

Consumer Response to Utilization of Comparison Prices in Retail Advertisements

Dr. Sammy G. Amin, Marketing, Frostburg State University
Dr. Dinesh S. Dave, Decision Sciences, Appalachian State University

Abstract

Retailers consider advertising and promotion to be among the most crucial strategic tools in a firm's marketing mix. Retailers are concerned with the decision making process involving the content and format of their newspaper advertisements. In this paper an attempt was made to investigate the effects of the inclusion of store discount coupons; and the various brand types on consumer evaluation and reactions to retail newspaper advertisements. The results of this study provide retailers with directions and insights, enabling them to achieve more positive reactions from consumers in their advertising efforts.

Introduction

For a long time, retailers have considered advertising and promotion to be among the most crucial strategic tools in a firm's marketing mix. Retail advertisers have long been concerned with various kinds of decisions regarding the content and format of actual newspaper advertisements in order to achieve more positive response by consumers. The first important issue among these decisions would be whether to use comparison price (include both the regular price along with the sale price) or only the sale price in the advertisement. The second issue is be whether to include the store discount coupon in the advertisement. The third issue would be to determine which brand type to focus upon in the advertisement.

Comparison Price

Previous studies examined the role and the influence of comparison price advertisements and their effects on consumer perception and response to the advertisements. Fry and McDougall (1974) examined consumer reaction to retail price advertisements. The authors found that the acceptance of the advertised regular price seemed to decrease as the size of the discount increased (25% versus 50%, or 11% versus 44% or 40%). They also indicated that acceptance of the sale price as the "Lowest price in town" increased as the size of the discount increased. Consumer belief in the sale price was related to perceived price competitiveness of the store and the relative discount size. They further reported that the low acceptance of the stated regular price indicates an area that should be of concern to

advertisers and there is a need to increase consumer confidence in advertised prices. A study by Keiser and Krum (1976) indicated that the use of two-price version of the advertisement (regular and sale price) was more effective than one priced version in creating an impression of a true reduction in price. On the other hand, the two price version of the advertisement was not as effective as the one price version in attracting readers.

Sewall and Goldstein (1979) investigated consumer perceptions of catalog showroom reference prices. They concluded that catalog prices were useful in customer's comparative shopping activities, and prohibiting reference price advertising would be viewed by most consumers as not in their interest. The study performed by Berkowitz and Walton (1980) examined the influences of semantic, comparison price, and store name cues on consumer price perceptions. The objective of their study was to assess the influence of particular contextual variables on consumer perceptions of retail price advertisements. The conclusions of their study were that higher comparison price cues consistently resulted in positive consumer evaluations and should be considered to be a basic component of advertisements. They further concluded that attention should be given to advertisement components and their use within the advertised product. Blair and Landon (1981) examined the effects of reference prices in retail advertisements. The researchers concluded that reference prices can affect consumers' perceptions of savings offered by the advertised retail prices. However, this effect was a partial one because consumers generally did not accept

a reference price at face value but still made a higher attribution of savings than they would if only the sale price was presented.

Bearden et al (1984) investigated comparison price effects on consumer reactions to retail newspaper advertisements and concluded that when actual prices were allowed to vary with the brand category, the use of comparison prices generally increased consumer reactions to the advertisements. Further, the researchers found that intentions to purchase the higher-priced product were generally greater when no comparison price was presented in the advertising. Liefeld and Heslop (1985) performed a study on reference prices and deception in newspaper advertising. They stated that consumer's in this study were not misled by using "Manufacturer's Suggested List Price" (MSLP) or regular price claims, into believing that the ordinary price was higher. When the reference price statements were presented, consumers did not perceive the ordinary price to be consistently higher.

