

UNIVERSITY OF LJUBLJANA
SCHOOL OF ECONOMICS AND BUSINESS

MASTER'S THESIS

**EFFECT OF DISCOUNT PRICE FRAMING ON CONSUMER
BUYING BEHAVIOUR**

AUTHORSHIP STATEMENT

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INTRODUCTION

Price promotion is present at every step in our everyday life. Consumers see price promotion of products and services every day, when they go to the shops or when they read a catalogue, which they get in the mail. They are often exposed to signs like “Buy one, get one for 50% off”, “20% off”, “sale”, “clearance”, “buy 2, get the third one for free” and many more. These signs are everywhere as banners in the shop or on television ads and they influence consumers’ everyday shopping behaviour.

Promotion is an act of encouraging the trade or consumers to buy a product, or a sales force to sell the product to the consumers. Many stores and retailers use promotion techniques to attract consumers. Promotion is used almost everywhere and from all kind of brands (Shimp, 2003, p. 469-470). Sales promotion is promotional technique, which is playing an important role in the marketing communication mix. Sales promotion is recognized as a tool that can help to achieve a variety of marketing objectives (Yeshin, 2006, p. 1).

Retailers use sales promotions to change consumers’ buying behaviour. When retailers are implementing price reduction, they tend to favour one discount presentation over another. Price reduction can be presented in relative (in percentage terms) to the price or absolute (price reduced with whole number), or in both methods. Retailers want to increase their sales with the discount. In addition to the discount, the different price presentation of the discount also influences their sales.

Consumers may be misled through presentation of the discount. Discount and price can be presented in different forms or with alternative words and each person can see it differently. This leads consumers to act in different ways, depends on their perception of the deal. For example, 50 percent off and half price offers are the same, but one of them can have greater impact on consumers’ perception of value and their subsequent behaviour. Sales promotions and sales presentations that are presented differently one from another may have very different effects on consumers’ responses. This different presentation of the deals is called promotion framing (Choi & Mattila, 2014; Pacheco & Rahman, 2015; McKechnie, Devlin, Ennew & Smith 2012; Gonzalez, Esteva, Roggeveen & Grewal, 2016).

The aim of this master’s thesis is to find out why and how different discount framing is affecting consumer buying behaviour. In order to investigate deeper into consumer buying behaviour, I also wanted to know how discount framing affect the perceived quality of the product. Price framing promotional technique presents the same discount price in different formats. I wanted to present the problem of consumers’ perception of discount presentation, where what is factually the same discount is perceived differently. It affects the consumers’ perceived value and their buying behaviour.

Comparative price advertising is a promotional technique widely used by retailers to encourage customers to purchase specific product (Chandrashekar & Grewal, 2003).

Advertisers attempt to get consumers to compare advertised sales price to their internal reference price. This promotional technique helps customers to obtain the benefits and superior value that they receive from reduced price of this product (Grewal & Compeau, 1992, p. 52).

The buyer's internal reference prices can be influenced by both advertised selling and reference price, as well as by the buyer's perception of the product's quality. Comparative price advertising encourages one to look from a managerial and a public policy perspective. Retailers want to know how comparative price advertising enhances the buyer's value and deal perception and increases the buyer's transaction value and willingness to buy (Grewal, Monroe & Krishnan, 1998, p. 46). Public policymakers increase the interest for accurate and truthful information, which retailers and advertisements provide to the public (Compeau & Grewal, 1998, p. 264).

The purpose of this master's thesis is to examine the framing effect of the discounted price. The presentation of the discounted price can be presented in different formats. I wanted to present the effect on buying behaviour if the format of discounted price differs from the situation where low-priced or high-priced products are exposed to the discount. I presented the reasons why retailers are using different price framing techniques for different products depending on whether it is a low-priced or a high-priced product. It is shown how the same price discount can mislead the consumers and can change the buying behaviour. In particular, the objective of the study is to show how identical discount presented in different frame is valued. The study examines the same discount presented in relative and absolute format in situations where low-priced and high-priced product are discounted. Moreover, the study shows how discount price framing affects the consumer's perception of transaction value and the consumer's intention to buy the product.

The effect of discount framing depends on the price of the product, where the price discount is presented on the high or low-priced product. The recommendation to retailers about how to show their discount price is presented. Moreover, the study includes the managerial recommendation for manipulation of consumers to encourage more purchases, through the presentation of the discount.

Furthermore, the study shows how the price discount and its frame affect the perception of product quality. Previous studies examined separately the price framing effect on purchase intention and the discount effect on quality perception. In the thesis, the aim was to examine framing effect, price of the product and the discount size, which affect the perceived quality, as well as to identify their impact on purchase intention.

Retailers use sales promotion to attract more customers and increase sales. The form of the discount promotion is offered in different frames, with the purpose that every customer has their own evaluation how to see the discounted price and how it affects the value perception of the product.

In a variety of empirical studies, authors such as Heath, Chatterjee and France (1995), Chen, Monroe and Lou (1998), Hardesty and Bearden (2003), and others have discussed the effects of promotion framing and how does it affect consumer behaviour. These studies were examining how price promotion and its framing affect the purchase intention and decision to buy the product. Continuing the trend of online shopping, the newest studies also researched the promotion framing in online stores.

This master's thesis includes theoretical and empirical part. The theoretical part identifies facts, opinions and analyses of various authors on the basis of scientific and professional articles, books and internet sources. Firstly, in the theoretical part, sales promotion is defined. This master's thesis is focused more on customer-based sales promotion, where price framing is applied. In the second part of the theoretical part, the literature of previous articles is reviewed. Many authors have previously researched about price framing, where they tested through dependent variables how it affects different discounted products. Prospect theory is explained, as it is the base of framing effects. In the empirical part, the research was conducted using the two experiments that I designed, where I was testing how different discount price framing affect consumer buying behaviour through hypotheses that were developed on the basis of previous literature. After the empirical part, the overall findings of the thesis, discussion and managerial implication of the discount framing is presented.

1 SALES PROMOTIONS

Sales promotion is a short-term incentive that encourages trial or purchase of the product or service. It is part of the overall promotional mix together with advertising, public relations, direct marketing, sponsorships and personal selling. Comparing to other marketing services, sales promotion represents the biggest amount of spending in the marketing promotion mix. In the Table 1, the estimated spending for each category of the marketing services in the year 2019 in the U.S. market is presented.

Each promotional technique needs specific promotional tools to be used for promotional activities. Companies use discounts, coupons, and displays on the places where promotions are taking place. Sales promotion is a technique that is intended to encourage the customer to buy the product or service immediately. Consumers may not be attached to a specific brand and loyal to the product, but they are attracted by sales promotional tools such as coupons, gifts, or rebates (Gurpreet, 2015, p. 99).

Table 1: Estimated spending for total marketing-service in year 2019 in U.S.

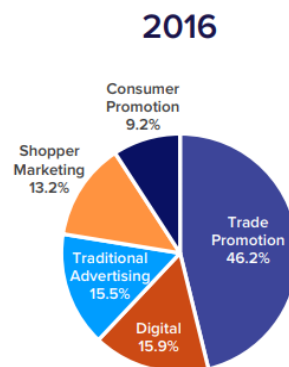
Marketing Services	2019 spending (dollars in billions)
Sales promotion	85.2
Telemarketing	60.8
Direct mail	44.6
Event sponsorship	42.7
Directories	7.9
Public relations	6.0
Total of marketing service	247.2

Source: The Ad Age Datacenter (2019).

According to Shimp (2003, p. 470) and Schultz, Robinson & Petrison (1993, p. 4) promotion is any encouragement of the trade or consumers to buy a product, or by the sales force to sell the product to consumers. Many stores and retailers are using promotion techniques to attract the consumers. Consumers can find promotion almost everywhere and from all the brands. (Shimp, 2003, p. 470)

Cadent Consulting group (2017) researched the overall marketing spending in the last 5 years in the U.S. Traditional marketing techniques such as trade promotion, advertising and consumer promotion have fallen, while digital (email marketing, social media, video, online coupons, digital banners) and shopper marketing (sampling, in store advertising, coupons) are growing.

Figure 1: Marketing spending by type in U.S.



Source: Cadent Consulting Group (2017).

Marketing and how the product will be promoted is not separated by special promotional techniques, but is a mixture of them from the beginning of the product life cycle. Brand activation is part of the branding strategy and event marketing. Brand activation is an event, where it has a positive effect on brand trust and brand satisfaction, where brand experience has a positive impact on brand satisfaction and loyalty (Marist, A. I., Yuliati, L. N. & Najib, M., 2014). With brand activation, the trust of the brand and its loyalty grows. It aims not only to grow awareness, loyalty and general interest in the brand, but also to trigger a change in consumer behavior (Mckay, A. & Brown, G., 2016).

Sales promotion has a greater effect on the immediate behavior of the consumer and has impact directly on decision-making and purchase. It has more short-term effectiveness and immediate results. Sales promotion cannot change the overall opinion of the product in the long run, but it can affect the purchase decision in the short run. Consumers buy the product when they would not act in the same way in ordinary circumstances. Sales promotion is effective in changing buying behavior of consumers as it is changing price value relationship of the offered product. The value can be added through the lower price, when offering discounts, coupons or trade deals, or with adding value to the product, for example offering them related product, a bigger size of the product or a chance to win a prize (Schultz, Robinson & Petrison. 1993, p. 4).

In the early stage of the product lifecycle, when the product is new on the marketplace, it is easy to differentiate the product from the other products and advertise its competitive advantage. In this early stage, advertising affects the earlier stage of the consumer buying process. In the mutual phase, most products are almost the same, with only few differences. In this phase, products can be differentiated with price incentives (coupons, refunds, price-off deals). Price can be temporary advantage over the competition. Price reduction, coupons, free gifts and samples affect the later stages of the consumer buying process which is purchase or increased usage of the particular brand (Shimp, 2003, p. 470; Smith & Taylor, 2004, p. 357).

1.1 Definition of Sales Promotion

A company uses sales promotion when they want to induce a stronger and faster buyer response. Sales promotion can create consumer short-term effects, such as to highlight an offer, a new product, and new features, or just to boost sales (Yeshin, 2006, p. 7).

Schultz, Robinson and Petrison (1993, p. 5) say that sales promotion is marketing activity, which is changing the perception of price and value relationship of the product or service. Consumers get the immediate reward, when lowering the price in the short run with a coupon or rebate or price discount. In the long run, it means changing the perception of the brand value.

According to Shimp (2003, p. 469) sales promotion is an incentive used by the manufacturer to encourage customers to buy a brand and the sales force to aggressively sell it. Retailers also use sales promotion to promote the products and create desire in customers to buy the products. Shops and retailers are using this technique to attract consumers to come to their store rather than to their competitors, and they want them to buy in bigger quantities and more frequently. Schultz, Robinson and Petrison (1993) provide a more strategic definition of sales promotion. They suggest that sales promotion are marketing and communication activities, which changes the relationship between price and value of the product or service perceived by the target customers. The result of this is an increase in immediate sales and a change the long-term value of the brand.

Whereas other promotional techniques in the promotional mix are convincing the customer to buy the product, sales promotion is persuading them to buy the product now. Sales promotion is the most short-term incentive (Armstrong & Kotler, 2012, p. 505). The study of this master's thesis aims to show how the sales promotion affect the consumer's intention to buy the product in the short-run. It shows how sales promotion is changing the relationship between price of the product and value of it. In addition to the evaluation of how sales promotion is changing the customer behavior, there is another factor that influences consumer buying behavior. The size of the discount is the important factor when consumers are exposed to sales promotion.

Sales promotions have three distinctive benefits: (Yeshin, 2006, p. 10)

- Communication – sales promotion may lead consumers to the product by gaining attention
- Incentive – it gives consumers special value by presenting inducement and contribution
- Invitation – sales promotion is engaging the customers to buy the product now

The focus in this thesis is on sales promotion, which is inviting the customer to buy the product at the point of sale when the sales promotion is offered. According to Schultz, Robinson and Petrison (1993, p. 2) sales promotion gives customer an incentive to purchase a product. Sales promotion produces results immediately and it is faster than any other marketing activity. Sending out coupons, running trade deals or giving rebates affects customers and their behavior and customers are rushing to the stores to take these short-term advantages. As sales promotion can have an effect quickly, the results of a sales promotion can be quality measured. Other marketing and communication tools such as public relations or advertising are perceived as an investment and are hard to measure; sales promotions are happening at a definite time and it can be easily tracked and measured. Compared to other marketing communication tools, sales promotion is easy and inexpensive to implement. With the help of technology and marketers' knowledge, it is easier to estimate what will happen with sales when the sales promotion is implemented. Additionally, sales promotion is less expensive compared to other marketing tools (for example producing and advertising television commercials on TV) (Schultz, Robinson & Petrison, 1993, p. 3).

Promotions of products provide customers with rewards and benefits that encourage customers to buy the product and specific brand. Rewards are further divided to utilitarian and hedonic. Utilitarian, also known as functional benefits, are monetary savings that consumers get from coupons, reduced search and decision costs, and improved product quality, when they buy a discounted product that they would not buy otherwise. Hedonic benefits are nonfunctional benefits, which derive from trying different products, which they bought on sale, and believing how good shoppers they are because they have taken advantage of the discount (Luong & Slegh, 2014, p. 356). The rewards that consumers received from sales promotion can be immediate reward, where consumers get a monetary saving directly when performing certain consumer behavior. It also can be delayed reward where consumers have to wait longer to enjoy the reward.

The reward that consumers get can also be in a form of freebies, which are products that consumers get free when purchase a specific product. Consumers tend to calculate the value of the freebies to the monetary value. Cash discounts and volume discounts are more preferable by the consumers than freebies. Consumers prefer discounts offered by the retailer or the store rather than discounts advertised by the manufacturer. Discounts offered by the store can also have a negative perception, for example that the discounted product date is near expiry or that the product has lower quality (Banerjee, 2009). This thesis represents the utilitarian or functional benefits that consumers get when buying the sales promotional product. This utilitarian benefit in this case is immediate monetary saving, due to the discounted price.

1.2 The Growth of Sales Promotion

Many factors influenced the growth of sales promotion. Consumers that faced the decline of their purchasing power are more price sensitive to the price and have a positive reaction to promotional activities. There are many distributors and retailers, which need the manufacturer's help to stay competitive on the market to sell their products. Manufacturers are offering promotions that are helping to build store traffic. Competition is intense and they are all using trade and consumer promotions to attract consumers. The cost of advertising has become higher and there is a lot of media clutter, where it is hard to be different from the competition. Companies are also focusing more on the short-term, than on long-term results (Yeshin, 2006, p. 4).

Similar to the advertising clutter, the growth of sales promotion has resulted in the promotional clutter. It is risky to get lost in the mass of many promotions and promotions are becoming weaker in triggering the immediate purchases. Companies and manufacturers are searching for improvements to allow them to be differentiated from the mass of promotions. They are trying to enlarge coupon values, make different and more dramatic point of sales purchase displays or they are using different media to deliver the promotion (Armstrong & Kotler, 2012, p. 506).

