) and extrinsic cues (price, brand name). The 12 questions measured the taste experience of the participant, regarding for example the

appearance, smell, aftertaste and sweetness of the wheat beer. Some examples of questions were 'How do you feel about the appearance (color, clarity)?', 'How do you feel about the aroma (smell)?', and 'How do you feel about the bitterness?'. The questions had an internal consistency of α = .84. The questionnaire ended with three general questions about the age, sex and education of the participants.

4. Results

4.1. Results study 1

4.1.1. Trustworthiness of the promotion

A factorial between group analysis of variance (ANOVA) was used to examine the effects of type of brand (store brand and high end brand) and promotion depth (10 percent, 50 percent, and no percentage mentioned) on perceived trustworthiness. It was hypothesized in H1 that a 50 percent discount, as opposed to a 10 percent discount, for a high end brand would be perceived as more trustworthy compared to the same discount for a store brand.

The main effect of type of brand on the trustworthiness of a particular offer was not significant, F(1, 148) = .04, *ns*. This means that there is no difference between the perceived trustworthiness of the discounts for Hoegaarden (M = 2.80, SD = 1.36) compared to the discounts for the store brand (M = 2.83, SD = 1.21).

The main effect of discount on the trustworthiness of the offers was also not significant, F(2, 147) = 1.75, *ns*, which means that the participants in this research did not perceive a particular discount as more trustworthy than the others. Participants did not perceive the trustworthiness of a 50 percent discount (M = 3.04, SD = 1.35), 10 percent discount (M = 2.57, SD = 1.21) and the condition where the percentage was not mentioned (M = 2.84, SD = 1.28) significantly different. Therefore, this research found different results when it comes to the trustworthiness of a promotion under and over 20 percent, compared to the results found by DelVecchio, Henard and Freling (2006) and Jany (2009).

There was also no interaction effect between brand and discount, F(2, 147) = 2.32, *ns*. H1 is therefore rejected. The participants did not trust a deep price promotion for a high end brand more compared to a deep price promotion for a store brand.

4.1.2. Favorability towards the promotion

As for the construct trustworthiness, also for the construct favorability a factorial between groups ANOVA was used to determine whether there were any differences in favorability. H2 hypothesized that a 50 percent discount, as opposed to a 10 percent discount, would be perceived as more favorable for a high end brand compared to a store brand.

There was no main effect of brand on favorability, F(1, 148) = 1.49, *ns*. This means that there is no difference in favorability between the discounts for a store brand (M = 4.52, SD = 1.19) and a high end brand (M = 4.76, SD = 1.17).

There was also no main effect of discount on favorability, F(2, 147) = .40, *ns*. A 50 percent discount (M = 4.77, SD = 1.24) is therefore not judged as more favorable compared to a 10 percent discount (M = 4.58, SD = .97) or when the percentage is not mentioned (M = 4.59, SD = 1.32). Apparently, the subjects did not favor a deep discount more, compared to a smaller discount. The data also showed no interaction effect between brand and discount, F(2, 147) = .66, *ns*. H2 is therefore rejected. A deep discount for a high end brand, as opposed to a small discount, is not perceived as more favorable compared to a deep discount for a store brand.

4.1.3. Perceived fairness of the promotion

A factorial between groups analysis of variance (ANOVA) was used to compare the average scores on perceived fairness of the promotion. The main effect of brand on perceived fairness was not significant, F(1, 148) = .62, *ns*. This means that the three offers for the high end brand (M = 4.27, SD = 1.30) were not perceived as more or less fair compared to the offers for the store brand (M = 4.43, SD = 1.17).

The main effect of discount on perceived fairness was marginally significant, F(2, 147) = 2.54, p = .082. A Bonferroni test was used to find out which conditions differed marginal significant from each other. It seemed to be that the 10 percent discount (M = 4.58, SD = 1.09) was perceived as more fair compared to the 50 percent discount (M = 4.04, SD = 1.23), but the difference was not significant when the percentage discount was not mentioned (M = 4.42, SD = 1.32). There was no interaction effect between brand and discount, F(2, 147) = .17, *ns*.

4.1.4. Skepticism towards the promotion

Again, to compare the average scores on skepticism, a factorial between groups ANOVA was used. In H3 it was hypothesized that consumers are less skeptical towards a 50 percent discount, as opposed to a 10 percent discount, for a high end brand compared to a store brand.