Mobley et al. (1988) discussed the results of two studies investigating the effects of tensile price claims (e.g., "save up to 50%") on consumers' perception of offer value, information value, and price reduction. The results of their study suggested that the use of tensile claims in conjunction with large advertised price reductions may result in decreased perceived offer value and substantial discounting of expected price reductions by the consumer. Urbany et al. (1988) examined whether advertisers' regular price claims affect consumer perceptions and price search behavior. The results indicated that when subjects were presented with an advertised sale price above the lowest expected price, the exaggerated reference price increased the percentage of subjects who purchased the product from the advertiser without checking other stores' price. Gotlieb and Sarel (1991) studied the effects of price advertisements on perceived quality and intentions to purchase. Their objective was to understand the price perceived-quality resulting from exposure to price advertisements for new as well as established brands. Their study identified the key variables that should be considered and suggested that Adaptation Level Theory (Helson, 1964) could be used to help predict consumer perceived-quality assessments as well as purchase intentions.

Coupon

The debate over using deals and discount coupons as a promotional tool in consumer products has been taking place for a long time and may continue for some time to come. Coupons have been described as being useful for inducing trial, converting triers to regular users, encouraging buying of larger sizes, increasing usage, holding users against competitive entries, and increasing trade purchasing (e.g. Blattberg, Bvessing,

and Sen 1978; Cotton and Babb 1978; Dodson, Tybout, and Sternthal 1978; Montgomery 1971; Robinson 1977). The effects of discount coupons have been investigated by many researchers from several dimensions. Reibstein and Traver (1982) and Ward and Davis (1978) have attempted to identify the market factors affecting aggregate redemption rates in an effort to enhance predictability and control. On the other hand, Dodson et al (1978); Oliver (1980) and Raju and Hastak (1980) examined the cognitive processes and behavioral underpinnings of individual responses to deal and deal retraction. The issue of the inclusion of store discount coupon in the advertisement has been addressed by only a few researchers. However, Bearden et al (1984) found that the inclusion of the store discount coupon in the newspaper advertisement did not seem to enhance or detract from consumers' reactions to the advertisement.

Fitzgerald (1989) indicated that the future of couponing is not too rosy right now, unless the industry finds better ways to measure its effectiveness. He further indicated that couponing companies need to develop ways of measuring response rates that are sophisticated, fast, and cost-effective. Also, there is definitely a glut of coupons in marketplace, and we have to find more ways to show manufacturers their effectiveness. Waldrop (1988) indicated that interestingly, coupon use increases with household income and coupon use is higher for women who have attended college than for women who never went to college. Further, regardless of age, at least sixty percent of homemakers use coupons.

Brand

In 1977 the marketing community was surprised by the introduction of the generic products. This forced the marketing strategies for well known (national brands) consumer products to be adjusted in order to compete with the new challenge and threat caused by the appearance of the non-brand products. The appearance of generic products has also forced many retailers to reevaluate their marketing strategies for their own private brands. A study conducted by Venkatraman (1981) on known and fictitious brands suggested that brand names may be dominant (over price) in effects on quality while price is dominant within a brand category. Bellizzi et al (1981) reported differential effects in responsiveness to advertisements across brand preference groups. They suggested that generic brand advertising might be useful for eliciting patronage from particular market segments. Bearden et al (1984) examined brand effects on consumer reactions to retail newspaper advertisements and determined that intentions to buy were greatest for the national brand groups over private and generic brands. They further indicated that price perceptions were most favorable for the generic brand for only the lower-priced product.

Kumar and Leone (1988) investigated the effect of retail store price promotion, featuring, and displays on sales of brands of disposable diapers within a city. They developed models for pooled store pairs to investigate the effects of promotion on store substitution. The specification of these models were based upon findings from within-store brand substitution models. The study indicated that within a store, price promotion produced the largest amount of brand substitution, followed by featuring and displays. Blackston (1990) indicated that the advantage of the brand/price trade-off methodology is essentially a simulated method, which allows us to examine systematically more than one way of measuring brand value (e.g. playing a "what if" game). The study further suggested that high-value brands command higher prices and margins and, therefore, lose relatively little share of volume as the price increases. Further, high-value brands better resist competition and, therefore, lose relatively little share or volume as a result of competitive price promotion. Moran (1990) indicated that a single medium can contribute both to brand value and to brand presence is most easily seen in the case of coupons. It has been observed that not only do sales increase among consumers who redeem their coupons, but sales also increase among consumers who received but did not redeem the coupons.