When the product is on sale, people tend to buy more products that are the same as this particular promoted brand. This means that they are stockpiling – buying more in the short-term and using it in the long run. Therefore, it does not mean that they will buy this product in the future, as they have to use those products that are stockpiled at home. Anyway, there are two situations when consumption is increased when stockpiling. Firstly, short-term consumption increases when consumers buy products that are physically visible and perishable (meat). Secondly, consumption of promoted product increases when the products are easy to use or no preparation is needed (e.g. chocolate bar and pasta) (Shimp, 2003; Mela, Jedidi & Bowman, 1998, p. 250).

Sales promotion can be used to promote externally to end users, internally within the organization to sales force or to intermediaries, which are trade distributors.

Smith and Taylor (2004, p. 357) divide Sales promotion to three categories:

- Customer-oriented sales promotions

Customer-oriented sales promotion tools are activities that interact with existing customers and also to attract new customers. It can be also called pull strategy. In this category are freebies, which are free products that you get besides making the purchase. Discounts, which are price cut offs also fit into the category of customer-oriented sales promotion, and also coupons, that you find in the catalogues. In this category are also premium offers or bonus packs, which mean that you can get an extra quantity of the product for the same price.

- Trade-oriented sales promotions

Trade-oriented sales promotions are tools, which are pushed from the company to the retailer or store. They initiate and motivate the store to offer more of the company's product and give them special offers in order to sell more. The company is competing with other companies to be a priority brand in the store. An example of trade-oriented sales promotions are cash bonuses for the retailer, which can get extra product, direct cash payment or discount to encourage them to push the sales, volume of the sales or product display. Manufacturers or companies can give better credit terms to retailers or stock returns, where both of these tools encourage bulk orders. Companies have also other initiatives, where they are convincing the retailers to sell more of their products. These initiatives can be conferences or events, or retailers' trophies for the best shop.

- Salesforce promotion

Salesforce promotions are tools, which relate to sales people. Salesforce promotion tools are intended to motivate the sales force to increase their sales, and to promote new products or discounted products. This kind of promotion also teaches sales people about the product, and informing them about new features.

Sales promotion objectives vary on the type of the promotion. Customer-oriented sales promotion is intended to increase short-term sales, and in the long-run gain market share.

Trade-oriented sales promotion encourage the trade to buy the product in stock, promote the product and put the product on the shelves. The objective of salesforce-oriented sales promotion is to educate employees how to promote the product and its features and get more loyal customers to sign up for new accounts. Sales promotion is usually used together with advertising and personal selling. All promotional tools are integrated. Customer-oriented sales promotion is supported with advertising and brings customers into the shop. When the customer is already in the shop, trade-oriented sales promotion and salesforce promotion take the leading role, where a personal selling process is involved in promotion of products directly in the shop or retail store (Armstrong & Kotler, 2006, p. 506). Discounted prices fall into the category of customer-oriented sales promotion which I present in the next chapter of this master's thesis.

2 CUSTOMER-ORIENTED SALES PROMOTIONS

2.1 Definition and objectives

Companies are trying to indirectly affect the buyer's purchase. They are using variety of sales promotion tools, which are indirectly affecting the final consumers. Customer-oriented sales promotion tools are sampling, couponing, premiums, contest and sweepstakes, refunds and rebates, bonus packs, price-off, loyalty programs and others. Not all promotional activities are designed to achieve the same goal. Customer-oriented sales promotions are further divided into financial incentives, product base incentives and other, which are not directly connected to monetary saving or to the product (Belch & Belch, 2015, p. 529). The descriptions of each sales promotion follow in the next chapters.

One of the objectives of consumer-oriented sales promotion is to obtain trial and repurchase. The level of initial trial of the product can be increased by sampling, couponing and refund offers. The second objective is to increase the consumption of already established brands. Marketers can attract competitor's consumers to buy their brand. They can also attract non-users to buy the product or they can also encourage existing consumers to buy in larger quantities. The final objective of consumer-oriented sales promotion is to support the integrated marketing communication effort for a brand or a company. Promotional techniques are connected and marketers are trying to pack all the activities into one integrated marketing communication mix, which brings the short-term sales up and long-term brand equity together (Belch & Belch, 2015, p. 540-541).

Banerjee (2009) divided the sales promotional techniques, which are consumer-oriented:

- **Cash discount:** Cash discounts usually affect the retail price of the product. Under cash discount are included price-offs, or cash coupons and rebates. Cash discount can be presented in absolute terms (in whole number, currency) and in percentage terms (in relative number, %).

- Volume discount: These types of discount usually give an extra product to increase consumption (for example 15 per cent of extra product for the same price; buy one get one free).
- Freebies: Freebies or free products are given with the product without an extra charge and have a perceived value that attracts the customers.

Banerjee (2009) in his study divides the products that consumers get for free into utilitarian and hedonic freebies. Utilitarian freebies are products that have utility (for e.g. toothbrush or pens). Hedonic freebies are products, which brings feeling or emotions. These products are for e.g. toys or jewelry. The utilitarian products are further divided to related utilitarian products and non-related utilitarian products. In his study, Banerjee (2009) was comparing five different promotional techniques: volume discounts, cash discounts, hedonic products, utilitarian products and non-related utilitarian products. The most popular promotions are cash discounts and volume discounts. Non-related utilitarian freebies follow them. The least favorite promotion is hedonic freebies. However, a cash discount may lower the value of the product and destroy its brand image, so freebies have the advantages over discounted prices for retailers. A good alternative to cash discounts is hedonic freebies, which are least preferable compared to the other sales promotional techniques in the study, but they have the highest perceived value. It is not that the hedonic product brings high utility, but it delivers novelty value to the product. Furthermore, volume discounts can lower the perception of the volume and the consumer will expect a bigger volume of the product at the next purchase.

2.2 Customer Oriented Sales Promotion – Product

• Sampling

Sampling is almost obligatory when a company is establishing a new product to the market. It is the simplest way to bring a new product to the future customer. It gives them the opportunity to try and experience a new product without any payment. Over 80% of manufacturers use sampling to support trade with offering new free products for trial to the customers (Cox Direct, 1998). Sampling allows customers to personally try and experience the new product or brand. It can be done as a direct mail, in newspapers and magazines, distributed on high-traffic locations and events, in-store sampling and internet sampling. For the manufacturer, sampling is the most effective promotional tool, but also the most expensive way to present the new product to the customer. When comparing the cost effect between sampling and sales, this promotion is less effective than coupon promotion. Sampling should be carefully planned and chosen. It should be used when a special advantage is promoted and when it is difficult to communicate this advantage by advertising alone. However, there are also problems associated with sampling. It is expensive, distribution can be mishandled or it cannot reach the right final consumers, products can be misused, in-store sampling cannot reach sufficient number of clients, or on-package sample exclude the customers who are not buying this particular brand (Shimp, 2003, p. 547).

- **Bonus packs**

Bonus packs are an extra quantity of the product that are offered to customers at the regular price. It is the same as volume discount. Extra volume offered to the customers also affects future buying of the product from competitors. Bonus pack promotion is attractive from the manufacturer perspective, as the cost of the product is significantly lower than the equivalent price reduction. It does not affect the margin and the perceived value of the product. Moreover, apart from the packaging change (which is not always necessary), bonus packs avoid the complication with money-off promotion or coupons (Yeshin, 2006, p. 147). A disadvantage of bonus packs is that regular customers, who would have purchased the brand and the product anyway, without any incentives, will purchase many bonus-packed goods. However, it is not a disadvantage if the purpose of the bonus-packs is to reward the current customers (Shimp, 2003, p. 548). Additionally, this kind of promotion usually requires additional shelf-height from the retailer. It is not easy to get additional space from the retailer, as the bonus packs do not affect the retailer's margin and this promotional technique is not attractive to the retailers.

2.3 Customer Oriented Sales Promotion - Financial Incentives

- **Coupon**

Coupons are intended to allow customers to get money-off savings and free merchandise (for e.g. "buy 2, get 1 free"). Shops can distribute them to already existing or potential customers. They can be issued by manufacturers, wholesalers, retailers or trade. As with sampling, coupons can be sent by mail, newspapers, magazines, or can be peeled from the package at the point of purchase. In the past coupons were usually in the paper format, but nowadays they are in electronic format and are used as a confirmation for a specific discount. In the U.S., coupons were popular in the past. Now companies want to differentiate themselves from each other, so they try to find other ways to issue coupons. They can be displayed on supermarket shelves dispensers, issued by electronic point-of-sales printers, or online in the mobile applications (Armstrong & Kotler; 2012, p. 508). In the past few years in Slovenia the usage of coupons increased, while in the USA the usage of the coupons already declined (Žibert, 2015). Kang, Hahn, Fortin, Hyun and Eom (2006) made a comparison between traditional coupons and online or e-coupons. Consumers can get electronic coupons by searching on the Internet or receiving e-mail alerts. It is more time effective for consumers to search for the coupons online, than to look in every magazine or newspaper. Most traditional coupons are issued for daily necessities, where electronic coupons are more available for holidays, restaurants, and other services. One of the disadvantages of coupons is that marketers cannot know how many coupons have been distributed. While the coupons are easier to find online, the consumers who are searching for coupons can only use the electronic coupons for the brands that they know and the effect for brand switching can be lower than planned. Traditional consumers that search for coupons are different from the users that are searching for electronic coupons. Heavy users of traditional coupons have high intention to search the coupons also online. It is interesting

how light users of traditional coupons have higher intention to use electronic coupons, than traditional users who do not have access or do not know how to use the internet.

Customers can be divided and targeted further into those who have coupons and ones that does not have coupons. Coupon promotions can be also widely spread and available or can be only limited to a certain group of people. Coupons are different from a regular price discount. Consumers feel special, when they get a good deal on a particular product, so they consume more. Coupons are also effective in differentiating between price-sensitive and non price-sensitive consumers. Consumers who are more price sensitive will tend to search for coupons, whereas those who are not price sensitive will pay the regular price (Schultz, Robinson & Petrisson, 1993, p. 37-38).

According to Yeshin (2006, p. 132) coupon promotion is more effective than discount promotion in maintaining the overall value of the promoted product. When a discount is offered, the perceived value of the products can be lower as it is offered to every consumer. On the other hand, coupon promotion maintains the regular price and only customers with a coupon are able to get the reduced price. Therefore, it is unlikely that a customer will perceive a reduction in product quality, when it is promoted with a coupon.

- Money-off

Money-off is a price reduction of the regular price. Retailers also call it cents-off, price packs or price-off promotion. Price pack can be a single product at a reduced price, they can be two of the same products for the price of one, or they can be two different products bundled together (Armstrong & Kotler, 2012, p. 508).

Money-off promotions activities are falling somewhere between manufacturer, trade and retailers. Discounts are used directly in-store and they require the cooperation and support of retailers in order to be successful. This kind of promotion discount affects the consumer directly in the shop, where the discount is offered. Consumer see the discount and decide whether and where to buy the specific product. Money-off discounts are useful, when the manufacturer wants to boost their sales of a specific product. They can use it to push the sales of a particular package, flavor, brand or line (Schultz, Robinson & Petrisson, 1993, p. 145-146).

- Rebate

A rebate is a cash discount or reimbursement that manufacturers give, when consumers submit a proof that they bought specific product. A rebate is also called a refund. Satisfaction from the promotion is usually delayed, because consumers have to wait to receive the reimbursement. It is different from coupon promotion, where customers get a discount right at the checkout, for rebates the proofs of purchase have to be mailed to the manufacturers. It can strengthen brand loyalty, provide something for the sales force to talk about and enable the manufacturer to flag the packaging with the attractive deal (Shimp, 2003, p. 549).

Nowadays, this promotional tool has been replaced with coupons, where customers get the discount immediately, and they do not need to wait for reimbursement.

2.4 Customer Oriented Sales Promotion – Other

- Sweepstakes, contests, games

Winning a sweepstake depends on the consumer's luck and it is easy to participate. Sweepstakes are usually not offered alone. Together with advertising, point-of-purchase displays and other promotional tools, sweepstakes can work effectively to deliver significant results. The contest can be connected with buying the product or not. To participate in the contest, consumers need to follow its rules. However, in contrast with sweepstakes and contests, where you need to wait to get a winner, games are instantly win. Usually games are associated with the packaging, where the lucky number to win can be placed and hidden somewhere on the package. Sweepstakes and contest are used to enhance the brand's image, by associating the brand with an attractive prize that is meaningfully related to the brand.

- Continuity promotion

Continuity promotions are programs that require customers to make repeated purchases. For e.g., Frequent Flyer program, where they get a discount after purchasing a lot of the same brand (Shimp, 2003). An example of a continuity promotion is a short-term collect promotion, where customers are, for example, collecting premiums. The objective of this promotion is to establish the purchase and usage of the product and brand. Loyalty programs are usually used in services, in the shops or in tourist services. However, a loyalty program is not used so much when promoting a manufacturer good (FMCG), where the manufacturer does not have direct relationship with the customer and where the price of the product is low. Loyalty programs that recognize and reward frequent buyers have become an important marketing tool for retaining customers and stimulating product usage (Yeshin, 2006, p. 170-171). In recent years, many retailers focused on customer relationship management, where they have data about the customer and all their history of purchased products. With a good Customer Relationship Management system, retailers can implement personalized marketing promotion for every customer.

3 DISCOUNT PROMOTION

As described in the paragraphs above, there are many types of customer-oriented sales promotion. Fiscal incentives of customer-oriented sales promotion are usually called money off, price cut or discounts. In the text below, the word discount will be used.

Discount promotion is part of sales promotion, which is still the most common promotion technique used. It is also the most powerful promotional technique and incentive to purchase, as it is offering the money to the customer. The customer is offered immediate or delayed

savings as an incentive to purchase the product or service. Discount promotion can be present as a reduced-price offer or price packs (Yeshin, 2006, p. 126).

In the study written by Mulhern and Padgett (1995), a positive correlation between price promotion price and regular price was found. Three-quarters of shoppers that came to the store were present due to price promotion being offered. Shoppers that came to the store because of the promotion spend on average more money on regular price products than on promotional products. Results show that these shoppers are not less profitable to the stores than other regular shoppers are. Walters (1991) showed that retail price promotion creates significantly complementary and substitution effects within the store. Promotion of the product in one store decreased sales of its substitutes and complements in a competitor store. Brands with high market shares often increase sales at the expense of their low share competitors and asymmetrical substitution effects can help retailers and manufacturers in the development of more effective price promotion activities. It has been evidenced that price promotions of individual manufacturer products attract the customers away from low quality store branded products, but not vice versa (Sivakumar & Raj, 1997).

The positive effect of price promotion on sales shows how important price promotion is for retailers. It is the way of attracting price sensitive consumers, especially in the years of decline of customer expenditure in the early 1990s (inflation adjusted) or in the year of crisis (2008). In research by Fearn, Donaldson and Normington (1999) evidence from a UK customer survey is shown, where customers become more aware of promotion activity and are more active in seeking out promotional offers. Retailers use sales promotion to change consumers' buying behaviour and decisions, therefore they are using price promotion more frequently to boost their sales.