The main effect of type of brand on skepticism was not significant, F(1, 148) = .01, *ns*. There was no difference in level of skepticism between the three offers for the store brand (M = 3.48, SD = 1.33) and the three offers for the high end brand (M = 3.47, SD = 1.24).

The main effect of discount on the level of skepticism was statistically significant, F(2, 147) = 3.05, p = .05. A Bonferroni test was used to check where the difference between the conditions was significant. A 50 percent discount (M = 3.81, SD = 1.43) was perceived with more skepticism compared to the condition where no percentage was mentioned (M = 3.20, SD = 1.18). This result indicates that although the same discount in euros was given, participants were less skeptical when the percentage was not shown. There was no significant difference between the 10 percent discount (M = 3.39, SD = 1.17) and the other two discounts.

Furthermore, a statistically significant interaction indicated that the effects of type of discount on the level of skepticism depends on the type of brand, F(2, 147) = 4.56, p = .012. The nature of this interaction is illustrated in figure 5. Simple effects analyses were used to further examine the interaction between discount and brand. These analyses indicated that the type of brand influences the level of skepticism towards a particular discount. The level of skepticism towards the three offers for the store brand was not significant different, F(2, 71) = .68, p = ns. The level of skepticism towards the offers for the Hoegaarden brand was significantly different, F(2, 72) = 8.26, p < .001. A Bonferroni test was used to analyze between which of the three conditions the differences was significant. The level of skepticism was significantly lower when the discount in percentage was not mentioned (M = 2.77, SD = .96) compared to a 50 percent discount (M = 4.07, SD = 1.36) and a 10 percent discount (M = 3.56, SD = 1.04). There was no significant difference between the 10 percent and the 50 percent condition.

A pairwise comparison showed that the difference in level of skepticism of the offer where the percentage discount was not mentioned was significantly different between the two brands. People perceived this offer for the Hoegaarden brand (M = 2.77, SD = .96) with less skepticism compared to the store brand (M = 3.65, SD = 1.24). This difference was not found when the percentage was indicated (50 percent discount) or when a small discount was given (10 percent discount). Participants were less skeptical towards the deep discount without the percentage being mentioned for a high end brand compared to a store brand, but there was no difference in level of skepticism when the percentage was mentioned with the deep discount. Therefore, H3 is only partially approved.



Figure 5. The effect of type of brand and discount on the level of skepticism.

4.1.5. Price affect

Participant's emotional responses towards the price promotions (price affect) were measured via eight emotions. The emotions included in this study were happy, pleased, satisfied, surprised, astonished, mindful, alert, and nervous. The means showed that in all six different conditions people felt positive emotions; they were happy, pleased, satisfied, and surprised. The participants were not astonished, mindful, alert, or nervous.

A factorial between groups analysis of variance (ANOVA) was used to compare the emotions of the participants. Two main effects were found, the main effect of discount on the surprise level of the participants was statistically significant, F(2, 146) = 7.28, p < .001. A Bonferroni test was used to analyze between which of the conditions the effect was significant. The participants were more surprised by an offer of 50 percent (M = 5,00, SD = 1.59) compared to an offer of 10 percent (M = 3.94, SD = 1.30). Next to that, the 50 percent condition scored marginally significant higher than the condition where no percentage was mentioned (M = 4.37, SD = 1.30). The main effect of discount on

the level of astonishment was also statistically significant, F(2, 146) = 6.55, p = .002. Again, a Bonferroni test was used to analyze the individual differences between the three different discounts. The test revealed that participants were more astonished by a 50 percent discount (M = 4.47, SD = 1.66) compared to a 10 percent discount (M = 3.39, SD = 1.30), but the difference was not significant when the percentage discount was not mentioned (M = 4.00, SD = 1.41).

4.1.6. Consumer behavior

Consumers who do not normally buy high end brands could be persuaded to buy these kinds of brands when they are on sale. On the other hand, consumers who already buy high end brands would not buy store brands even when they are on sale (Blattberg & Wisniewski, 1989). H4 hypothesized therefore that the short-term effects (willingness to spread positive word of mouth and purchase intent) of a deeper promotion would be more effective for a high end brand compared to a store brand.

A factorial between groups analysis of variance (ANOVA) was used to compare the scores on consumer behavior. The main effect of brand on consumer behavior was not significant, F(1, 144) = 1.91, *ns.* The short-term effectiveness of the offers was not different between a store brand (M = 3.36, SD = 1.15) and a high end brand (M = 3.66, SD = 1.47).