The purpose of this study was to examine the effects of the following issues on consumer evaluation and reactions to retail newspaper advertisements: (1) the inclusion of comparison prices, (2) the inclusion of store discount coupons, (3) the utilization of brand type.

In order to accomplish the purpose of the study, the following hypotheses were formulated based upon previous studies.

H₁: Retail newspaper advertisements with comparison prices produce more positive consumer price perceptions, attitudes toward purchase, and intentions to purchase the advertised product than advertisements without comparison prices.

H₂: Retail newspaper advertisements without store discount coupons produce more positive consumer price perceptions, attitudes toward purchase and intentions to purchase the advertised product than advertisements with store discount coupons.

H₃: Retail newspaper advertisements with comparison prices for national brands produce more positive price perceptions, attitudes toward purchase, and intentions to purchase than advertisements with comparison prices for private and generic brands.

Additionally, other potential intervening variables (employment, sex, education, age, income and marital status) should be examined in conjunction with consum-

er price perceptions, attitudes toward purchase and intentions to purchase.

Method

In order to verify the validity of the proposed hypotheses the following research design was developed.

Sample and Data Collection

Data were collected from adult males and females with primary household grocery shopping activities, residing in urban and suburban neighborhoods surrounding a large-sized Metropolitan Statistical Area (MSA). The subjects were aware of the grocery advertisement sections in the newspapers of the area and visited the grocery stores used in this study at least two times in the last six months.

Self-administered questionnaires were distributed by trained interviewers. These interviewers were full time undergraduate business students. The interviewers were assigned to twenty low, middle and high-class neighborhoods which were derived from house hold incomes provided by Census. Interviewers performed data collection process through the mall intercept technique in their predetermined areas (two areas for each interviewer). The mall intercept technique is rapidly increasing in popularity because it provides marketing researchers with an interviewing location capable of reaching large numbers of people from a wide geographic area (Bush and Parasuraman, 1985). Each interviewer was instructed to intercept all age groups as much as possible and also to reach both sex groups. Upon agreement to participate in the study, subjects were given a packet containing a cover letter, a news story, the newspaper advertisement, a questionnaire about the news story and the advertisement, along with a return postage-paid envelope. Each subject was asked to evaluate both the news story and a single advertisement and to return the enclosed questionnaire. The inclusion of the news story and the use of actual grocery store chain name (non-fictitious) as a source of the advertisements were to enhance experimental realism (Bearden et al, 1984; Berkowitz and Walton, 1980). The total distributed questionnaires were 840 and the returned useable were 531 for a response rate of 63%.

Design of the Study

The study investigated one food and one non-food grocery products. The food product was 18 oz. barbecue sauce, and the non-food product was 64 oz. liquid laundry detergent. The reason behind the selection of these two items was that they are frequently used by consumers. The study involved a 2x2x3 design in which (1) comparison price was either present or absent (regular and sale price or sale price only) in the adver-

tisement, (2) store discount coupon was either present or absent from the advertisement (inclusion of the coupon was for obtaining the product advertised at the sale price), and (3) three brand types - national, private, and generic were utilized (in each advertisement, one single brand was displayed along with the name of the grocery store). In addition, each of the demographic variables were analyzed in a one way multiple analysis of variance (MANOVA). Furthermore, the demographic characteristics were used as one of the independent variables and brand type was the other which resulted in a series of two-way factorial designs.

The promotion described in these advertisements was developed to match the actual promotion of the grocery store chain selected for this study. The brands utilized in this study were available in the grocery store chain for the two products in national, private, and generic. The regular prices stated in the advertisement reflect prices charged at the grocery store within a few weeks before and during the data collection process. The prices were varied across the brand treatment conditions. For the barbecue sauce, the regular price-sale price was \$1.45-\$0.95, \$1.20-\$0.79, \$0.89-\$0.59 for the national, private and generic brands, respectively. For the liquid laundry detergent, the regular price-sale price was \$4.39-\$2.99, \$2.55-\$1.73, and \$1.93-\$1.31 for the national, private, and generic brands, respectively. The price differentials between the regular price and the sale price represented 32% savings for the liquid laundry detergent and 34% savings for the barbecue sauce. Berkowitz and Walton (1980) examined two price discount levels, 20% and 40% and concluded that higher comparison prices were necessary for non price-oriented stores.