Bayer and Ke (2011) explained about the terms Known-Discount and Random-Discount. In Known-Discount the shoppers know, what discounts are being offered prior visiting the shop. The opposite is Random-Discount, where the shoppers do not know that the shop offers a discount prior to visiting the shop. When shoppers do not know about the discount (Random-Discount) before entering a shop, they are more likely to buy at the shop offering a discount than from the shop without discount. On the other hand, when the shoppers know about the discount before entering the shop (Known-Discount), the purchase probability to buy a discounted product is still high, but much smaller than in case when they do not know about the discount before. Heilman, Nakamoto and Rao (2002) made an in-store experiment and confirmed that consumers who receive a surprise coupon while shopping in the grocery store made more unplanned purchases and, in the end, purchased a larger grocery basket. This could be connected to a better mood or psychological income effect.

3.1 The advantage of discount promotion

Discount promotion is easy to implement. Many companies have experienced and have built up different techniques and technologies for implementing price reduction. If it is simple

price reduction of the products on the shelves, it can be done in few steps. Promotion does not need much testing and prediction of the results can be reasonably accurate. The technique is used by both manufacturer and retailers. Price promotion has impact on both trade and customers. Because promotions have such a strong impact on individual product sales, retailers can use them to build better and stronger relationship with suppliers. Manufacturers and retailers can cooperate in strategic alliances, where both can benefit from price promotion. Retailers can combine individual brands' promotion with the promotion of the overall store. For example, the retailer offers a coupon worth a discount for future purchase at the shop to the shopper, who purchases multiple units of promoted individual products. It can also work the other way around. For example, a retailer offers free packs of product (store branded) with a combination of an individual branded product.

A study by Gupta and Cooper (1992) shows that different brands and discounts have different price thresholds. The perception of discounts and purchase intention depends on the discount level, store image and brand. Consumers do not change purchase intention if the promotional discount is above a threshold level. There are different thresholds depending on the brand, if it is individual manufacturer brand or store brand. The threshold for the individual manufacturer brand is lower than for a store brand. There is evidence that a small discount affects more individual brands, than the store brands. Store brands need a larger discount to attract the customers to buy the product. Blattberg, Briesch and Fox (1995) described all important generalizations of price promotion that were studied before. According to Blattberg, Briesch and Fox (1995) a temporary retail price reduction substantially increases sales and advertised promotion can result in increased store traffic. The frequency of deals changes the consumer's reference price and it lowers the impact that promotion has. A lower reference price also means loss of brand equity when brands are heavily promoted. The promotion of higher quality brands impacts on weaker brands more than the store brand promotion affects the higher quality and priced products. A price discount is quite costly and has negative effect on internal reference price, which can hurt profitability.

According to Srinivasan, Pauwels, Hassen and Kimpe (2002) retailers and manufacturers have to be careful when offering price promotion. In the short-run, price promotion has a positive impact on manufacturer revenue, because customers buy promoted products, and it has a negative impact on retailer revenue, as customers switch to the promoted brand. For retailers, promotion has a negative impact on their margin, but a positive impact on retail revenue. However, after a promotion is finished, customers quickly return to their old buying behaviour. Some customers shift temporarily to buying a promoted product and after the promotion is finished, they return back to purchasing the other cheaper product, or the customer refuses to buy a high-priced product after seeing a lower price for this product. In research conducted by Boulding, Lee and Staelin (1994), they found that with positive and unique messages, a company could avoid future price competition. With a non-unique message at present, it would need to compete on price in the future.

A promoted product is usually bought by a customer, who would prefer to buy promoted brand rather than a regularly priced competitor brand. Other customers are those, who would buy the product anyway at the regular price. A study conducted by Gupta (1988) suggests that the sales increase of the brand is the response of customers. The majority of sales increases come from brand switching. Purchase acceleration and stockpiling, compared to brand switching, are negligible. Moreover, a sales increase could occur if a promotion successfully attracts some new users, and they would buy the product in the future. According to Ehrenberg, Hammond and Goodhardt (1994) there is no evidence that price promotion affects positively promoted brands in the long run. In the experiment, the incremental buyers during the promotion had almost all bought the promoted brand before, and they know the product. Not many new customers were being attracted with the offer. Price promotion is usually not enough to take the risk and switch to a new brand.

3.2 The disadvantages of discount promotion

Besides all its advantages, sales promotion has also many disadvantages. One of the disadvantages is that all customers receive the sales promotion incentives, even if they would probably have purchased the product anyway at the normal price. In fact, these are loyal customers, where manufacturers and retailers lose revenue from them.

Frequent price reduction can increase price sensitivity. Consumers wait for the sales promotion to be announced and then they purchase the product. When the promotions are frequently used, customers can easily predict when the price reduction will occur and they buy the product at that time. This is also true for the loyal customers. In the study by Mela, Jedidi and Bowman (1998) states that customers wait for the price promotion and they buy more of the products. This behaviour has negative consequences for product profitability. According to Ehrenberg, Hammond and Goodhardt (1994) price promotion attracts only customers that buy the product because of the price promotion and would not purchase the product if it would not be discounted. This kind of customers would not become loyal customers.

Frequent price promotion can also affect negatively on the image of the brand and brand equity. According to study by Winer (1986) frequent price promotion can affect negatively in the long run, because customers can be misled by their already discounted internal reference price and frequent price reductions. Diamond and Campbell (1988) state that frequent price reduction can decrease the reference price of the product. On the other hand, extra product promotions do not affect reference price. Shih (2010) states that price promotion is a disadvantage to the image of individual brands of the manufacturers but do have negative affect on store image and brand equity of the store brands. On the other hand, promotion can often have negative impact on the quality image of the product. Customers may suspect that the product has not been selling well, that the quality of the product is not good anymore, or that the product is outdated.

Price discounts reduce brand loyalty, as there is always a discount offered in the shop. Sales promotions are often found in the shops selling fast-moving consumer goods (FMCG). Consumers are used to having a discount in the same product group for at least one of the products. Most products are becoming more similar one to another, which is why it is easier to change to the other brand. Consumers are becoming well educated about the discounts and it is harder to stay loyal to the brand, as the products are not so different to each other (Shimp, 2003). Sales promotion can help consumers to decide which brand to choose, when two similar brands are offered (Alvarez & Casielles, 2004).

In a mature market of brands, price promotion has just short-term benefits. Usually customers have already tried the product before and they would not buy it, if it would not be on sales promotion. The learning effect from purchases can be limited and easily repeated by competitor. It is the opposite situation for new brands. It can be an excellent opportunity for purchase acceleration and retaining brand switchers (Pauwels, Hanssens & Siddarth, 2002). Promotional offers are easy to copy by the competition. Moreover, it can lead to a lack in the distinction between products, as all the products and services can offer discount at the same time. Frequent price promotions by the company and by competitors can have consequences in reduced profits for all the players, and while consumers may benefit in the short term, the longer-term strength and brand perception is lower. Price promotion is also good for customer retention and the pressure of competition. A company could choose to focus on a permanent low-price competitive strategy, but this would mean also decline in market share. If retailers have a low price strategy for their products, customers would buy only the specific amount of the product they would need. They predict that the price would be the same the next time they would like to buy the same product.

Price discounts affect the purchase intention differently for essential and non-essential goods. Research, written by Cai, Bagchi and Dinesh (2015) shows a boomerang effect of low-price discounts. Low-price discounts for essential products is more likely to increase purchase intention and low-price discounts for non-essential products decrease purchases of this product. When buying a product, purchases of essential products are driven by transaction (good deal) and acquisition value (gains), while on the other hand non-essentials are driven only by transaction value. Small discount for low-priced products lower transaction value and purchase likelihood decrease. Boomerang effect occurs only when buying nonessential and the discount is small. This effect can be also reverse, which can happen under two circumstances: when the discount is high or when overall monetary savings are large. When consumers are buying higher volume, overall monetary savings are high, because subtotal of the savings is large and perceived transaction value is high.

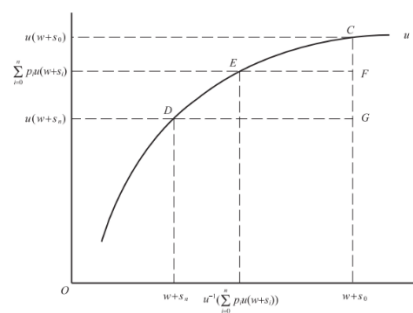
4 LITERATURE REVIEW OF DISCOUNT PRICE FRAMING AND EFFECT ON CONSUMER BUYING BEHAVIOUR

Different promotional techniques have different effect on consumer behaviour. Consumer may be misled through the presentation of the discount. The discount, which is presented, can be the same, but the format, how it is presented with numbers can be viewed differently. It can be presented in a relative or an absolute frame. This effect is called promotion framing effect. Consumers can act differently, depends on how the discount is presented and their perception of the deal (Choi & Mattila, 2014; Pacheco & Rahman, 2015; McKechnie, Devlin, Ennew & Smith 2012; Gonzalez, Esteva, Roggeveen & Grewal, 2016).

4.1 Prospect Theory

Framing effect is closely connected to a prospect theory. Prospect theory describes the way people choose between different decisions, depending on future losses and gains rather than the final outcome. Prospect theory is an alternative model that was created in 1979 by Kahneman and Tversky and was developed later in 1992. It is the model, which describes that not all the people are acting as expected utility theory is assuming. Expected utility theory states that every decision maker, who is choosing between risky decision or uncertain prospects decide on the bases of comparison of their expected utility value. In Expected utility theory, utilities are calculated by taking the weighted average of possible outcomes under certain circumstances, which the weight being assigned by likelihood or probability that any particular event will occur. In an expected utility theory, risk aversion is equivalent to the concavity of the utility function.

Figure 2: Expected Utility Function



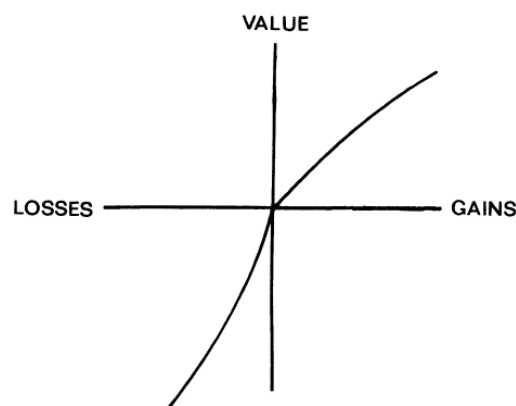
Source: Arai (2009).

Prospect theory argue the utility theory, and Kahneman and Tversky proposed new alternative theory for taking a decision under risk. In general, people tend to underweight outcomes that are more probable to happen in comparison with the outcomes that are more uncertain. They are overweighting the less probable outcomes. This effect is called risk aversion, which means, that people are more probably taking choices with sure gains and they are more risk seeking in choices including sure losses. In addition, there is isolation

effect. People generally discard the components that are shared with all prospects and act more on information that stand out and differ from the rest. This leads to an inconsistent preference when the same choice is presented in different forms. On the above-described effects, prospect theory was developed. Losses have more emotional impact than the same amount of gains. In a prospect theory, people value losses and gains rather than final assets and the probabilities are replaced with decision weights. They like to settle for a reasonable level of gains, even if there is a chance for earning more, but they are also willing to engage risk-seeking behaviour, when they can limit their losses. Losses are weighted more heavily than an equivalent amount of gains.

A value function for gains is concave, and a value function for losses is convex. The function for losses is also much steeper than the function for gains. People are generally making decision on the probabilities rather than on decision weights. Exceptions are low probabilities situation, where people are overweighting decision over the probability. For examples, where people are likely to take low probabilities choices are insurance and gambling.

Figure 3: Prospect Theory Function



Source: Kahneman and Tversky (1979).

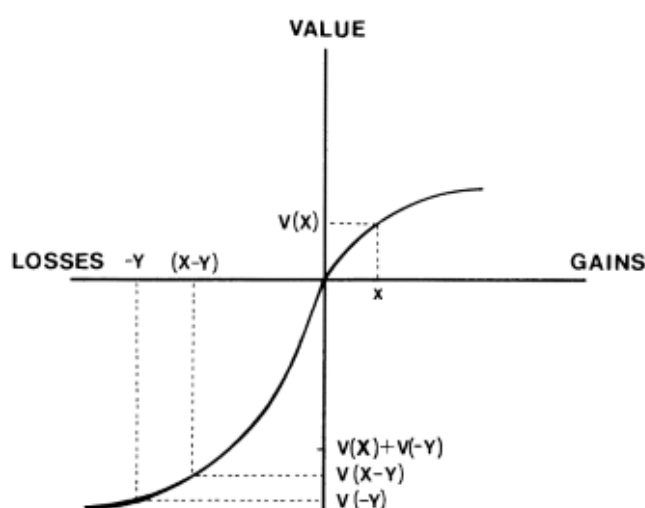
4.2 Framing Effect

Prospect theory describes a way people choose between different decision, depending on future losses and gains rather than the final outcomes. People judgements are influenced by the way decision problems are framed. Framing effect is a cognitive bias in which our brain makes decision depending how the information was presented to us. Tversky and Kahneman (1981) researched a positive and a negative framing in their experiment, where they describe the situation where unusual Asian disease is expected to kill 600 people. The positive frame state that 200 people will be saved with program A. The negative frame was program B, where it was 1/3 probability that 600 of the people will be saved and 2/3 probability that no people will be saved. The results of the problem show that 200 lives for both situations would

be saved. From the results of the experiment they figured out that people making these choices, which include gains are often more risk averse than the people, who makes choices involving losses. Framing effect can affect our cognitive judgments and preferences. It can change our decision depending how the problem is presented, in a positive or a negative way. People tend to avoid risk when a positive frame is presented, but on the other hand, they can act and seek for risk when a negative frame is presented. With price framing, companies present the same price on different ways, which can mean different perception of the consumers.

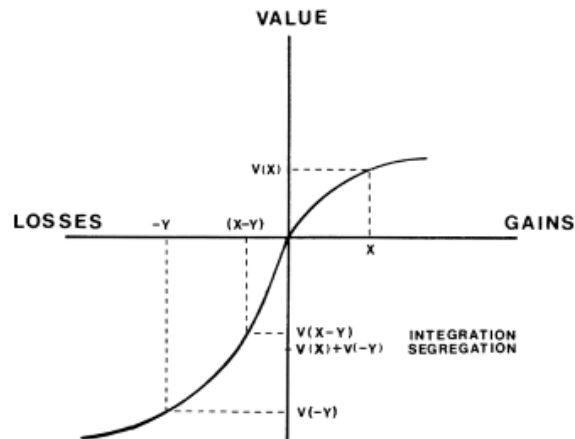
Thaler (1985) developed a model, where he used mental coding of combination of gains and losses using the prospect theory value function. He proposed an evaluation of purchase on the new concept of the transaction utility. The utility function from economic theory was replaced with a psychologically richer value function. He incorporated three behavioural elements into the theory. First, people tend to respond more on perceived gains and losses relative to some neutral reference point, rather than on wealth or consumption. Here framing effect also affect choices. Second, the value function is concave for gains, and convex for losses. Third, the loss function is steeper than the gain function. The results show that in multiple gains, since the utility function is concave, a segregation is preferred (see Figure 4). The example for the segregation of gains is not to wrap all the Christmas presents in one box. In multiple losses, the opposite, an integration is preferred (see Figure 5). The example of the integration is including all the credit card transaction onto one bill. In mixed gains, the integration is preferred, as at the end the net gain is evaluated. On the other hand, for the mixed losses, the segregation is preferred as the net outcome is loss.