The effect of discount on consumer behavior was marginally significant, F(2, 143) = 2.90, p = .059. A Bonferroni test was used to analyze this result. It appeared that the condition where no percentage was mentioned (M = 3.81, SD = 1.52) scored marginal significantly higher than the 10 percent condition (M = 3.17, SD = 1.02). There was no significant difference between a 50 percent discount (M = 3.54, SD = 1.31) and a 10 percent discount. There was also no interaction between brand and discount, F(2, 143) = .18, *ns*. Based on this result, H4 had to be rejected. There was no difference between the short-term effectiveness (willingness to spread positive word of mouth and purchase intent) of a deep discount for a high end brand compared to a store brand.

4.1.7. Perceived quality

It was hypothesized in H5 that the perceived quality of a store brand, compared to a high end brand, would be influenced more negatively by a deep promotion (50 percent) because of the lack of knowledge about the store brand. The deep promotion and the price reduction would be extrinsic cues for the consumer to evaluate the product. A high-end brand would be evaluated on its intrinsic

cues, therefore the price promotion would have a less negative effect on the perceived quality of the high end brand compared to the perceived quality of a store brand.

The main effect of brand on perceived quality was statistically significant, F(1, 146) = 17.22, p < .001. Participants scored the perceived quality of the Hoegaarden brand (M = 5.06, SD = .80) significantly higher than the perceived quality of the store brand (M = 4.53, SD = .63). The main effect of discount on perceived quality was not significant, F(2, 145) = .02, *ns*. The perceived quality is therefore not influenced by the depth of the promotion, whether the promotion was 10 percent (M = 4.80, SD = .59), 50 percent (M = 4.80, SD = .86) or the percentage discount was not mentioned (M = 4.77, SD = .94). The interaction effect between brand and discount was also not significant, F(2, 147) = 1.99, *ns*. Therefore, H5 is rejected. The perceived quality of the high end brand was significantly higher compared the store brand, but the depth of the promotion did not influence the results.

4.1.8. Product evaluation

It was hypothesized that especially deep promotions (larger than 20 percent) would have a stronger negative effect on the perceived quality of a store brand compared to a high end brand. This effect on the perceived quality could influence the product evaluation. It was therefore hypothesized in H6, that the product evaluation of a store brand , compared to a high end brand, would be affected more negatively by a deep promotion depth.

A factorial between groups analysis of variance (ANOVA) was used to compare the average product evaluation scores. The main effect of brand on product evaluation was statistically significant, F(1, 144) = 35.79, p < .001. The Hoegaarden brand (M = 4.25, SD = 1.05) scored significantly higher than the store brand (M = 3.30, SD = .91). The main effect of discount on product evaluation was also statistically significant, F(2, 143) = 3.17, p = .045. A Bonferroni test was used to analyze between which of the conditions the scores were significant different. Surprisingly, the condition were no percentage was mentioned (M = 3.96, SD = 1.16) scored higher compared to the 10 percent conditions (M = 3.50, SD = 1.04). There was no significant difference when a 50 percent discount was used (M = 3.83, SD = 1.02), compared to the other two discounts. There was no interaction between brand and discount, F(2, 143) = 1.55, *ns*. H6 had to be rejected, because the depth of the promotion did not have an effect on the product evaluation. It did not matter whether a small (10 percent) or large discount (50 percent) was given, in both cases the product evaluation of the high end brand was significantly better compared to the product evaluation of the store brand.

4.2. Results study 2

A factorial between group analysis of variance (ANOVA) was used to examine the effects of the type of brand (store brand and high end brand) and type of promotion (50 percent discount and no discount) on the taste experience of the wheat beer.

A statistically significant interaction indicated that the effects of type of promotion on the taste of the wheat beer depends on the type of brand, F(1, 76) = 9.22, p = .003. The nature of this interaction is illustrated in figure 6. Simple effects analyses were used to further examine the interaction between promotion and type of brand. These analyses indicated that there is no significant difference between the taste of both wheat beers when the beers were bought without a discount, F(1, 36) = .10, *ns*. This means that H7 is rejected. Surprisingly, there is no difference in taste between the Hoegaarden labeled bottles (M = 6.60, SD = .77) and the bottles with a store brand label (M = 6.70, SD = 1.13) when they are not on offer. The brand name on the bottles did not influence the taste experience of the participants.