Survey Instrument and Measures

Research design was implemented by using survey research as the data-gathering tool. The questionnaire in this study has been previously utilized by Bearden et al (1984). The questions were a fixed-alternative, closed format in which the subjects were permitted to respond only to the available choices.

Three dependent variables were measured in the study. The first dependent variable - price perceptions was measured by a seven-point scale in four semantic differential statements to reflect perceived worth, price acceptability, perceived saving, and value for the money. The second dependent variable - attitudes toward purchase was measured by using the subject's responses to seven bipolar adjective sets in seven-point scale (Good-Bad, Valuable-Worthless, Wise use of money-Waste of money, Effective-Ineffective, Beneficial-Harmful, Useful-Useless). The third dependent variable - intentions to purchase was measured by using four bipolar adjective statements in seven-point scale (Likely-Unlikely, Probable-Improbable, Possible-Impossible,

Certain-Uncertain). In addition, six demographic characteristics - employment, sex, education, age, income, and marital status were included in the questionnaire. These demographic characteristics were used as one of the independent variables in order to measure whether there were differential responses on the three dependent variables. Further, two seven scaled statements reflecting the adequacy and amount of price information included in the advertisement were used as manipulation checks for the comparison-price independent variable. In addition, four seven scaled and one description scaled (would you describe the brand as being national, private, generic) statements reflecting the brand - independent variable were used in manipulation check.

Results

Description of Measures

Variable means, standard deviation, and coefficient alpha (reliability estimates) for the three dependent variables and the manipulation checks are presented in Table 1.

The coefficients for price perceptions, attitudes toward purchase and intentions to purchase were found to be significant in both products. For these dependent variables, coefficient alpha ranges from 0.93 to 0.98, which indicates very high internal consistency in terms of these three measures. The mean differences between two products - laundry detergent and barbecue sauce, indicated that the dependent variables were evaluated similarly by the respondents.

Two manipulation checks were performed to insure that the participants were, in fact, responding reasonably well to the condition to which they were exposed. One manipulation check verified if the individuals, who received comparison or sale price only information, had differing levels of price information. A t-test was performed in order to determine significant difference between comparison price and sale price only group. The results indicated that the comparison price group averaged 3.77 points as compared to 10.20 for the sale price group. It can be observed that the sale and comparison price groups did demonstrate significantly different levels of price knowledge in the anticipated direction ($t = 30.08$ at 1008 d.f., $p < 0.01$). A similar manipulation check was performed for the comparison of brand knowledge for participants exposed to national, private or generic brands. Using brand knowledge scale, the three groups were compared. The results of the analysis of variance (ANOVA) indicated that there was a significant difference among these three groups ($F = 480.60$ at 2,101 d.f., $p < 0.01$). This indicated that the participants in each of the three brand groups responded

Table 1
Means, Standard Deviations, and Coefficient Alpha

Variable	No. of items	Product 1		Product 2		Coeff. Alpha
		(Laundry Detergent) Mean S.D.	Coeff. Alpha	(Barbecue Sauce) Mean S.D.	Coeff. Alpha	
Dependent Variable						
Price Perceptions	4	12.37 6.42	0.95	12.08 5.90		0.93
Attitudes toward Purchase	7	19.09 9.99	0.98	18.02 10.14		0.98
Intention to Purchase	4	15.09 7.94	0.98	14.03 7.68		0.95
Manipulation Checks						
Price Knowledge	2	6.96 4.94	0.94	6.74 4.29		0.91
Brand Knowledge	5	25.51 9.94	0.89	26.22 9.22		0.83

in a manner that would substantiate their group placement. In other words, these responses verify the fact that the exposure to the advertisement had its intended effect.