Figure 4: Value function where segregation is preferred



Source: Thaler (1985).

Figure 5: Value function where integration is preferred



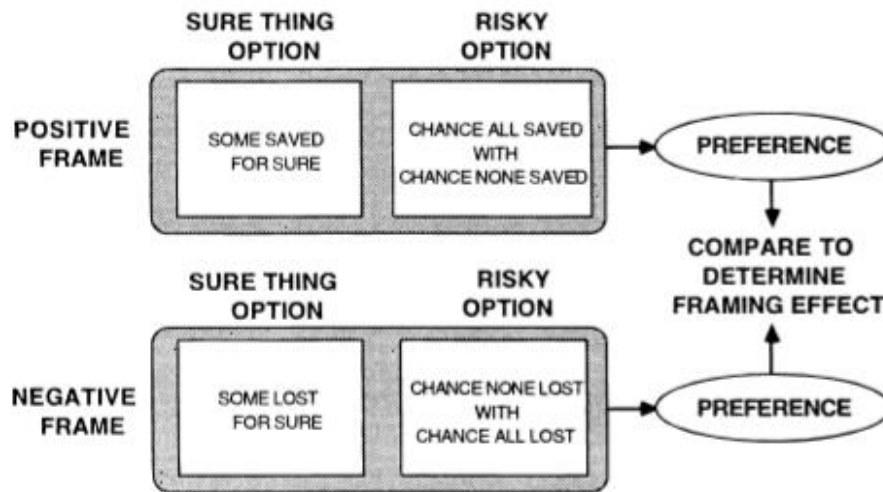
Source: Thaler (1985).

4.3 The Typology of framing effects

Levin, Schneider and Gaeth (1988) in their article explained about three different framing effects. Firstly, a risky choice framing, which was already introduced by Tversky and Kahneman (1981) and how the choice is affected by a risk taking. The second frame they discussed is attribute framing, where the choice is affected by an attribute or a characteristic. The third is a goal framing effect.

Risky choice framing, where decision is affected by the risk preference and the way information was presented to the people (in a positive or a negative term). The theory is based on Tversky and Kahneman's (1981) experiment where researchers describe a risky and a riskless option of equal expected value. Additional to the first problem, where they presented 200 lives will be saved, when usual Asian disease is expected to kill 600 people, the second situation was presented. It stated that in program C 400 people will die, and in program D is 1/3 probability that nobody will die, and 2/3 probability that 600 people will die. The majority of respondents choose the riskier option, where there is 2/3 probability that 600 people will die. In both situations presented by Tversky and Kahneman (1981), where respondents needed to choose how many people will be killed, when usual Asians disease is expected to happen, the common pattern was involved. They choose an option with the sure outcome, when a positive frame version of the outcome was given, and majority of subject, who were given a negatively framed version, chose the risky option.

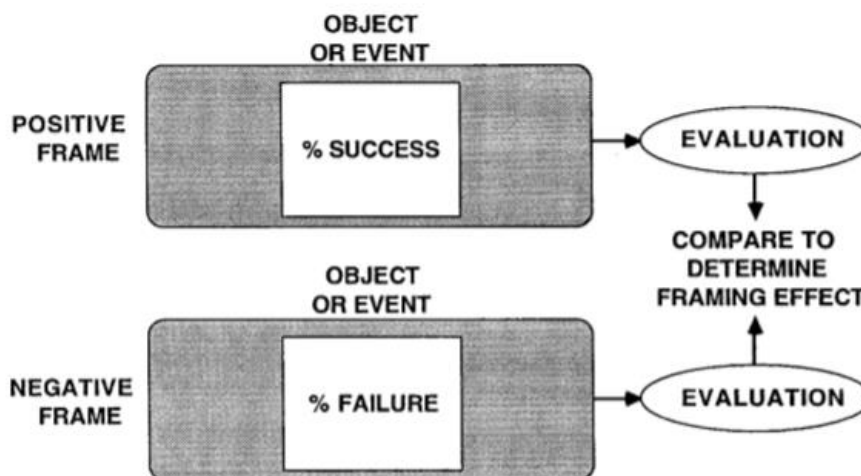
Figure 6: The risky choice framing model



Source: Levin, Schneider and Gaeth (1988).

Attribute framing involve people judgement and evaluation of information, and it is the simple's case of framing. There is only one subject of the framing manipulation, which is presented in a positive or a negative frame. An example of attribute framing was conducted by Levin and Geath (1988), where they showed the perception of quality of ground beef depend how the beef is labelled. One label was presented in a positive frame, as 75% lean beef and another was presented in a negative frame, as 25% fat. Attribute and characteristics of the ground beef affected the evaluations of the final choice. The decision was not affected by the risk. Another example that attribute framing is not affected by the presence of risk is a performance of the basketball players (Levin, Schneider, & Gaeth, 1988). They were presented by shots made and shots missed. The performance of player was rated significantly higher for the players that were presented by the positive frame (shoots made).

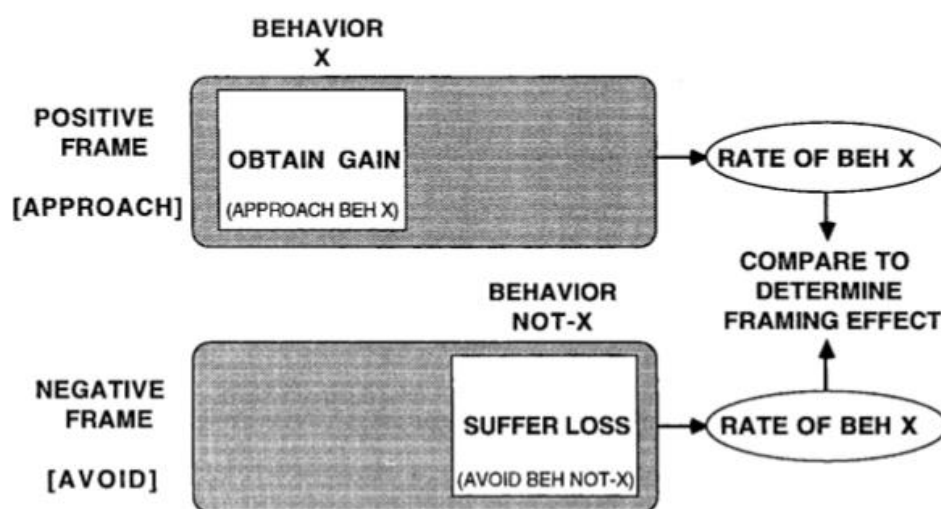
Figure 7: The attribute framing model



Source: Levin, Schneider & Gaeth (1988).

Goal framing effect occurs where message, which is trying to convince somebody to act in particular way, is present in a positive or a negative frame. In both ways, the message wants to achieve a particular goal. The positive frame focuses attention on the goal of obtaining the positive consequences (or gain), where the negative frame focuses attention on avoiding the negative consequences (or loss) (Levin, Schneider & Gaeth, 1998, 2002). Meyerowitz and Chaiken (1987) presented one example of goal framing in their study. They showed women, who was presented with a positive or a negative consequences of not engaging the breast self-examination. For the positive frame, they were explaining how women who do the breast self-examination have increased chance of finding a tumour in early stage of the disease. For a negative frame, they explain exactly the opposite, that it is harder to find tumour in early stage of the disease. The message for the group, which was presented with the negative consequences of not engaging the breast self-examination was more persuasive. The result is linked to a loss aversion, where people were more motivated to avoid the loss than they were to obtain the gain.

Figure 8: The goal framing model



Source: Levin, Schneider and Gaeth (1988).

4.4 Effect on Consumer Buying Behaviour

Our focus is on the attribute framing. I want to discover if factually the equivalent discount (presented in an absolute or a relative way) influences the consumer perception of value associated with the offer and their purchase intention (McKechnie, Devlin, Ennew & Smith, 2012). Nevertheless, it is not important how the price is framed, but at the end, it counts how consumers evaluate discount frame and how their perception affect their behaviour.

Consumer purchase intention depends on consumer perceived value. According to Thaler (1985), the equation (1) for perceived value consists from a perceived acquisition and a transaction value. Perceived acquisition value of a product is influenced by the value of

acquiring a product, using it and money that you have to sacrifice to buy it. Seller can increase the perceived acquisition value by increasing the perceived product quality or benefits compare to selling price. Perceived transaction value is the value of the deal and it is presented as a function of the actual selling price and the consumer's internal reference price (fair price). It is a pleasure from a transaction (in financial terms) and a good deal. Transaction value is positive if the actual selling price is less than the reference price, and it is negative if the actual price is more than the reference price (Monroe & Chapman, 1987; Grewal, Monroe & Krishnan, 1998).

$$\text{Preceived value} = \text{Transaction value} + \text{Acquisition value} \quad (1)$$

Meta-analysis conducted by Krishna, Briesch, Lehmann and Yuan (2002) suggested that beside the price framing, also a situational effect and a deal characteristic effect are impacting on a perceived savings. Many studies focus on the price framing and how the offer is presented and communicated to the consumer – is it communicated in a percentage or an absolute amount. It is important that a reference price is given and that the discount is real compared to the regular price. Not justifying deals are less attractive. When a large amount of discount is given, consumers do not look so precisely on justifying reason for deals and these deals are more favourable. However, when the discount is lower, it is less attractive and has to be justified. In the study, they also discovered that within a store frames are more effective when the consumers are shopping. This means that the product A has a price X, but now the price is discounted on the price Y. Between store frames are more attractive when communicating with the consumers at home. It means that product A has a price X, but in the other store, the price is Y.

The perceived saving depends on whether the discount is used on a private labelled store brand or a normal manufacturers brands, moreover the discount is presented in a discounted store or a specialty store. This is called a situational effect. Individual manufacturer's products are evaluated more favourably than those store branded products. When the discount in stores is more frequent (in discount stores), consumers' value deals less favourable compare to the stores that have lower frequency of the deals (specialty stores). The Blattberg, Briesch and Fox (1995) suggest that the frequency of discounts lower the consumer's reference price, which affects in the loss of brand equity.

Krishna, Briesch, Lehmann and Yuan (2002) in their meta-analysis discovered how price frames and different situations effect on consumers' perceived savings. The most important factors on the perceived saving are the additional savings on a bundle, the deal percentage and size of the bundle. Small bundles with a large discount presented in relative are the most powerful for consumers. The deal is less favourable by the consumers, as the size of the bundle increases. The large deals affects more in department stores than in discount, specialty stores or supermarkets. Deal percentage has also moderating effect, when the regular price is presented by the deal as an external reference.

Research conducted by Munger and Grewal (2001) examines the effect of bundling format and framing of promotional discount on perceived quality, price acceptability, perceived value and following purchase intention. Previous studies (Dodds, Monroe & Grewal, 1991; Grewal, Monroe & Krishnan, 1998) have discovered that perceived value of a product has direct impact on behaviour of the consumers. Product quality and price influence the perceived value and further purchase intention. Bundling or unbundling tactics can be used when presenting price promotion. The result of the study shows that the free product discount is more favourable than the discount option. It also suggests that unbundling of the deals increase the positive perception of the deal.

Yadev and Monroe (1993) explored how sellers should present the price information to the consumers. They made a research, comparing sum of perceived savings on the individual items if purchased individually and perceived savings on items that are bought in the bundle. A price reduction is considered as a gain, and consumers compare the reduction price compare to the original price. Products that have reduced price should be sold individually and not in the bundle, since every small gains (reduction) will be perceived to have greater value if sold separately, compare to the gains if the product will be sold in the bundle. As described before, Thaler (1985) made this conclusion on the bases of value function, which is concave. The result shows the same as the Munger and Grewal's study (2001) that unbundle options are more favourable than partially bundled deals for consumers' perception of quality and their purchase intentions.

According to Grewal, Krishnan, Baker and Borin (1998) research store name, brand name and price discount effect on consumer's evaluation (store image, brand quality perception, internal reference price and value perception) and purchase intention. Store image has a direct positive effect on purchase intention. Consumers may benefit from added value of the store image. Manufacturers have to be careful when choosing retailers. The retailer's image should be consistent with their brand's positioning. In addition, store advertising could have a positive effect on pleasant shopping experience. Low experienced consumers are affected by store image. At this point, the advertising in store and the store image are important to attract new low knowledge consumers. There is also a strong relationship between store name and store image. Store name should be supported with the store image. Perceived quality of the brand has a positive relationship with store image. Retailers have to be careful which products they will carry in order to be consistent with the image they want to create.

Price discount and the frequency of price promotion have an adverse effect on a product's profitability. When the discounts are frequent, consumers are expecting the lower discounted price and their internal reference price is becoming lower. Retailers want that their products have high reference price so the perceived saving are higher, when the discount is offered. Retailers also want that the discount is perceived to be only temporary. There is no significant impact between price discount and perceived brand quality relationship, which means that managers can use price discount techniques without affecting negatively on the brands' perceived quality and delivering high value of products. Brand name is more used

by high knowledge consumers, as low knowledge consumers are more influenced by the price discounts. High knowledge consumers are using brand name to perceive the brand's quality. Low knowledge consumers are influenced more by the price discounts and all the information that are produced to them, as on the other hand high knowledge consumers are using less information for their judgement. When introducing a new brand for which consumers have low knowledge, manufacturers have to highlight also the store name, location and other store-related cues (Grewal, Krishnan, Baker & Borin, 1998).

Madan and Suri (2001) compared different size of the discount, fixed price offer, and their interaction to the consumer valuation. They choose different price discount levels (small, medium and large discount) and the fixed price offers and compare these, how they affect the consumer valuation of the product. A model of consumer valuation is comparing the interaction between a negative quality effect and a positive monetary sacrifice connected with the price discount. Results show that intermediate discount has more impact compared the fixed price offer. When using small or large discount level, consumer will more likely prefer fixed price offer compare to the offer with the small or large level of discount. In regular economic theory, it would be recommended to use a higher discount to attract the consumers. The study shows that the large level of discount does not have a positive effect on consumer valuation of the product. This means that a positive monetary sacrifice and a negative quality effect are not the only effects that are changing the consumer's valuation of the product, when the discount is large. There can also be non-monetary effects connected to the consumer valuation of the product depending on the level of the discount. Retailers have to be careful when using the discount that could be too large, while it can change the consumer valuation of the product.