Although there was no difference in taste experience when the bottles where not on offer, the difference in taste between both beer brands was significant when the 50 percent discount was shown, F(1, 36) = 17.70, p < .001. When bought with a 50 percent discount, the taste of the Hoegaarden brand (M = 7.35, SD = .55) was significantly better compared to the taste of the store brand (M = 6.18, SD = 1.08). Therefore H8 was approved, the discount negatively influenced the taste of the store brand.

Very interesting is the fact that the taste of the Hoegaarden beer was significantly better when bought with a 50 percent discount (M = 7.35, SD = .55) compared to the condition where no discount (M = 6.60, SD = .77) was given, F(1, 36) = 12.01, p < .001. In contrast to the taste of the Hoegaarden beer, the taste of the store brand was negatively influenced by the 50 percent discount, although the difference was not significant, F(1, 36) = 2.12, *ns*. The taste when no discount was given (M = 6.70, SD = 1.13) was perceived better than the taste after the store brand was bought with a 50 percent discount (M = 6.18, SD = 1.08).



Figure 6. The effect of type of brand and discount on the taste of the wheat beer.

5. General discussion

5.1. Explanation of results

Sales promotions are used to increase sales, introduce new products and influence the consumer decision process. There is knowledge about possible negative effects of these promotions on for example the perceived brand quality and brand image (DelVecchio et al., 2006; DelVecchio et al., 2007; Montaner & Pina, 2008). The main question that this study tries to answer is whether a particular promotion has the same effectiveness and consequences for different brands within the same product category. The product used in this study is wheat beer. The effects of a price promotion on a store brand and high end brand were researched, because these brands differ in price, brand awareness, perceived quality and brand image. The main focus of the study lies on the effects of deep price promotions (larger than 20 percent) for a store brand and high end brand, because literature showed that these promotions had a negative effect on post-promotion brand preference (DelVecchio et al., 2006) and were perceived as untrustworthy (Jany, 2009).

It was hypothesized that the deep price promotion (50 percent), as opposed to a small price promotion (10 percent), would affect a store brand more negatively compared to a high end brand. First of all, the deep promotion would influence the store brand more negatively when it comes to the perceived quality, product evaluation and the taste experience. Second, the deep promotion itself (trustworthiness, favorability, perceived fairness, and skepticism towards the deal) would be perceived more negatively for a store brand compared to a high end brand. Third, the consumer behavior (willingness to spread positive word of mouth and purchase intent) towards the deep price promotion would be more positive for a high end brand.

Two studies were conducted to test the hypotheses. The first study tested the effect of three different price promotions in a 3 (promotion depth: 50 percent vs. 10 percent vs. no percentage mentioned) x 2 (brand type: store brand vs. high end brand) between subjects design. The second study elaborated on study 1, testing the effect of a deep price promotion on the taste experience of the two brands, using a 2 (promotion depth: 50 percent vs. no promotion) x 2 (brand type: store brand vs. high end brand) between subjects design.

Consistent with our conceptualization, we found that a deep promotion has a detrimental effect on the taste experience of the store brand. The deep price promotion of 50 percent negatively influenced the perceived taste of the store brand, but it positively influenced the taste of the high end brand. Price promotions are more harmful for unfamiliar brands compared to familiar brands (DelVecchio et al., 2006). Next to that, the less knowledge a consumer has about a brand the more he makes use of extrinsic cues to judge the quality of a brand (Raghubir & Corfman, 1999). Taste is

the most important experience quality attribute when it comes to food products (Oude Ophuis & Van Trijp, 1995). Therefore, the extrinsic promotion cue influenced the taste experience of the store brand negatively. The taste experience of the high end brand was not negatively influenced by the deep price promotion, which could be explained by the fact that people judge familiar brands based on intrinsic cues (Richardson, 1994). The taste experience of the high end brand with 50 percent discount is perceived tastier than without a discount could be explained by the fact that people associate the discount with the start of the summer. As wheat beer is associated with the summer, and mainly consumed in the summer, this association could influence the taste experience of consumers positively.