The responses to the price perceptions, the attitudes toward purchase, and the intentions to purchase variable were further analyzed in order to determine the impact of price, coupon and brand factors. The means and standard deviations for these three variables across price, coupon and brand factors for both products appear in Table 2.

The findings provide additional explanation of these effects. Lower mean scores reflect more positive price perceptions, attitudes toward purchase and intentions to purchase. In general, for both products the mean scores for price perceptions, attitudes toward purchase and intentions to purchase were lower for the comparison price treatment versus the sale price only treatment. Further, for both products in comparison price treatment the consumers responded more positively when no coupon was presented in the advertisement for all three dependent variables, however, mixed results were found for the sale price only treatment. In addition, the national brand was highly favored by the respondents in terms of three dependent variables for the comparison price treatment (coupon present and absent groups) and for the sale price only group when the coupon was absent (not included in the advertisement). However, the private brand was generally favored by the consumers in sale price only treatment when coupon was present.

The Multiple Analysis of Variance (MANOVA) was performed in order to determine the significant relation-

ships between independent and dependent variables. The results of this analysis for both products are presented in Table 3 (ignore demographics for now).

The findings indicated that there was a significant difference between the comparison price and the sale price only group for both products. However, the significant difference between the coupon treatment was observed only for the laundry detergent product. Furthermore, the significant difference between the brand type was observed for both products. There were also significant interactions between price and coupon, and price and brand for both products. However, the interaction between coupon and brand was significant only for the barbecue sauce product.

The Roy-Bargman stepdown F-test was performed in order to determine the relative contribution of the dependent variables for the individual effects. This procedure is adequate when the dependent variables can be theoretically ordered (Spector, 1977). The logical ordering of price perceptions, attitudes toward purchase, and intentions to purchase the advertised product was used to sequence the variable in this study (Ajzen and Fishbein 1980; Monroe 1979; Bearden et al 1984). These tests use the first variable (price perceptions) as a covariate in the analysis of the second dependent variable (attitudes toward purchase) and so forth. The results of these tests are presented in Table 4.

The findings indicated that for the laundry detergent product significant differences were observed on price perceptions and attitudes to purchase for price and brand factors. In addition, a significant difference was observed on all three dependent variables for coupon factor. For the second product - barbecue sauce, a

Table 2
Means and Standard Deviations for the Dependent Variables Across Prices, Coupon, and Brand Factors

Advertisement Condition	Product 1 (Laundry Detergent)							Product 2 (Barbecue Sauce)						
	Price Perception		Attitudes toward Purchase		Intentions to Purchase		N	Price Perception		Attitudes toward Purchase		Intentions to Purchase		N
	Mean	S.D.	Mean	S.D.	Mean	S.D.		Mean	S.D.	Mean	S.D.	Mean	S.D.	
<u>Comparison Price</u>														
Coupon Present														
National Brand	8.64	4.93	11.35	6.29	12.92	9.27	28	11.24	4.13	15.12	6.54	11.68	4.08	25
Private Brand	14.00	3.78	20.78	5.60	17.84	7.13	19	11.50	5.02	19.94	10.69	14.66	6.75	18
Generic Brand	11.72	5.30	20.94	7.33	15.77	6.89	18	13.27	3.85	22.72	5.73	18.96	5.20	18
Coupon Absent														
National Brand	4.03	0.18	6.20	1.09	4.03	0.18	30	4.20	0.41	6.08	9.27	4.29	0.55	24
Private Brand	6.57	2.74	10.33	5.06	8.04	4.46	21	9.88	4.67	16.35	9.23	12.82	7.07	17
Generic Brand	10.16	5.42	18.55	9.70	12.66	7.18	18	10.59	3.99	17.14	8.27	14.22	7.61	27
<u>Sale Price Only</u>														
Coupon Present														
National Brand	15.75	4.43	25.25	6.88	18.95	5.22	20	11.28	4.44	14.47	7.63	10.80	6.66	21
Private Brand	13.34	4.19	22.44	9.13	19.37	6.81	29	8.20	3.42	8.85	2.75	8.70	5.61	20
Generic Brand	18.00	6.17	28.91	10.01	20.08	15.64	23	17.00	5.96	28.36	18.31	21.86	4.81	22
Coupon Absent														
National Brand	15.13	4.95	20.72	5.66	16.00	6.27	22	12.00	5.54	12.54	9.05	10.81	6.44	22
Private Brand	17.00	4.77	25.38	5.18	19.77	3.05	18	19.51	3.53	28.44	7.22	20.50	6.05	18
Generic Brand	18.33	5.88	25.57	9.79	19.76	5.34	21	17.57	5.92	27.71	8.53	19.23	6.35	21
Total	12.36	6.42	19.09	9.98	15.08	7.94	267	12.07	5.89	18.02	10.16	14.03	7.69	264