Study conducted by Sweeney, Soutar and Johnson (1997) examined a service quality at the point of purchase and how it affects the consumers and their willingness to buy the product. They made experiment on the shoppers, which were actively searching for an electronic appliance. The salesperson knowledge influenced consumers' perceived quality of the product, and indirectly effect on consumer's willingness to buy the product. Further, the perception of service quality influenced willingness to buy, more than did perception of product quality.

Consumers like to decide whether to buy a product based on the price. Price influences a purchase decision. A discounted price increases the perceived value of the product and influence on the purchase decision. Beside price and discount, many other factors influence the consumer's perception of value, such as the initial price, the consumer's attitude to the product, the expertise of consumer, and previous experience of the product (Isabella, Pozzani, Chen & Gomes, 2012). To explain more in detail is beyond the scope of my master's thesis due to space limitation. In the following, I will focus only on the frame presentation of the discounted price and how this frame affects the consumers' behavior.

4.5 Price Discount Framing - Absolute vs. Relative

Isabella, Pozzani, Chen and Gomes's (2012) research shows the different discount frames presented on Pizzas. They made four different experiments. On four different ads, discounts were shown in percentage and absolute terms, including large and small discounts level. They proved that there is higher purchase intention for the offer, when the discount presented is in relative terms. When the discount price has small level discount, consumer have higher intention to buy a product when the discount is shown in absolute number, but when the discount level is large, the consumers show higher preference to discount showed in percentage. In the first experiment, research was comparing only the discount level and discount frame presentation; however, they did not look into the difference of the high- or low-priced products. The second experiment investigated the difference between discount frames, when the service was discounted. They figured out that the service, with the high price should be discounted and framed in percentage, when the discount has large level. When the discount has small level, there is no effect on the purchase intention. In the same study, they looked in the perception of the quality, when the discount is presented on low- and high-priced products. I will explain more about the results and findings of the study in the chapter about quality perception.

Consumers usually evaluate price reductions on a relative basis rather than an absolute numbers. In an experiment, where Kahneman and Tversky (1984) shows that consumers are willing to drive for 20 minutes to buy a calculator which price is not 15 Dollar, but it is discounted to 10 Dollar. However, they are not prepared to drive for 20 minutes to buy a coat, which is discounted from 125 Dollar to 120 Dollar. These results show that consumers evaluate price reduction more relatively rather than in an absolute numbers (in dollars) (Grewal & Marmorstein, 1994). The concept of a reference price is important in a comparative price advertising. In the experiment described above by Kahneman and Tversky (1984), the discount in amount of 5 Dollar for a jacket is more attractive with a reference value of 15 Dollar, compare to higher reference price of 125 Dollar, with the same discount in amount of 5 Dollar. The findings in the literature show that sales promotion with the reference prices can lower the perception of the quality (Dodson, Tybout & Sternthal, 1978).

The higher the amount of the discount is in a percentage, the higher is the attraction to buy a product. When the product is reduced by an absolute number (dollar amount), actual monetary saving is presented in this absolute number. The monetary saving depends on the actual price of the promoted product. The actual price of the product is a reference price in the moment, when consumers are looking at the promotion. Reference price can be also internal, when consumers are comparing the prices that they remember from before. If the product is expensive, consumers have to sacrifice more money to enjoy the savings; therefore, price promotion is less attractive. The subjects in the study by Heath, Chatterjee and France (1995) preferred the 50 dollars price off, comparing to the 3.8 per cent price off. They also preferred the discount frames as 33 per cent off, then the 100 dollars off. A key finding in this research is that for high-priced product, price discount should be presented in

absolute number and in percentage or relative form, when the product is low-priced (Heath, Chatterjee & France, 1995). In research by Grewal and Marmorstein (1994) and Heath, Chatterjee and France (1995) the focus was on the high- or low-priced product, therefore it is addition to study by Isabella, Pozzani, Chen and Gomes (2012), where they were comparing the discount presentation and the level of the discount.

In the study conducted by Chen, Monro and Lou (1998) framing of price reduction in relative (percentage) compare to absolute (in dollars) was examined on high-priced and low-priced products. For the research, they used computers as high-priced products, and floppy disks for the low-priced products. They found out that for the high-priced product price discount presented in absolute (framed in dollars) was more significant than the same price reduction presented in relative (percentage). Discount in relative fame is translated in absolute (dollar) terms and the higher is the price of promoted product, the higher the savings for this product are. The purchase intention to buy a product is weaker, as consumers have to sacrifice more to enjoy the savings. It is also possible that there is weaker intention to purchase the high-priced product, as because of price promotion there is higher perception of quality reduction. The results were opposite for the low-priced products. Price discount presented in relative (framed in percentage) was more significant than the same price reduction presented in absolute (frame in dollars). The main finding of the study by Chen, Monro and Lou (1998) builds up the findings from the previous researches written by Grewal and Marmorstein (1994) and Heath, Chatterjee and France (1995). To sum it up, they all suggest that for high-priced product, the discount should be presented in absolute and opposite for the low-priced product the discount should be presented in the relative frame.

Moreover, in the study by Chen, Monro and Lou (1998) the coupon promotion was evaluated more favorably and was more effective in changing consumers purchase intention, when the same saving are offered in either a coupon or discount promotion. When a coupon promotion is offered to consumers, they are not exposed to a reduced sales price and coupon does not signal a quality reduction, nor is it likely that consumers will lower their internal reference price of the promotional product. Coupons are also perceived to be more exclusive for consumers, as they can be sent to only special group of consumers or potential buyers. Consumers can feel privileged for paying lower price and further the value of the coupon savings is higher. They found out that there was a significant difference on responded perception to deals, when equivalent discounts were framed, and there was no significant difference in consumer behaviour response for purchase intension.

Chen, Monroe and Lou (1998) suggested that consumers process the price information in dollar or percentage, depend on the way in which the information in manipulated. If the percentage discount is constant for high-priced and low-priced product, consumer tend to calculate how much savings they will get from the deal. On the other hands, if the discount is presented in absolute numbers, consumers calculate how much discount this is in relative amount and then they decide how attractive the discount is, compare to the price level of the product. Gendall, Hoek, Pope and Young (2006) later extended Chen, Monroe and Lou's

(1998) study that price discounts should be framed in absolute for high-priced products and in relative for low-priced products. They made an experiment with colas and potato chips for low-priced products and with stereo and computers for high-priced products. For colas drinks, discount framing had no effect. The effect was determined by a brand influence. For potato chips, discount framing had more effect when expressed as a percentage rather than in cents amount off. These results for potato chips were not significant, but they were consistent with the results of Chen, Monroe and Lou's study for low-priced products and their hypothesis that framing for low-priced product should be presented in a relative frame. For high-priced product, the results were significantly more attractive when presented in dollars' amount off rather than percentage off. This result confirms the Chen, Monroe and Lou (1998)'s result and the finding from Heath, Chatterjee & France, (1995), that discount framings should be presented in absolute amount for more expensive products. As in previous study by Chen, Monroe and Lou (1998), also here in study by Gendall, Hoek, Pope and Young (2006) no significant differences were founded in consumer responses for purchase intention. Gendall, Hoek, Pope and Young (2006) in the same study also researched fast moving consumers goods and an effect of discount framing depended on whether the product was easy for stockpiling. For the products that are cheap and easy to store, volume discount was more attractive than a monetary discount. The opposite was for products, which are more expensive and bulkier. Volume discounting requires multiple purchase to take advantage of discount, whereas price promotion offer the discount on a single item. Bundle discount is more effective for cheap products.

In research, Grewal and Marmorstein (1994) presented empirical evidence how consumers for durable goods take little pre-purchase search and do less price-comparison, even if there is importance of the discount price that affect consumer's purchase decision. Consumer change their potential price savings into the relative measure and use it as a relative judgment. They compare the expected saving relative to the purchase price. This means that consumers evaluate price reduction for durable goods more relatively rather than in absolute numbers (Grewal & Marmorstein, 1994).

Furthermore, Inman, Peter and Raghubir (1997) studied convenience goods and how does the discount size affect the purchaser intention. Discount was manipulated at two levels, small and large discount for variety of grocery items. They were also comparing tree signals that influence the purchase intention. These signals were restrictive signals as time limit, quantity limit or purchase precondition. The results show that restrictions for large discount have positive effect on purchase intention, as on the other hand restriction for small discount have little and negative impact on purchase intention. This study shows how additional to the discounted price also other signals like restriction as quantity and time can boost the purchase intention of the product. The results confirm that the products with the large discount are more preferably to be bought by consumers, when the discount is offered to limited time or in limited quantity.

Three different experiments were conducted in the study by Hardesty and Bearden (2003). They were comparing the effect of a promotional type (price discount and bonus packs), a price presentation (dollars and percentage) across three promotional benefit levels (large, moderate and small discount level) on the consumer's evaluation of the value associated with the offer. Consumers value bonus pack similarly as price discount, when both small and moderate promotional level was presented. For the large promotional level, consumers prefer price discount over bonus packs. The advantage for manufacturers is to use bonus pack over price discount, as they are valued the same. Moreover, the bonus packs do not affect negatively the reference price and may be faster consumed as the price discount promotions. Their study used relatively low-priced packaged goods, such as toothpaste or detergent. Additionally, when the discount size is moderate, the consumers are indifferent how the price is presented. However, when the discount size is large, consumers valued price presentation in percentage terms more than price presentation in absolute terms. The results from the study by Hardesty and Bearden (2003) are consistent with the results that later Isabella, Pozzani, Chen and Gomes (2012) confirmed. In both cases, the low-priced products were used in the research.

McKechnie, Devlin, Ennew and Smith (2012) made an experiment with low-priced products (chocolate) and high-priced products (package holidays) and compare perceived transaction value and intention to purchase the product. For low-priced product where the discount size is small, there is almost no difference in perception of the transaction value, if the discount is presented in relative or in absolute. However, it is better to present a large discount in relative way, as it is more significant perception of transaction value if the discount is not framed in absolute number. For the small discounts, when it is presented in the absolute number, intention to purchase a product is greater than discount presented in the relative number. However, when the discount size is large, it has higher intention to purchase when the discount is presented in the percentage rather than in absolute terms. For high-priced products, large discount presented in percentage terms will result in lower perception of transaction value and lower intention to purchase products, compare to the discount expressed in absolute terms.

Consumers tend to calculate what is best for them. If the price is offered in percentage, they would probably calculate how much savings they get from the offer. If there are two products with the different price, and the discount is offered in fixed amount of the money, consumers calculate this discount into the percentage to see if the offer is attractive. On the other hand, if the discount in percentage is offered on two products, they will calculate the absolute amount of the savings and evaluate if it is attractive to buy (Chen, Monroe & Lou, 1998, p. 369). Findings from all of the above described studies from the previous researches are collected in the Table 2.

Table 2: Findings of significant effect of discount framing and discount size

Author	Dependent variable	Effect for High-price product	Effect for Low-priced product
Heath, Chatterjee and France (1995)	Price evaluation	Yes Prices should be presented in dollar (absolute) terms	Yes Prices should be presented in percentage (relative) terms
Chen, Monroe and Lou (1998)	Perceived value	Yes Prices should be presented in dollar (absolute) terms	Yes Prices should be presented in percentage (relative) terms
	Purchase intentions	None	None
Grewall, Marmorstein (1994)	Purchase decision	Yes - The expected savings relative to the purchase price	Yes - The expected savings relative to the purchase price
Inman, Peter and Raghurir (1997)	Purchase Intention	N/A	Yes – moderated by restrictions (purchase quantity, time limit, control) <u>Large discount</u> – positive effect on purchase intention <u>Small discount</u> – little or negative impact on purchase intention
Madan, Suri (2001)	Consumer valuation	Yes – framed only in relative Small and large discount - less preferable than fixed price offer Intermediate discount – more preferable than fixed price offer	N/A

Continuing

Table 2: Findings of significant effect of discount framing and discount size (cont.)

Author	Dependent variable	Effect for High-price product	Effect for Low-priced product
Hardesty and Bearden (2003)	Perceived value	N/A	Yes – moderated by discount size <u>Large discount</u> – discount should be presented in percentage (relative) terms
Gendall, Hoek, Pope and Young (2006)	Stated preference choice	Yes Prices should be presented in dollar (absolute) terms	None
Isabella, Pozzani, Chen and Gomes (2012)	Purchase intention	Yes <u>Large discount</u> – the discount should be presented in relative <u>Small discount</u> – none	Yes <u>Large discount</u> – presented in absolute <u>Small discount</u> – presented in relative
McKechnie, Devlin, Ennew and Smith (2012)	Transaction value	None	<u>Small discount</u> – discount should be presented in absolute <u>Large discount</u> – discount should be presented in percentage
	Purchase intention	None	<u>Small discount</u> – discount should be frame in absolute <u>Large discount</u> – discount should be framed in percentage

Source: Own work.

4.6 Discounted price and quality perception

Researchers have identified the relationship between the price perception and quality perception. Quality perception of a product or service is acquired through variables such as

brand, packaging, store image, advertising, purchasing channels and others (Verma & Gupta, 2004). Verma and Gupta (2004) examined the quality perception on low-priced (toothpaste) and high-priced products (televisions). They figured out that high price means high perception of the quality and low price means low perception of the quality. For high-priced product, the price is important factor for perceiving the quality. Consumers think that higher price of the television means higher quality. If the product that consumers are buying is expensive, they would more likely choose reasonably-priced brand, rather than a low-priced one. They like to compare value for the money and will find risky to buy low-priced product. For the low-priced product in their experiment, they choose toothpastes. Consumers think that quality is highly connected to the price of the low-priced product. They will generally not make a lot of attention while making the actual purchase of the products but still the price will affect the quality perception.

In experiment by Isabell, Pozzani, Chen and Gomes (2012) research shows the change of quality perception when the discount rate is large or small. They made experiments with services, which costed 100 Reals. The small discount was 25% or 25 Reals and large discount was 75% or 75 Reals. The results show that the perception of the quality is lower, when the discount is large and presented in absolute, and when the discount is small and presented in percentage. In the opposite, the quality perception of the service or product that is being advertised is perceived to be higher when the discount is small and presented in absolute term and when the discount is large but presented as a percentage. Lower quality perception is presented when the discount is small and presented in percentage and when the discount is large but presented in absolute terms. See in the Table 3 below.

Table 3: Quality perception

Discount format	Discount size	
	Large	Small
Absolute	Lower	Higher
Relative	Higher	Lower

Source: Own work.

Study by McConnell (1968) examined a price-quality relationship in experiment with beers. The results show that relationship between price and perception on quality was positive, but not linear. When the price is low, small changes in price affect large changes of quality perception. When the price is high, the small change in price affect small changes of quality.

Quality and price are significant factors that influence purchase intention. According to Al-Salamin and Al-Hassan (2016), their results show that more than half respondents in the

study prioritize the quality and third of them prioritize the price. The results also show that brand and design are less important factors, which influence on consumer buying behaviour.