When the brands were not on offer, the participants perceived no difference in taste experience of the high end brand and the store brand. This result was certainly not expected. Other researchers (Gurnard et al., 2000; Hoegg & Alba, 2007; Test Aankoop, 2011) found an influence of brand on taste experience, whereby the familiarity with the brand and assumptions about certain 'superior' brands influenced the taste experience positively. The difference between the literature and the results found in this study could be explained by the differences between this study and the other studies (Gurnard et al., 2000; Hoegg & Alba, 2007; Test Aankoop, 2011). First of all, participants could not compare the taste of the store brand to the taste of the high end brand, the participant did not even know about the other brand used in the study. Next to that, the product used in this study could have influenced the results. Not many people drink wheat beer very often, therefore they are not familiar with the taste of wheat beer. Because of the lack of knowledge about wheat beer, it is possible that the taste experience is not influenced by the brand name.

Other results were not or only partially consistent with our conceptualizations. The depth of the offer did not influence whether a high end brand's quality and product evaluation was perceived differently compared to the store brand. The perceived quality and product evaluation of the high end brand scored significantly higher compared to a store brand, but the depth of the promotion (deep or small) did not influence the results. The fact that the perceived quality and product evaluation of the high end brand was significantly higher after a promotion, could indicate that a price promotion in general has a negative effect on the perceived quality and product evaluation of a store brand. In general, 65% of consumers does not perceive any quality difference between a store and high end brand (Nielsen, 2011), which could indicate that the price promotions had a negative effect of the perceived quality of the store brand. But, the perceived quality and product evaluation of the two brands before a price promotion was not measured. It is therefore possible that consumers already perceive a difference in quality and product evaluation of a store brand wheat beer and the high end brand Hoegaarden. Future research could test the perceived quality and

product evaluation of the two brands before a price promotion and after a price promotion to check whether the promotion has a detrimental effect on the these two aspects of a brand.

When it comes to the deal itself, a difference in level of skepticism was found between a deep price promotion for a store brand compared to a high end brand. The difference in skepticism was only found when the percentage discount was not mentioned with the offer. Participants perceived a deep price promotion without the percentage discount being mentioned for a high end brand as less skeptical compared to the same offer for the store brand, whereas no differences were found when both brands were promoted with a small discount. The difference in level of skepticism towards the deep price promotion without the percentage being mentioned could be explained by the familiarity with the high end brand. The consumer has more knowledge about the high end brand and could believe that the high end brand is a sincere brand, therefore making the consumer less skeptical towards the deep price promotion. The difference was not found when the percentage was mentioned with the deep price promotion. Calfee and Ringold (1988) showed that consumers are overall quite skeptical towards advertising claims. The level of skepticism depends on the ease and cost that people have to put in evaluating the deal (Ford et al., 1990). It is harder to evaluate whether a particular offer is actually 10 percent-off or 50 percent-off, which makes the consumer more skeptical towards the offer. The fact that the percentage discount is shown with the offer could therefore have a negative effect on the level of skepticism towards the offer for a high and brand and a store brand.

Although there was a difference in level of skepticism, no differences were found concerning the other aspects of the deal. There was no difference in trustworthiness, favorability and perceived fairness of the offers for the store brand compared to the high end brand. Research showed that discounts larger than 20 percent were perceived as untrustworthy (DelVecchio et al., 2006; Jany, 2009). In the context of supermarkets it is possible that these deep discounts are not perceived as untrustworthy anymore, because they are used very often. Supermarkets offer their products often with deep discounts (e.g. 50 percent), consumers could get used to these deep discounts. The fact that participants did not favor one of the discounts above the other, could indicate that people favor any discount. Consumers overestimate the savings from a 'special' price; they use the presence of a 'special' price as an indicator for a good deal (Dickson & Sawyer, 1990). The fact that the product was offered with a discount could be an indication of a good deal, making the consumer favorable towards the deal. The transaction utility increased, which means that consumers can get a better value for their money.