Table 3
MANOVA Results: Comparison Price, Coupon, Brand and Demographic Factors Across Price Perception, Attitudes toward Purchase and Intentions to Purchase

Independent Variables	Product 1 (Laundry Detergent)		Product 2 (Barbecue Sauce)	
	d.f.	F	d.f.	F
Main Effects				
Price	3,253	61.35**	3,250	18.86**
Coupon	3,253	10.11**	3,250	0.77
Brand	6,506	9.00**	6,500	20.75**
Demographics				
Employment	6,522	1.97	6,518	3.86**
Sex	3,260	2.88**	3,260	1.58
Education	6,524	1.11	6,518	1.64
Age	9,635	1.04	9,625	2.71**
Income	9,635	1.26	9,586	1.33
Marital Status	6,522	1.89	6,518	1.75
Interactions				
Price x Coupon	6,506	10.75**	3,250	19.82**
Price x Brand	6,506	3.03**	6,500	2.31**
Coupon x Brand	6,506	1.13	6,500	7.84**

*** p < 0.01

Table 4
Roy-Bargman Step-Down F-Tests for Main Effects

Effect	Product 1 (Laundry Detergent)		Product 2 (Barbecue Sauce)	
	d.f.	F	d.f.	F
Price				
Price Perceptions	1,255	154.66**	1,252	56.75**
Attitudes toward Purchase	1,254	17.57**	1,251	0.11
Intentions to Purchase	1,253	1.45	1,250	0.12
Coupon				
Price Perception	1,255	8.82**	1,252	0.17
Attitudes toward Purchase	1,254	9.63**	1,251	0.32
Intentions to Purchase	1,253	10.83**	1,250	1.82
Brand				
Price Perception	1,255	14.13**	1,252	29.16**
Attitudes toward Purchase	1,254	10.82**	1,251	26.55**
Intentions to Purchase	1,253	2.04	1,350	5.73**

*** p < 0.01

Means for the Main Effects

	Product 1 (Laundry Detergent)			Product 2 (Barbecue Sauce)		
	Price Perception	Attitudes toward Purchase	Intentions to Purchase	Price Perception	Attitudes toward Purchase	Intentions to Purchase
Price						
Comparison Price	8.66	13.63	-	10.21	-	-
Sale Price Only	16.09	24.59	-	14.20	-	-
Coupon						
Present	13.39	21.25	17.43	-	-	-
Absent	11.29	16.82	12.62	-	-	-
Brand Types						
National	10.11	14.65	-	9.60	12.00	9.35
Private	12.61	19.77	-	12.22	18.16	14.03
Generic	14.93	23.91	-	14.28	23.52	18.38

Note: "-" indicates the means were not computed due to insignificance of the Roy Bargman tests.

significant difference was observed only in price perceptions in regards to price factor. On the other hand significant differences were observed in all three dependent variables for the brand factor.

The values of means were computed for the three dependent variables which showed significant effect in the Roy-Bargman test and also presented in Table 4. The analysis of the mean for these factors indicated that for laundry detergent the comparison price group score (mean = 8.66) was significantly lower than the sale price only group (mean = 16.09) for price perceptions. This was also true for the results on the attitudes toward purchase scales (mean = 13.63 versus 24.59). For the barbecue sauce product, for price perceptions provided similar results (mean = 10.21 versus 14.20). These indicate that for both products, the comparison price group scored significantly lower which in terms reflect more positive reactions toward the advertised product by the respondents.