Similar as previous study (Monroe & Krishan, 1985; Zeithaml, 1988) also study by Lee and Chen (2018) indicated that when the price discount increased, consumer perceived higher monetary savings, but on the other hand, they perceived lower quality perception.

5 EMPIRICAL ANALYSIS OF THE EFFECT OF DISCOUNT PRICE FRAMING ON CONSUMER BUYING BEHAVIOUR

5.1 Aim and objectives

Framing effect plays big role in presenting discount price framing. The purpose of my master's thesis is to examine how different price discount frames, presented in relative or absolute way affects the consumer buying behaviour. The framing effect differs from the situation where the product that is discounted is high- or low-priced product. There can be exactly the same amount of discount presented on the product, shown in different format and consumers can perceived these discounts differently. The perception of the discount can change the consumer buying behaviour.

Retailers use sales promotion to attract customer and accumulate their sales. Every customer has its own evaluation of the discount frames how they see it and how it affects them to buy the product. If the retailers know their customers, they have an advantage how to present their discounted price in order to increase consumer's transaction value and intention to purchase the product.

Generally, the main aim of the thesis is to found out how identical discounts presented in relative or absolute way result in different transaction value, purchase intention and perception of product quality. To evaluate the transaction value and purchase intention, two experiments were designed. In first experiment the high-priced product (computer) and in second experiment the low-priced product (toothpaste) was presented with the discount. The discounts were formatted in absolute and relative way. Furthermore, I researched how discount size in both cases affect on transaction value and purchase intention.

Additional to the effect of discount framing on consumer's transaction value and purchase intention, I wanted to show how discount and its frame affect the consumer's quality perception.

5.2 Hypotheses

The present literature shows how discount framing affects consumers' perceived value depending on the high- or low-priced product and the size of the discount. There are some

inconclusive effects of monetary discount framing and the size of the discount in comparative price advertising affecting the purchase intention. It is difficult to make recommendations to retailers and policy makers how the discount should be presented in price promotion to increase transaction value and willingness to buy.

Chen, Monroe and Lou (1998) made an empirical study on how price reduction affects the perceived value depending if discount is presented in relative (in percentage) or absolute way (in dollars). For the low-priced product, they found out that price reduction presented in relative terms is more significant than discount price presented in absolute way. Also, for the high-priced product, they figured out the opposite, that the price discount presented in absolute way is more significant than the price reduction presented in relative way. They did not manipulate the framing effect with the depth of the price reduction in their study, but they suggested to future research that the depth of the price reduction can influence on the framing effect.

Hardesty and Bearden (2003) concluded empirical support on how discount size and discount framing affect the low-priced products. Although they did not investigate how discount framing and size of the discounts affect the consumer's purchase intention.

Following Chen, Monroe and Lou (1998) study, Gendall, Hoek, Pope and Young (2006) could confirm that only discount presented in absolute frame have a significant impact on high-priced product. For the low-priced product discount frame have little or no effect. Gendall, Hoek, Pope and Young (2006) did not investigate the discount depth, but they suggested the problem could be, that respondents in his study were influenced by the actual absolute size of the presented number and not by the calculated cent off or per cent off (8 cents off versus 10 per cent off, where 10 is greater than 8 in absolute).

In the research by Grewal and Marmorstein (1994) difference between perception of saving was presented. Consumers tend to evaluate future saving of durable goods rather in relative than in absolute number. These means that consumers are willing to spend extra hour to shop and save 5 dollars, but they are unwilling to spend an extra hour for saving 100 dollars while buying expensive car. Proposition from study conducted by Grewal and Marmorstein (1994), which suggested that price reduction is probably to be evaluated relatively. McKechnie, Devlin, Ennew and Smith (2012) found out that large discount should be presented in relative form, and relatively small discount should be presented in absolute terms. Further Grewal and Marmorstein (1994) studied about durable good. Inman, Peter and Raghubir (1997) examined a promotional signal sensitivity, when different discount size was presented. He found out that for the grocery items, large level discount had a positive effect on purchase intention and small level discount had a negative effect. Although Inman investigated how discount size affect on purchase intention, the study was only using relative amounts (in percentage terms). I made a suggestion to investigate how product price and the depth of the discount size affect the consumer purchase intention, presented in relative and absolute frame.

On the bases of previous literature, I concluded the following hypothesis for both low and high-priced products.

Low-priced products:

H1: In case of low-priced products, how discount offer is framed will interact with discount size such that a large (small) discount expressed in percentage way will result in higher (lower) perception of transaction value compared to the same discount expressed in absolute way.

H2: In case of low-priced products, how discount offer is framed will interact with discount size such that a large (small) discount expressed in percentage way will result in greater (lesser) intention to purchase compared to the same discount expressed in absolute way.

High-priced products:

H3: In case of high-priced products, how discount offer is framed will interact with discount size such that a large (small) discount expressed in percentage way will result in higher (lower) perception of transaction value compared to the same discount expressed in absolute way.

H4: In case of high-priced products, how discount offer is framed will interact with discount size such that a large (small) discount expressed in percentage way will result in greater (lesser) intention to purchase compared to the same discount expressed in absolute way.

Further, I would like to investigate how discount price framing affects the perception of the quality. McConnell (1968) figured out that price of the homogeneous products (beers) affects the brand evaluation of the product. Gardner (1971) studied the price-quality relationship for three products: toothpaste, man's shirt and suit. The price did not affect the perception of the product quality, where there was branded or not branded product. However, price affected the willingness to buy a shirt. Verma and Gupta (2004) examined how high price influence the perception of product quality. They also explored if there is difference in the buyer's perception of the product quality, if the product has different price range.

Although, they did never investigate if the discount, framing of the discount and discount depth affect the perception of the product quality. Isabella, Pozzani, Chen and Gomes (2012) suggested that there is a decline in quality perception of the product, where the discount rate is perceived to be large. They figured out that quality of the product or service is perceived to be high, when the discount is small and presented in absolute amount and when the discount is large and presented as a percentage. Opposite, the quality of the product is perceived to be low, when the discount is small and presented in percentage terms, or the discount is large and presented in absolute amount. However, Isabella, Pozzani, Chen and Gomes (2012) could not completely support the above statement, how the discount depth

and discount framing affect the perception of the product quality. The quality perception could possibly affect the purchase intention.

My analysis consists of how discount frame and discount size affect on the perception of the quality of the product. Therefore, I proposed the following hypotheses:

H5: Regardless the price of the products, how discount offer is framed will interact with discount size such that a large (small) discount expressed in percentage (absolute) way will result in lower (higher) perception of quality.

Finally, as Compeau and Grewal (1998) stated in their study, internal reference price is important factor when evaluating the advertised sales price and consumer purchase intention. Internal reference price is an average price paid or an expected future price. Comparing the advertise price and internal reference price help the consumer to calculate benefit they are getting from the promotion. Internal reference price is important when considering how price affect the perceived quality and purchase intention. Monroe's (1984) definition of internal reference price is an "acceptable price range". Consumers have special price range that is still acceptable when buying a product. When the price is considered to be too low or too high, and it is not in consumer's price range, they may not buy the product. Thaler (1985) in his study used the concept of a reference price. Transaction value is the difference between the actual selling price and consumer's internal reference price. Transaction value is besides acquisition value part of the perceived value function.

Petty and Cacioppo (1984) in their Elaboration Likelihood Model suggested that consumer's follow two routes of persuasion. Central route of persuasion represents the process that have high involvement and motivation to process the information of an advertisement, when peripheral route of persuasion has low involvement and no motivation of think deeply about the message of the advertisement.

In comparative price advertising, when consumers use their internal reference price and are highly involved and act on a given offers means that they are using central processing of the message. When they are not thinking deeply about the offers and are using only simple comparison of the advertised prices and selling prices, without thinking outside the offer for their internal reference price, the peripheral processing occurs.

For completeness on my thesis, I will consider whether the internal reference price is affecting the consumer buying behaviour. Therefore, I hypothesise the following:

H6: Regardless the price of the product, price discount will be centrally processed for both format of discounted price.

5.3 Methodology

The overall objective of the master's thesis is to identify and test empirically how price discount promotion affects the consumer behaviour. More specifically I tested how price discount framing effect consumers' perception of the transaction value, purchase intention and perception of the quality. I wanted to identify the effects of the two important characteristics of the price discount promotions: promotion framing presented in relative or absolute way and discount size (small or large discount), and how they affect on consumer behaviour.

Based on the previous research conducted by McKechnie, Devlin, Ennew and Smith (2012), Isabella, Pozzani, Chen and Gomes (2012), Grewal, Monroe and Krishnan (1998) and Gonzalez, Esteva, Roggeveen and Grewal (2016) experimental methodology was adopted. I used 2x2 between-subjects experimental design that is discount price presented in absolute or relative way and discount size (large and small discount). I conducted two experiments, first with low-priced and second with high-priced products. Low-priced product was a toothpaste and high-priced product was a computer. In study by McKechnie, Devlin, Ennew and Smith (2012) the amount for percent off used were 10 and 35 per cent off regular price. In my case, I used 10 per cent off for small discount and 40 per cent off for large discount. In order to present the situation more realistically, the promotions were created as we can see them in the catalogues. Besides different framing presentations on the promotion of the price (relative vs. absolute presentation), and two level of discount size (small and large discount), they promotions were identical. The advertisements were presented with the same picture in the same style and font that every information was visible and monetary discounts in different formats were presented in the same manner for both level sizes of the discount (samples of advertisements can be found in the Appendix 2).

Previous research suggested that consumers are likely to form reference price for the specific products. Internal reference price was commonly used as a covariance in previous studies of a comparative price advertising. The decision to use internal reference price in my analysis is based on Monroe and Chapman (1987), Grewal, Monroe and Krishnan (1998) and Chandrashekar and Grewal (2003). They were asking the respondents to indicate the price they are willing to pay for the specific products or brands.

In previous research by McKechnie, Devlin, Ennew and Smith (2012) they did a pre-tested scenario and they figured out that covariance needs to be included (internal reference price) in the multivariate analysis of covariance (MANCOVA) to reduce the potential of multicollinearity among dependent variables (transaction value and intention to purchase).

5.4 Data collecting procedure

The participants were assigned to two experiments. In each experiment were 4 situations. They were asked to read a specific experimental situation and then answer the questions

based on the assigned scenario. In the questionnaire, there were also some general questions as gender, age and income of the respondent.

Details of the experimental design and scenarios are provided below in the Table 4.

Table 4: Experimental design

Experiment 1:		Experiment 2:		
Low-priced product		High-priced product		
Toothpaste – 3.2€		Computer - 800€		
Discount format	Discount size			
	Large	Small	Large	Small
	Absolute	Save 1.28€	Save 0.32€	Save 320€
Relative	40%	10%	40%	10%

Source: Own work.

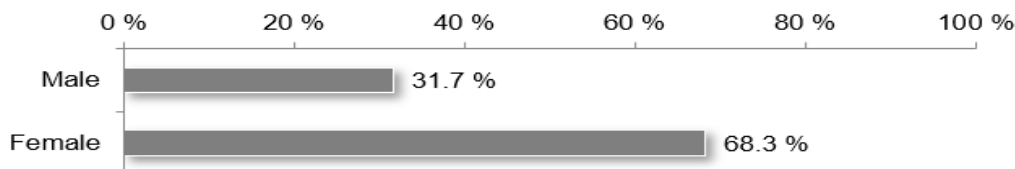
Experiment was administered via web, on the online platform for questionnaires Enklikanketa. I have distributed the questionnaire through social media, mostly to my friends and colleagues. The language of the experiment was Slovenian. From 15th July 2019 to 15th August 2019 I manage to gather 189 participants, which 120 of them finished the questionnaire. The questionnaire took each participant around 10 minutes to finish it. They were assigned to four different situations in two different experiment. One of the experiments was for low-priced products - toothpaste and other was for high-priced products - computer. The questioner had 26 questions and 102 variables. All of the questions were closed type, only the first two were open, when the responded needed to recall the price they are willing to pay for the product. 8 of the question was sociodemographic. The questionnaire was divided into two parts. In first part, the respondents were asked how much they were willing to pay for both products that were later presented in the experiments. Second part of the questionnaire were two experiments. First experiment with four situations and second experiment also with four situations. When the situation was presented with picture and in written, the questions about particular situation were asked. First set of questions was about perceived discounted price. In second set of questions were asked to indicate on a five-point Likert scale (1=I totally disagree, 2=I disagree, 3=I am neutral, 4= I agree, 5=I totally agree) about perceived transaction value, purchase intention and perceived quality, at each situation.

After data collection, I used Microsoft Excel, where I exported the data and sort them. Data were later statistically analyzed by the method of MANCOVA and ANOVA. For the statistical analysis the Statistical Package of the Social Sciences Program (SPSS) was used.

5.5 Sample characteristics of the questioner

There were 120 respondents, who were participating in the experiments and they answered the questionnaire completely. All of these data were taken into analysis of this study. As explained before, the sociodemographic data were collected in the last 8 questions of the questionnaire. The majority of the sample is represented by female (68.3%), while male represent 31.7% of the sample, as shown in the Figure 9.

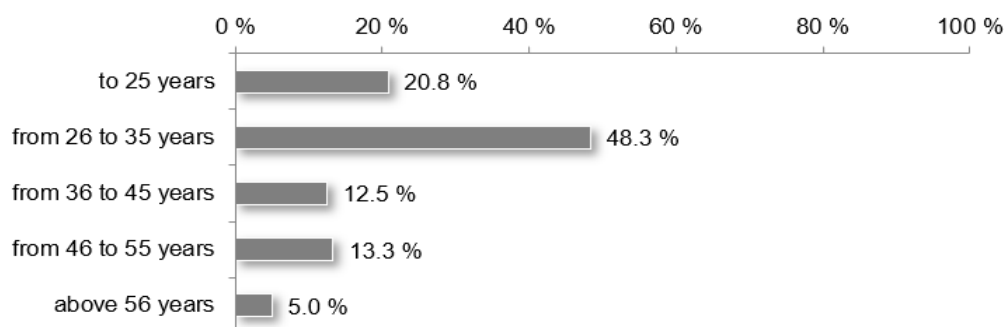
Figure 9: Gender



Source: Own work.

The largest proportion of respondents belong to the age group of 26 to 35 years (48.3%), the youngest group to 25 years old represent 20.8% of the sample and those over 36 represent 30.8%.

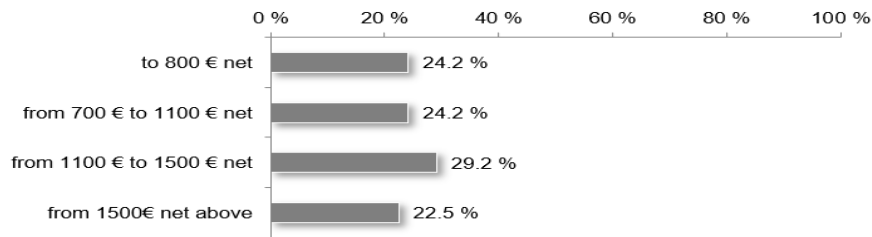
Figure 10: Age



Source: Own work.