The behavior of the consumer towards the different price promotion did not differ between the store brand and high end brand. Consumer behavior was operationalized through two key behavioral intentions, the willingness to spread positive word of mouth and purchase intent (Peine et al., 2009). It is very remarkable that the purchase intent did not differ between both brands. Research by Blattberg and Wisniewski (1989) showed that consumers who normally buy high end brands would not buy store brands even when they are on sale. Consumers that normally buy store brands could be persuaded to buy the high end brand, which can be explained by the Multibenefit Framework (Chandon et al., 2000). The fact that the consumer is able to buy the high end brand when it is promoted, gives the consumer a quality improvement benefit. The type of study, an online questionnaire, could have influenced the results. Participants could have a low level of involvement whilst filling in the questionnaire, or it could be quite hard for the participants to know what they would do when they are actually in a supermarket keeping the scenario described in study 1 in mind (buying wheat beer for friends at a party). In study 2 the level of involvement of participants was higher, because participants actually had to taste the wheat beer. In study 2 a clear negative influence of a deep price promotion on the taste of a store brand was found, which indicates that deep price promotions have a negative effect on the taste experience of a store brand. Therefore, in future research, a field study (e.g. at a supermarket) should be conducted, because in a field study it is probably easier for participants to express what they would do when a store brand or high end brand is on offer.

For both brands, not mentioning the percentage discount with the deep price promotion, compared to the small discount, had a positive effect on the willingness to spread positive word of mouth, the purchase intent, and the product evaluation. The deep price promotion whereby the percentage discount was mentioned showed no significant differences compared to the small discount on these aspects. Research by DelVecchio, Krishnan and Smith (2007) showed that price framing influenced consumer's perception towards the deal. Clearly, a deep promotion can, compared to a small discount, increase the willingness to spread positive word of mouth, the purchase intent, and the product evaluation of both brands, but only when the percentage discount is not mentioned with the offer.

5.2. Theoretical and practical implications

The results found in this study indicate that price promotions can affect a store brand differently than a high end brand. Especially, the negative effect of a deep promotion on the taste experience of the store brand showed that brand managers of store brands should be very careful using deep price promotions to promote their brands. Brand managers should promote their brand in different ways, for example improving the packaging or try to get a better shelf space. The positive effect of the price promotions in short-term is offset by the negative effect on the perceived taste in the long run. Price

promotions can attract a new set of customers that would normally not buy the brand (Neslin & Schoemaker, 1989). These new consumers are not familiar with the taste of the product that they buy for the first time. When the deep price promotion has a negative effect on the taste experience of new consumers, than these consumers would probably not buy that brand again. Next to that, consumers could be very disappointed by the fact that they bought the product. The deep discount persuaded the consumer to buy the product, but after consuming the product the consumer regretted the purchase. The deep discount has a negative association for the consumer, and therefore a deep discount would not persuade the consumer to buy the store brand again. The negative effect of the deep price promotion on the taste experience, could also influence the perceived quality of the store brand negatively, because taste is the most important experience quality attribute when it comes to food products (Oude Ophuis & Van Trijp). The perceived quality of the store brand in this study was not negatively influenced by the depth of the promotion, which could be due to the fact that the perceived quality was measured after a promotion and not after the participant consumed the product. When the perceived quality of the store brand is measured after the product is consumed, the deep price promotion could have influenced the perceived quality negatively, because it also influenced the taste of the store brand negatively.

Price promotions are used because of their short-term benefits (e.g. increase sales). These promotions are associated with having negative consequences for the brand in the long run on aspect such as the perceived quality and brand image. This research showed that a deep price promotion positively influenced the taste experience of the high end brand. The positive effect of the price promotion is probably due to the positive associations with the price promotion. The promotion is associated with the start of a new season, the summer. It makes the consumer happy, which influenced the taste experience. Thus, when used properly, deep price promotions could have a positive effect for a brand. But, it seems that a familiar brand name is very important to get a positive effect of a deep discount. As described earlier, the taste experience of the store brand was negatively influenced by the deep price promotion.

An interesting field for future research is the effect of (deep) price promotions for a store brand and high end brand when these brands are promoted several times. In this study, both brands were only promoted ones. Montaner and Pina (2008) found that the frequent use of price promotions can influence the brand image in the long run. Next to that, the reference point of the consumer is probably not changed after one promotion. But several promotions could change the reference point. The perceived quality could be influenced negatively, because lower priced products are associated with having less quality (DelVecchio et al., 2007; Oude Ophuis & Van Trijp, 1995).

A final remark has to be made about the generalizability of the results. For other product categories, different results could be found. The knowledge of consumers about wheat beer is on

average very low. Consumers will probably not have a strong preference for a certain wheat beer brand, and do not know the prices different brands are sold for. Future research should check whether the same results, on for example the taste experience, are found in other product categories.

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Appendix A: Questionnaire pre-test

In dit onderzoek worden de effecten van prijsverlagingen onderzocht. Het product in dit onderzoek is witbier.