The means for the coupon groups for the laundry detergent product indicated that the coupon absent group scored significantly lower in all three dependent variables. However, the coupon factor was not significant for the barbecue sauce product in both the MANOVA and Roy-Bargman tests. This indicates that for the higher priced product (laundry detergent) respondents reacted in a more positive manner when the coupon was absent from the advertisement. Further, for both products, the mean of the national brand group was significantly lower in price perceptions and attitudes toward purchase than the private and generic brand groups. However, for the barbecue sauce product, the mean of the national brand was lower than private and generic brands for intentions to purchase. This finding indicates, in general, that the respondent demonstrated more positive reactions toward the national brand advertised products.

Table 5
Roy-Bargman Step-Down F-Test for Interaction-Effects

Effect	Product 1 (Laundry Detergent)		Product 2 (Barbecue Sauce)	
	d.f.	F	d.f.	F
Price x Coupon				
Price Perception	1,255	24.82**	1,252	52.56**
Attitudes toward Purchase	1,254	0.08	1,251	5.42*
Intentions to Purchase	1,253	6.85**	1,250	0.65
Price x Brand				
Price Perception	2,355	4.79**	2,252	1.31
Attitudes toward Purchase	2,254	3.89*	2,251	4.73**
Intentions to Purchase	2,253	0.46	2,250	0.93
Coupon x Brand				
Price Perception	2,255	1.08	2,252	17.57**
Attitudes toward Purchase	2,254	0.03	2,251	4.67**
Intentions to Purchase	2,253	2.31	2,250	1.59

*** p < 0.01
** p < 0.05

Interaction Effects

The results of the MANOVA on interaction effects were further analyzed with the Roy-Bargman stepdown F-tests. The results are presented in Table 5.

For the laundry detergent product, the interaction between price and coupon was significant for price perceptions and intentions to purchase. On the other hand, this interaction was found to be significant for price perceptions and attitudes toward purchase for the barbecue sauce product. The interaction between price and brand was significant in price perceptions and attitudes toward purchase for the laundry detergent product but it was significant only in attitudes toward purchase for the barbecue sauce product. In addition, the interaction between coupon and brand was observed to be significant in price perceptions and attitudes toward purchase only for the barbecue sauce product.

Demographic Variables

The effect of the six demographic variables were evaluated across the two products by using MANOVA. The results of this analysis presented in Table 3 indicate that the variable sex was found to be significant for

laundry detergent whereas the variables employment and age were found to be significant for barbecue sauce. Further, the Roy-Bargman tests were performed for these significant differences, in order to determine the major influence of the demographic variables on the three dependent variables. The results of these tests indicated that for laundry detergent, the variable sex was significant in terms of price perceptions ($F = 7.57, p < 0.01$). Further, the values of means indicated that females (mean = 11.55) scored significantly lower than the male (mean = 13.79). For barbecue sauce, the Roy-Bargman F test indicated that the major influence of employment was seen on the attitudes toward purchase ($F = 7.64, p < 0.01$). The values of mean demonstrated that the full time employees scored significantly lower (mean = 16.98) than the not working (mean = 19.13) and part time employees (mean = 25.87). In addition, for barbecue sauce, the Roy-Bargman test suggested that the significant differences occurred on the price perceptions ($F = 3.39, p < 0.01$) and intentions to purchase ($F = 2.93, p < 0.01$). The means of the four age groups for price perceptions and intentions to purchase indicated that the age group 35 to 49 years scored significantly lower than the other three age groups. The age group 25 to 34 years scored significantly lower than either the 18 to 24 years age group or the 50 plus years age group

(the lower the value of the mean, the more positive reaction by the consumers).