In the terms of income, respondents in the sample are distributed approximately evenly across all income groups. Those with an income from 1100€ net to 1500€ net represent slightly higher share (29.2%). As the income is sensitive question, I wanted to make 2 groups below the average salary in Slovenia and 2 above it in order for participant to feel comfortable to answer this question. The Figure 11 represented the net income distribution of the respondents.

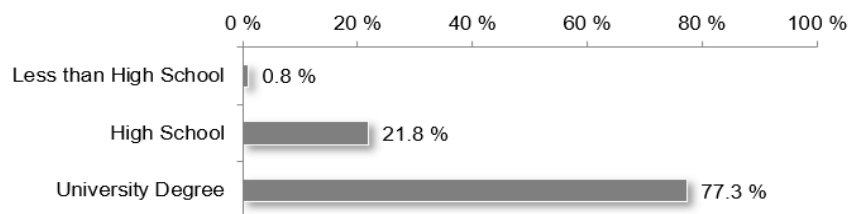
Figure 11: Net income



Source: Own work.

Most respondents in the sample have a university degree (77.3%), while the majority of others have finished high school (21.8%).

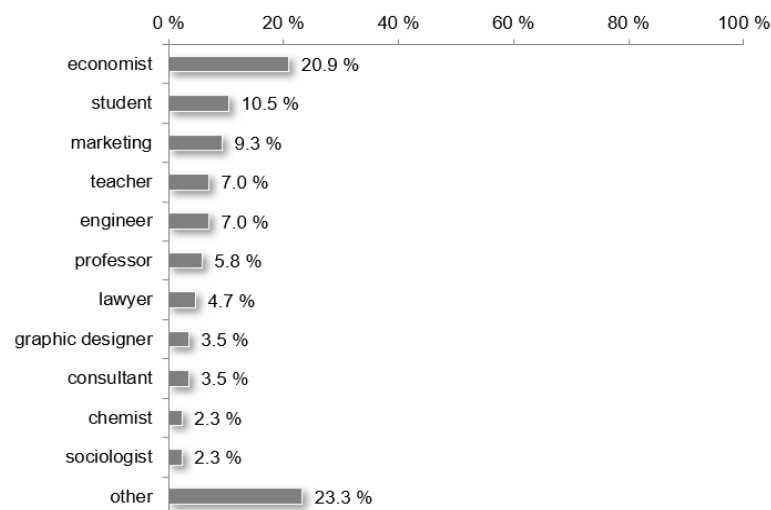
Figure 12: Education level



Source: Own work.

By occupation, the first largest group in the sample are economists (20.9%) and 10.5% of the respondents are still students, while 23.3% state another profession that does not fall into any of the categories presented.

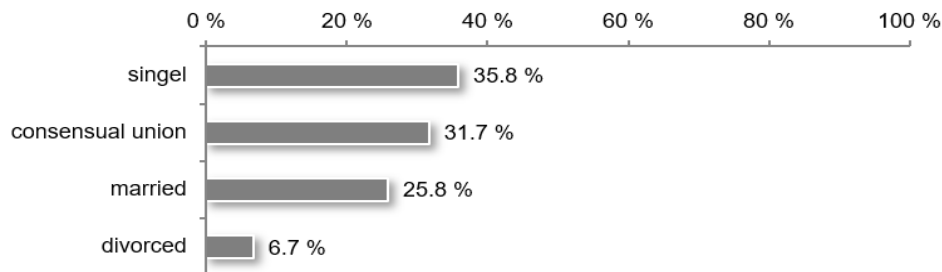
Figure 13: Occupation



Source: Own work.

The sample has the largest proportion of respondents single (35.8%) or living in consensual union (31.7%). A good quarter of the sample is represented by married (25.8%), while a smaller proportion is represented by divorced participants (6.7%).

Figure 14: Partnership status



Source: Own work.

5.6 Results

5.6.1 Experiment 1: testing of H1 and H2

The first experiment was testing the low-priced product, which is toothpaste. H1 and H2 proposed that there will be interaction how the discount will be presented (format) and discount size (large or small discount), in a way that large discount expressed in percentage terms will result in higher perception of transaction value and greater intention to purchase the product compare to the same discount expressed in absolute way.

Hypothesis 1 and 2 were tested on a sample who evaluated a low-cost product (toothpaste). The size of the discount was measured with nominal variable, which are small and large discount size. The format of the discount was also measured with a nominal variable (relative and absolute discount). The transaction value I tested with three statements, where respondents needed to choose the answer on the five-point Likert scale (1=I totally disagree, 2=I disagree, 3=I am neutral, 4= I agree, 5=I totally agree). In order to test the hypothesis, the new variable was calculated, which represent the average of these 3 statements. The purchase intention was tested with two statements in the questionnaire. Respondents needed to choose answer on the five-point Likert scale (1=I totally disagree, 2=I disagree, 3=I am neutral, 4= I agree, 5=I totally agree). The same as in the transaction value variable, the new variable was calculated from the average of these two statements in the questionnaire, in order to get one variable for purchase intention.

MANCOVA analysis was used to test both hypotheses, where as a covariance the internal reference price was used (how much is the respondent willing to pay for the product – numerical variable). The results of experiment 1 are presented in the Table 5 below.

Table 5: Summary of mean values for both experiment 1

Discount size	Discount format	Mean
Experiment 1: low-value product (toothpaste)		
<i>Dependent variable: transaction value</i>		
small discount	relative	3.04
	absolute	2.86
large discount	relative	3.62
	absolute	3.58
<i>Dependent variable: purchase intention</i>		
small discount	relative	2.96
	absolute	2.85
large discount	relative	3.28
	absolute	3.34

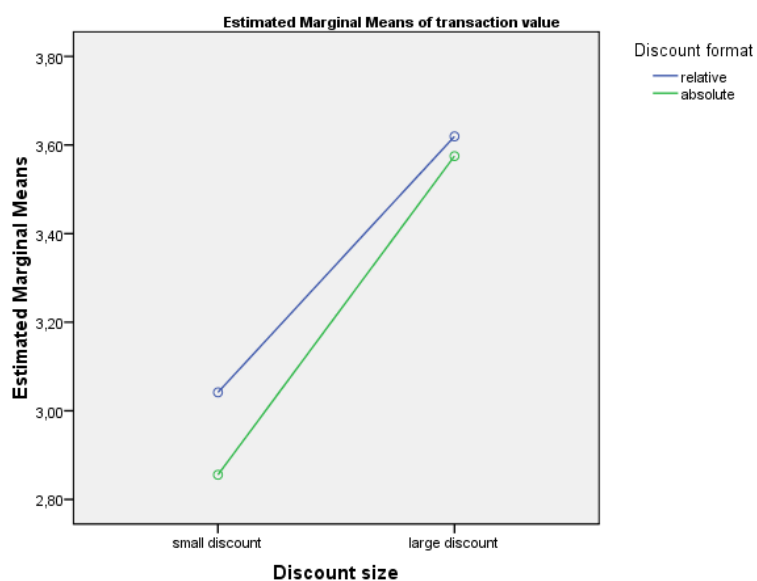
Source: Own work.

The Table 5 show the basic results or an overview of the mean values interacting by discount size, format of the discount, perceived transaction value and purchase intention.

Transaction value is by smaller discount on average precepted neutrally by both relative format (M=3.04) and absolute discount format (M=2.86). However, by the large discount size, there is perceived higher transaction value on average by both relative format (M=3.62) and also by absolute discount format (M=3.58).

Impact on the purchase intention is neutral, regardless the discount size and discount format.

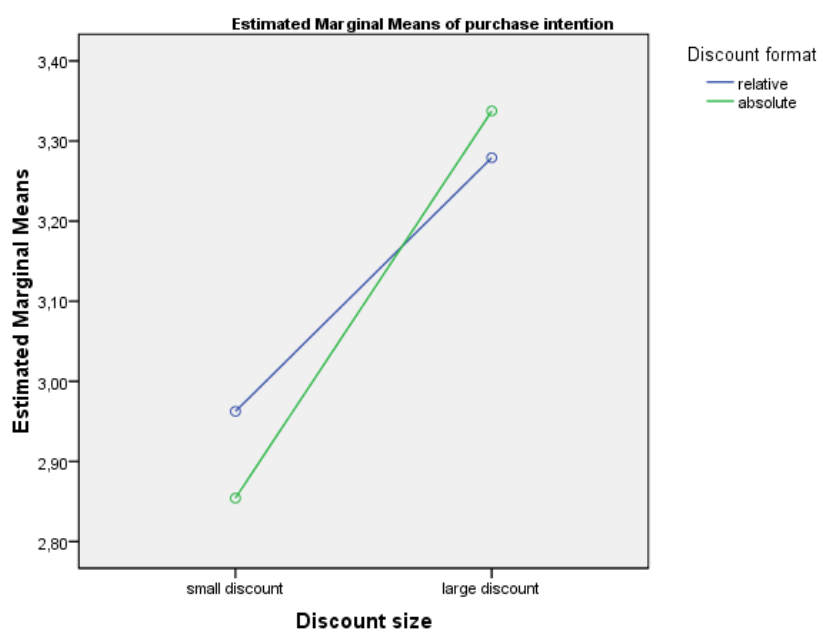
Figure 15: Low-priced product: esimated marginal means of transaction value



Covariates appearing in the model are evaluated at the following values: 1. Koliko bi bili pripravljeni plačati za ZOBNO PASTO (EUR) = 3,4323

Source: Own work.

Figure 16: Low-priced product: esimated marginal means of purchase intention



Covariates appearing in the model are evaluated at the following values: 1. Koliko bi bili pripravljeni plačati za ZOBNO PASTO (EUR) = 3,4323

Source: Own work.

Table 6: MANCOVA analysis for experiment 1

Experiment 1: low-value product (toothpaste)						
	transaction value			purchase intention		
	Wilkes Lambda	sig	F	sig	F	sig
<i>Covariate</i>						
product price	.971	.001*	12.392	.000*	.699	.403
<i>Main effects</i>						
Discount format	.991	.123	3.381	.067	.081	.776
Discount size	.813	.000*	107.026	.000*	20.769	.000*
<i>Interactions</i>						
Discount format * Discount size	.997	.493	1.276	.259	.901	.343
R-squared			.200		.037	

Source: Own work.

The result of MANCOVA analysis show the statistically significant impact of covariance variable - product price ($\lambda=0.971$, $p=0.001$) and discount size ($\lambda=0.813$, $p=0.000$), however it is not statistically significant the impact of discount format ($\lambda=0.991$, $p=0.123$) and interaction between discount presentation format and discount size ($\lambda=0.997$, $p=0.493$).

Discount size impact on the transaction value ($F=107.026$, $p=0.000$). At the small discount the perceived transaction value is lower, as at the large discount the perceived transaction value is higher.

Figure 16 shows the data for purchase intention. Discount size is the only statistically significant variable that affect the purchase intention ($F=20.769$, $p=0.000$). At the small discount size, the purchase intention is lower and at large discount, the purchase intention is higher. The covariant variable – price, that the respondents are willing to pay for toothpaste show significant impact on transaction value ($\lambda=12.392$, $p=0.000$). The perception of transaction value is significantly connected with the product price.

Based on the data above, I can confirm that the discount size is affecting the transaction value and purchase intention, but there is no significant evidence that interaction between

discount format and discount size effect on transaction value and purchase intention. Therefore, I cannot confirm the Hypothesis 1 and Hypothesis 2.

5.6.2 Experiment 2: testing of H3 and H4

The second experiment was testing the high-price product, which is computer. H3 and H4 proposed that there will be interaction how the discount will be presented (format) and discount size (large or small discount), in a way that large discount expressed in absolute terms will result in higher perception of transaction value and greater intention to purchase the product compare to the same discount expressed in relative way.

Hypothesis 3 and 4 were tested on a sample who evaluated a high-price product (computer). The same as in the first experiment, the size of the discount was measured with nominal variable, which are small and large discount size. The format of the discount was also measured with a nominal variable (relative and absolute discount). I tested the transaction value with three statements, where respondents needed to choose the answer on the five-point Likert scale (1=I totally disagree, 2=I disagree, 3=I am neutral, 4= I agree, 5=I totally agree). In order to test the hypothesis, the new variable was calculated, which represent the average of these 3 statements. The purchase intention was tested with two statements in the questionnaire. Respondents needed to choose answer on the five-point Likert scale (1=I totally disagree, 2=I disagree, 3=I am neutral, 4= I agree, 5=I totally agree). Also, here the new variable was calculated from the average of these two statements in the questionnaire, in order to get one variable.

The same procedure as in the first experiment, MANCOVA analysis was used to test hypotheses 3 and 4, where as a covariance the internal reference price was used (how much is the respondent willing to pay for the product – numerical variable).

The Table 7 show the basic results of mean values of the second experiment or an overview of the means values that are interacting by discount, format of the discount, perceived transaction value and purchase intention.

By smaller discount size the transaction value is perceived to be on average neutral at relative (M=2.90) and absolute format (M=2.78). However, at the large discount size the transaction value is on average perceived to be higher at relative discount format (M=3.82), and also by presentation in absolute format (M=3.79).

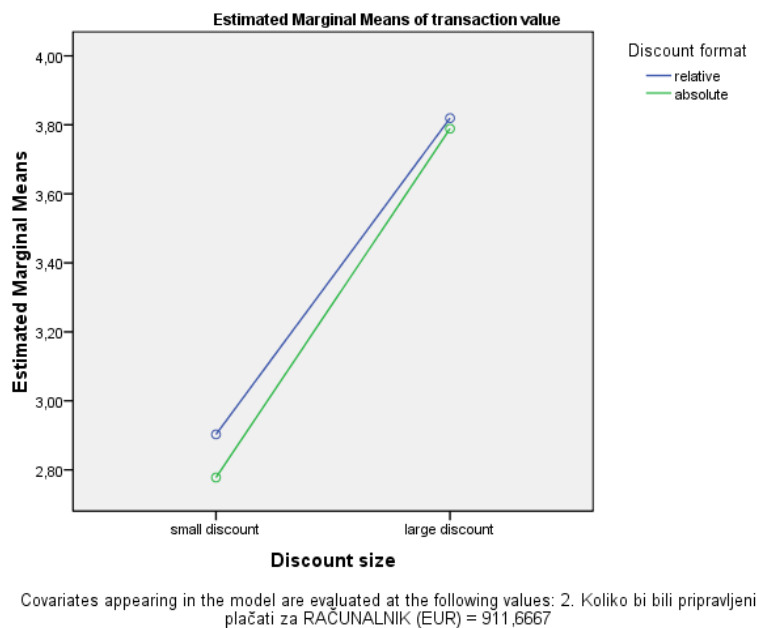
The same pattern is shown in impact of the purchase intention. At small discount level, the perceived purchase intention is neutral at relative format (M=2.93) and also at absolute (M=2.91) discount presentation. However, at the large discount size, there is on average higher purchase intention by both relative (M=3.66) as well as at absolute discount presentation (M=3.59).