Scenario

Stel je voor je geeft een verjaardag en weet dat sommige mensen op je feestje graag een witbiertje drinken. Je gaat naar de supermarkt en komt aan bij het betreffende schap zoals hieronder op de afbeelding te zien is.



Vervolgens zie je de volgende aanbieding voor Hoegaarden witbier in het schap staan.



Actie! Hoegaarden witbier six-pack Nu: €3,29



Houd bij het beantwoorden van de vragen steeds het geschetste scenario (vorige pagina) in je achterhoofd.

1. Geef op een schaal van 1 (helemaal mee oneens) tot 7 (helemaal mee eens) aan in hoeverre je het eens bent met de volgende stelling.

Ik vind de 40% korting zeer geloofwaardig:

Helemaal mee onee	ns			Helemaal	mee eens

(je kunt een kruisje zetten in het betreffende hokje)

2. Wat komt er in je op als je deze korting ziet? Welke associaties heb jij met een dergelijke korting?

3. Zou jij het product kopen? Waarom (niet)?

.....

4. Stel je voor er werd 10% korting gegeven in plaats van 40%. Vind je de korting geloofwaardig?

Ik vind een korting van 10% zeer geloofwaardig:

Helemaal mee oneens			He	lemaal mee eens
(je kunt een kruisje zetten in	het betreffend	de hokje)		

5. Waar ligt voor jou het kantelpunt (wanneer vind je een korting nog geloofwaardig)? En waarom?

.....

Bedankt voor je medewerking!

Appendix B: Questionnaire study 1

Dit onderzoek wordt uitgevoerd in het kader van mijn afstudeerscriptie voor de opleiding Communicatiewetenschappen aan de Universiteit Twente.

In dit onderzoek worden de effecten van prijsverlagingen onderzocht. Het product in dit onderzoek is witbier.

Het invullen van de vragenlijst zal ongeveer 10 minuten in beslag nemen. Alle gegevens zullen anoniem verwerkt worden.

Alvast bedankt voor je medewerking!

Vriendelijke groet, Koen Waanders

Stel je voor je geeft een verjaardag en weet dat sommige mensen op je feestje graag een witbiertje drinken. Je gaat naar de supermarkt en komt aan bij het betreffende schap zoals hieronder op de afbeelding te zien is.



Je ziet vervolgens de volgende aanbieding voor een six-pack Hoegaarden in het schap staan.



Actie! Hoegaarden witbier six-pack Van: €6,60 Nu: €3,29



1.

De volgende vragen hebben betrekking op de aanbieding. Bedenk hoe jij zou reageren in deze situatie. Het middelste bolletje betekent dat je 'neutraal' tegenover een stelling staat.

	Helemaal oneens	mee			Не	lemaal m ee	al mee eens		
De prijs die je moet betalen voor het witbie is een eerlijke prijs.	r _O	0	0	0	0	0	0		
De consument wordt eerlijk behandeld.	0	0	0	0	0	0	0		
Ik vind de prijs voor dit witbier zeer hoog.	0	0	0	0	0	0	0		
Ik vertrouw de 50% korting niet.	0	0	0	0	0	0	0		
Er is waarschijnlijk wat met het product mis.	0	0	0	0	0	0	0		
Door de hoge korting koop ik het produc minder snel.	t o	0	0	0	0	0	0		
Ik waardeer de 50% korting.	0	0	0	0	0	0	0		
Ik ben blij met de 50% korting.	0	0	0	0	0	0	0		
Door de 50% korting ben ik in staat he product aan te schaffen.	t o	0	0	0	0	0	0		
Ik vind deze korting zeer onwaarschijnlijk.	0	0	0	0	0	0	0		
Ik ben erg sceptisch wanneer ik deze korting zie.	g o	0	0	0	0	0	0		
Ik vind de aanbieding oprecht.	0	0	0	0	0	0	0		

2.

Geef hieronder aan in hoeverre de verschillende emoties op jou betrekking hebben wanneer je de aanbieding ziet. Het middelste bolletje betekent wederom dat je er 'neutraal' tegenover staat. Als ik de aanbieding zie dan ben ik:

Не	lemaal	niet			Heel era		
Blij	0	0	0	0	0	0	0
Voldaan	0	0	0	0	0	0	0
Tevreden	0	0	0	0	0	0	0
Verrast	0	0	0	0	0	0	0
Verwonderd	0	0	0	0	0	0	0
Oplettend	0	0	0	0	0	0	0

Alert	0	0	0	0	0	0	0
Nerveus	0	0	0	0	0	0	0

3.