Conclusions

The intent of this study was to examine consumer evaluation and reactions to retail newspaper advertisement in terms of three issues: the utilization of comparison price, the inclusion of store discount coupon, and the usage of different brand type. The impact of using comparison price over sale price only in retail advertisements has been demonstrated to be very powerful through this study. In both products the comparison price condition demonstrated consistent effects. These effects were primarily in areas of price perceptions and attitudes toward purchase. These findings were consistent to some extent with previous studies. For example, Bearden et al (1984) reported that the consumers reacted more positively when the comparison prices were used in the advertisement as opposed to the use of sale price only. Blair and Landon (1981) reported that receiving more information by the use of comparison prices advertising had substantially increased the consumers' perceptions of savings. Kamins and Marks (1988) concluded that the use of comparison price advertisement (two-sided) was found to be significantly more believable than one-sided counterpart.

The impact of the inclusion of store discount coupons were resulted in controversial directions. For the higher priced product (laundry detergent), consumers demonstrated more positive reactions to the advertisements when the store coupons were included. However, for the lower priced product (barbecue sauce), this issue was not significantly evaluated by the consumers. Thus, the consumers paid serious attention to the issue of the inclusion of store discount coupons for the higher priced product. This could be due to the larger amount of savings available for the product. One explanation could be that the respondents must have realized if the store was willing and able to sell the product at the sale price, why did the store insist upon time consuming procedures (clipping and redemption of the coupons) to get the discount. This might aggravate consumers and lead them to react in a negative manner to the store advertisements. On the other hand, for the lower priced product consumers did not indicate any significant differences between coupon present or absent due to the smaller amount of savings provided by the coupon. This conclusion (for the higher priced product) contradicts the findings of Bearden et al (1984). Their study reported that the inclusion of a coupon did not seem to enhance or detract from consumer reactions to the advertisements.

The results of this study also indicated that brand type did have a significant impact on consumer evaluation and reactions to the store advertisements. More specifi-

cally, national brands in most conditions continued to receive significantly more positive responses over private and generic brands. Private brands generally received more positive responses than did generic brands. This conclusion supports the fact that national brands receive more positive reactions by the consumers due to long market history, the heavy advertising which helps these brands in creating image building, and the higher quality. The findings of this study regarding the brand type issue are parallel to those of Bellizzi et al (1981). In their study the authors reported that national brands were perceived as superior in a large number of different characteristics, followed by the private brands and generic brands.

The results of this study revealed that demographic variables seem to minimally impact price perceptions, attitudes toward purchase and intentions to purchase. More specifically, sex, employment, and age seem to provide some significant impact on consumers' reactions to retail newspaper advertisements.

Managerial Implications


The results of this study has demonstrated significant implication for the retailers. It certainly calls for the retailers to increase the use of comparison price (regular and sale price) format in their retail advertisement. The rational behind higher consumer evaluation and reactions to comparison price format is based upon the fact that it provides consumers with price fairness. Price fairness is represented in the clear price information in the advertisement such as the regular price, the sale price, and the amount of saving available to consumers.

The results of this study seem to provide an important message to retailers. Retailers should not include a store discount coupon in their advertisement in order for the consumers to obtain the product advertised at the sale price. Consumers will prefer to buy the advertised product at the sale (low) price without going through the complexity of clipping and redeeming the coupons. This procedure of clipping and redemption may represent a waste of time and irritation to the consumers. The retailers on the other hand might argue that one of the reasons for the inclusion of these coupons in the advertisement is to limit the quantity of the advertised product to be purchased. However, the retailers can include the maximum quantity of the advertised product to be purchased in the components of their advertisements.

Due to the higher evaluation and reactions to national brands advertising, retailers should continue to focus their advertising efforts toward national brands. However, retailers should also be aware of the fact that their private brands advertising is more favored by consumers than the generic brands. Further, advertising efforts

towards private brands should not be ignored. Higher consumer acceptance of private brand will depend strongly upon increasing advertising efforts.

Suggestions For Future Research

Future researchers might attempt to determine whether or not consumers in different metropolitan areas react in the same manner to retail newspaper advertising. Future research should also examine how consumers react to different retail advertising activities (e.g. discount stores, drug stores, mass merchandising stores, convenience stores, etc.) Since the present study was limited to two grocery products (one food and one non-food), future research should consider examining advertising activities for different products in order to allow greater generalization of the results. 

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