De volgende vragen gaan over de mogelijke effecten van de prijsverlaging. Het middelste bolletje betekent wederom dat je ergens 'neutraal' tegenover staat.

	Hele	Helemaal mee oneens					Helemaal mee eens		
Ik koop dit product waarschijnlijk wanneer het weer in de aanbieding is.	pas,	0	0	0	0	0	0	0	
Doordat het een A-merk is, heeft de ko geen invloed op hoe ik over het merk de	orting nk.	0	0	0	0	0	0	0	
Ik zou het product een volgende keer voor de normale prijs aanschaffen.	ook	0	0	0	0	0	0	0	
Ik denk dat dit product een erg g kwaliteit heeft.	oede	0	0	0	0	0	0	0	
Het zou een verstandige keuze zijn product te kopen.	het	0	0	0	0	0	0	0	
Dit witbier is een goed product voor prijs.	deze	0	0	0	0	0	0	0	
De prijsverlaging geeft aan dat het pro een mindere kwaliteit heeft.	oduct	0	0	0	0	0	0	0	
Als ik de aanbieding zie, ben ik ger spontaan het witbier te kopen.	neigd	0	0	0	0	0	0	0	
Ik zou het product kunnen kopen, zond echt over na te denken.	er er	0	0	0	0	0	0	0	
Ik zou dit product aanbevelen aan vriend.	een	0	0	0	0	0	0	0	
lk zou dit product direct aanschaffen.		0	0	0	0	0	0	0	
Het is een uniek product, met eigenscha die andere witbieren niet hebben.	ppen	0	0	0	0	0	0	0	
Het product stelt zijn klanten niet teleur.		0	0	0	0	0	0	0	
Het is waarschijnlijk een van de k producten binnen de markt voor witbier	oeste en.	0	0	0	0	0	0	0	
Het product heeft een sterke positie bi de markt voor witbieren.	nnen	0	0	0	0	0	0	0	

4.

Hieronder volgen 3 vragen over het merk Hoegaarden in het algemeen. Het middelste bolletje betekent dat je 'neutraal' tegenover de stelling staat.

	Helemaal	mee on	eens	Helemaal mee eens				
Over het algemeen ben ik zeer positief over het merk Hoegaarden.	0	0	0	0	0	0	0	
Het merk Hoegaarden is een kwalitatief goed merk.	0	0	0	0	0	0	0	
Het merk Hoegaarden is een aantrekkelijk m	nerk. O	0	0	0	0	0	0	

5.

Als laatste gedeelte van deze enquête volgen nog een aantal algemene vragen.

	Nooit				Zeer regelmat					
Drink je wel eens witbier?	0	0	0	0	0	0	0			

6.

Wat is je favoriete witbier? (als je dat hebt)

.....

7.

Wat is je leeftijd?*

.....

8.

Wat is je geslacht?*

oMan

Ovrouw

9.

Wat is je opleidingsniveau (deze opleiding hoeft nog niet afgerond te zijn)?*

- O WO
- O HBO
- O MBO
- O Middelbare school
- O Lagere school

Je bent klaar met de enquête! Nogmaals bedankt voor je medewerking!

Appendix C: Questionnaire study 2

You have just tasted a wheat beer. Please indicate what your opinion is about the beer by filling in a number between 1 and 9. When you fill in a 5, it means that you are neutral with respect to the statement.

1 = extremely dislike/totally disagree

9 = extremely like/totally agree

- 1. How do you feel about the appearance (color, clarity)?
- 2. How do you feel about the carbonation (e.g. foam)?
- 3. How do you feel about the aroma (smell)?
- 4. How do you feel about the bitterness?
- 5. How do you feel about the sweetness?
- 6. How do you feel about the sourness?
- 7. How do you feel about the body/mouth feel?
- 8. How do you feel about the aftertaste?
- 9. The beer tastes refreshing.
 - ...

....

- 10. The beer tastes bland.
- 11. The beer is tasteless.
- ...
- 12. How do you feel overall about this beer?

....

General questions:

Age: ...

Sex: ...

Education: ...

Thank you for participating in this research!