Table 7: Summary of mean values for both experiment 2

Discount size	Discount format	Mean
Experiment 2: high-price product (laptop)		
<i>Dependent variable: transaction value</i>		
small discount	relative	2.90
	absolute	2.78
large discount	relative	3.82
	absolute	3.79
<i>Dependent variable: purchase intention</i>		
small discount	relative	2.93
	absolute	2.91
large discount	relative	3.66
	absolute	3.59

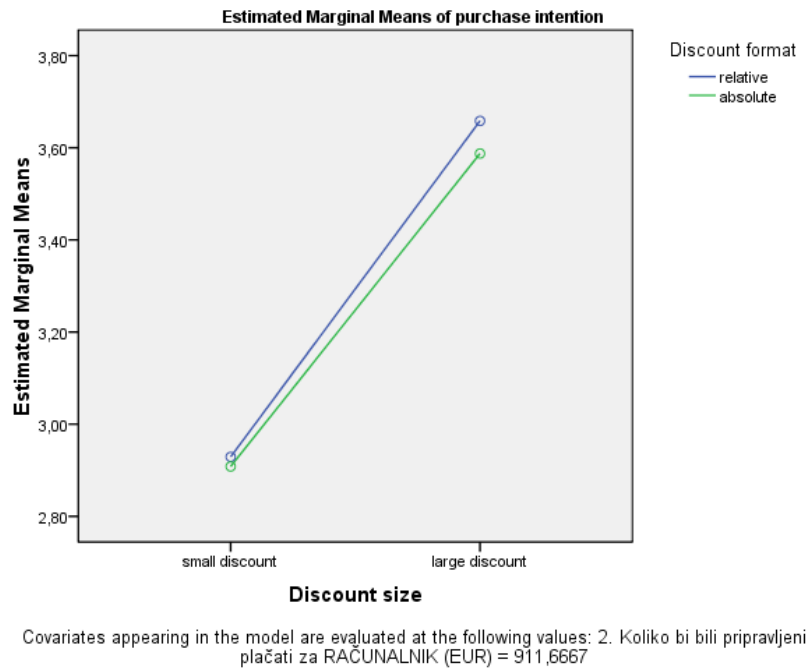
Source: Own work.

Figure 17: High-priced product: estimated marginal means of transaction value



Source: Own work.

Figure 18: High-priced product: estimated marginal means of purchase intention



Source: Own work.

The result of MANCOVA analysis show the statistically significant impact of discount size ($\lambda=0.724$, $p=0.000$), however there is no effect on interaction between discount format and discount size ($\lambda=0.996$, $p=0.435$). Additionally, there is also no significant effect on discount format ($\lambda=0.997$, $p=0.528$) and covariance variable - product price ($\lambda=0.989$, $p=0.070$).

The results show that there is an effect of discount size on perceived transaction value ($F=175.259$, $p=0.000$). At the small discount level, the perceived transaction value is lower, and at the large discount level, the perceived transaction value is higher. Discount format has no significant effect on the transaction value.

Discount size also significantly affect the purchase intention ($F=65.409$, $p=0.000$). At the small level of discount, the purchase intention is lower, and at the large level of discount, the purchase intention is higher. Discount format also here does not have an effect on the purchase intention.

Table 8: MANCOVA analysis for experiment 2

Experiment 2: high-price product (laptop)						
	Wilkes		transaction		purchase	
	Lambda	sig	F	sig	F	sig
<i>Covariate</i>						
product price	.989	.070	.280	.597	3.693	.055
<i>Main effects</i>						
Discount format	.997	.528	1.141	.286	.277	.599
Discount size	.724	.000*	175.259	.000*	65.409	.000*
<i>Interactions</i>						
Discount format * Discount size	.996	.435	.421	.517	.082	.774
R-squared			.265		.120	

Source: Own work.

Based on my data above, I can conclude that there is only the effect of discount size and no evidence of a significant interaction of discount size and discount presentation format on the transaction value and purchase intention. In that case, of high-priced product, there is no support for Hypothesis 3 and Hypothesis 4.

5.6.3 Experiment 1 and 2: testing of H5

The hypothesis 5 was tested in both experiments, on the low-priced product – toothpaste in the first experiment and on high-priced product – computers in the second experiment.

Hypothesis was testing how the discount that is framed in relative or percentage will interact with the discount size (large or small discount), in a way that large discount presented in absolute will interact in lower perception of quality compare to the same discount presented in a relative way.

The size of the discount was measured with nominal variable, which are small and large discount size. The format of the discount was also measured with a nominal variable (relative and absolute discount). Perceived quality I measured with four statements about the

represented product. Respondents were answering on the five-point Likert scale (1=I totally disagree, 2=I disagree, 3=I am neutral, 4= I agree, 5=I totally agree). In order to test the hypothesis, the new variable was calculated, which represent the average of these four statements.

Hypothesis was analysed with statistical method ANCOVA, where I used the covariance variable – the price that respondents are willing to pay for each product.

Table 9: Summary of mean values for product quality

Discount size	Discount format	Mean
Experiment 1: low-value product (toothpaste)		
<i>Dependent variable: quality</i>		
small discount	Relative	3.00
	Absolute	2.98
large discount	Relative	2.95
	Absolute	2.98
Experiment 2: high-price product (laptop)		
<i>Dependent variable: quality</i>		
small discount	Relative	3.12
	Absolute	3.06
large discount	Relative	3.52
	Absolute	3.17

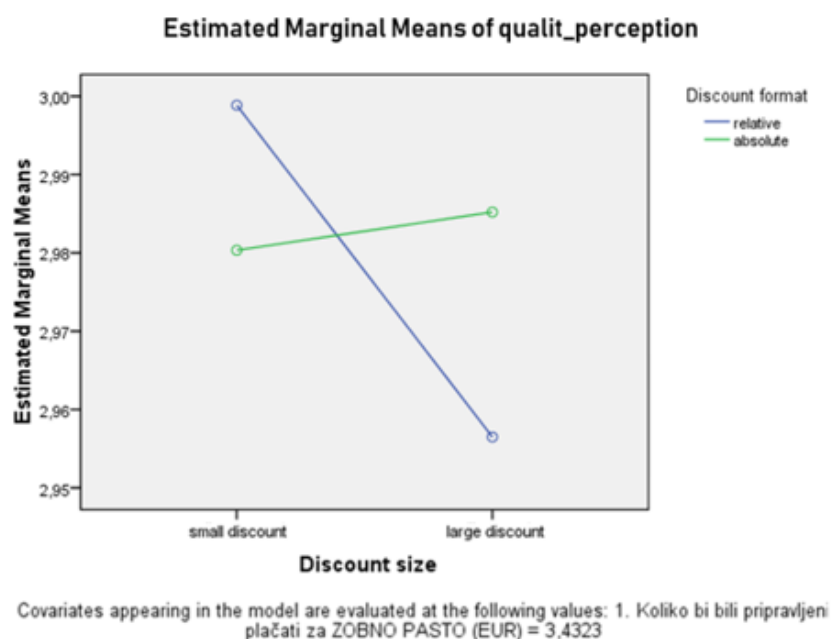
Source: Own work.

The Table 9 represents the results of the mean values depending the discount size, discount format and perceived product quality.

Perceived quality of product is by low-priced product perceived on average to be neutral by both, small and large discount size, and also by relative or absolute format.

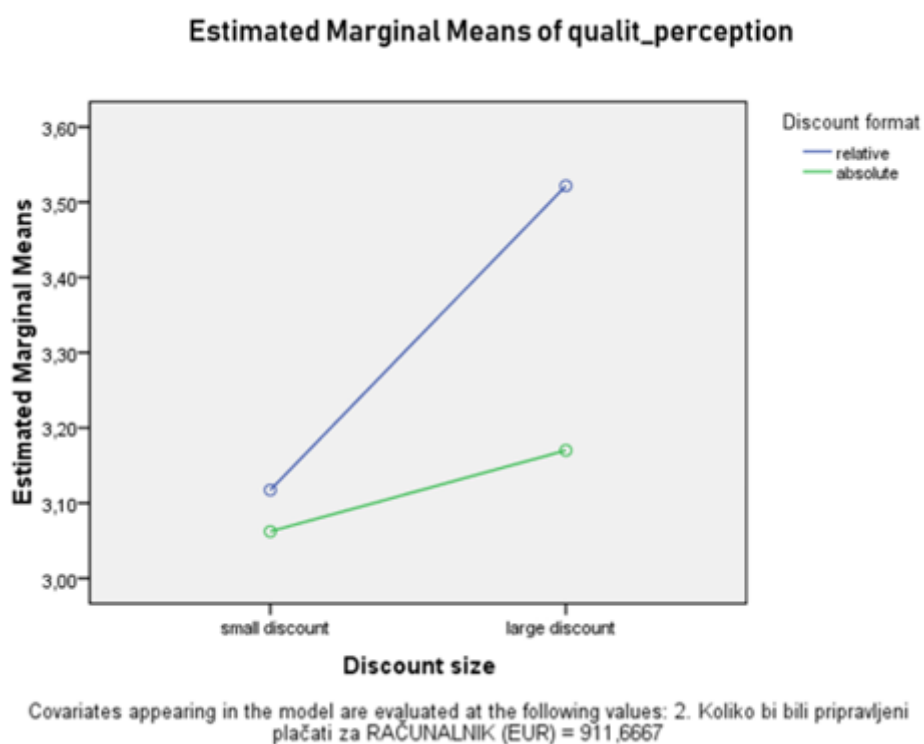
Furthermore, at the high-priced product, the quality at the large discount is on average perceived higher at relative presentation of the discount (M=3.52), however in the other condition the averages of perceived quality are more neutral.

Figure 19: Low-priced product: esimated marginal means of preceived quality



Source: Own work.

Figure 20: High-price product: esimated marginal means of preceived quality



Source: Own work.

Table 10: ANCOVA analysis for product quality

	Quality			
	Experiment 1: low-priced product (toothpaste)		Experiment 2: high-priced product (laptop)	
	F	sig	F	sig
<i>Covariate</i>				
product price	23.847	.000*	3.216	.073
<i>Main effects</i>				
Discount format	.014	.906	9.693	.002*
Discount size	.187	.666	15.369	.000*
<i>Interactions</i>				
Discount format * Discount size	.297	.586	5.153	.024*
R-squared	.033		.062	

Source: Own work.

Results of ANCOVA analysis are shown for each product in a separate Figure 19 and 20. At the low-priced product there is a significant impact of covariance variable ($F=23.847$, $p=0.000$), the results at the other variables are not statistically significant.

At the high-priced product, there is a significant impact of all variables, except the covariance variable. This means that discount format ($F=9.693$, $p=0.002$), discount size ($F=15.369$, $p=0.000$) and also the interaction between this discount format and discount size together ($F=5.153$, $p=0.024$) impact on the perceived quality.

At the small discount size, the perceived quality is also lower, excluding the discount format presentation. In case of large discount, the quality is perceived to be higher at the absolute presentation of the discount format, and is even higher when the discount is presented in relative way.

The analyse shows no significant interaction effect between discount size and presentation format on perceived quality for a low-priced product. In case of high-priced product, the result of interaction of the discount size and discount framing proves to be significant. Therefore, I can conclude that there is no support for hypothesis 5, as in case of high-priced product, there is interaction and there is no interaction in case of low-priced product.

5.6.4 Experiment 1 and 2: testing of H6

The internal reference price was used as a covariance in both experiments in order to reduce the potential of multicollinearity among dependent variables – transaction value and purchase intention.

The results of first experiment show that the covariance (Internal reference price) significantly effect the dependant variables. In experiment with the low-priced product (Experiment 1) the multivariate test was significant ($\lambda=0.971$, $p=0.001$). By the high-priced product (Experiment 2) the multivariate test was not found to be statistically significant ($\lambda=0.989$, $p=0.070$). In that case, the Hypothesis 6 is supported for low-priced product, but there is no support in a case of a high-priced product.

5.7 Findings

5.7.1 Low-priced product

There have been many literatures on message framing and its effect on discount presentation and consumer behaviour. The limited empirical evidence of consumer's perception and behaviour effects of framing was not conclusive enough.

In the study by Gendall, Hoek, Pope and Young (2006) the framing effect had little or no effect for the two low-priced products (potato chips and cola drinks), while for the high-priced product the discount framing in dollar terms was significantly more effective than the same discount expressed in percentage. They also suggested that monetary discount is favourable than non-monetary saving in case when the product in perishable and is not meant for stockpiling.

The opposite, McKechnie, Devlin, Ennew and Smith (2012) found out the significant effect of the discount framing only for the low-priced product (chocolates) and no significant impact on the high-priced product (holidays package). Heath, Chatterjee and France (1995) supported with the logic, where discount prices should be presented in absolute terms for the high-priced product (e.g. couch) and in relative terms, for the low-priced product (e.g. chair).

Furthermore, Chen, Monroe and Lou (1998) introduced the discount size and how it can influence the message framing. They suggest that for relative low price and small discount, the price presentation should be presented with regular price and both dollar off or percent off. The same they suggest if the product have relative high price and large discount. However, when the product has relative low price and large discount, the discount should be presented with the percent off, while relative high-priced product the small discount should be presented in a dollar off frame. Additionally, the empirical evidence by Hardesty and Bearden (2003) supported the Chen, Monroe and Lou's (1998) study. Influence of discount format on perceived value can be moderated by discount size. In this study only an

experiment for the low-priced products was made, therefore they did not have results for the high-priced product. Moreover, they did not study the impact on the purchase intention.

Later Isabella, Pozzani, Chen and Gomes (2012) and McKechnie, Devlin, Ennew and Smith (2012) confirmed the finding from Chen, Monroe and Lou (1998) and Hardesty and Bearden (2003) that the discount for low priced product should be presented in relative, when the discount size is high. Additionally, they figured out, that when the discount size is small for the low-priced product should be presented in absolute numbers. Moreover, they found out statistically significant results for the high-priced product exposed for large discount. This discount should be presented in relative terms. McKechnie, Devlin, Ennew and Smith (2012) researched also how the discount framing and discount size affect the transaction value.

In my thesis the aim was to confirm the finding from study by McKechnie, Devlin, Ennew and Smith (2012). They found out statistically significant results for the low-priced product, but they did not find it significant for the high-priced product. For the low-priced product, when the discount size is small, it should be presented in absolute term. The opposite is for the large discount, it should be presented in relative terms. The results from H1 and H2 in my thesis cannot support the same findings from McKechnie, Devlin, Ennew and Smith (2012). They found out that there is an interaction between presentation format and discount size and it affect on consumer's transaction value and purchase intention. In comparison, neither H1 nor H2 were supported as no such interaction was found. Moreover, I found out that perceived transaction value is perceived to be higher, when both small and large discount are presented in relative terms. The opposite from McKechnie, Devlin, Ennew and Smith (2012) I figured out that purchase intention is perceived to be higher, when the discount size is small and presented in relative and when the discount size is large and presented in absolute. However, the results in my thesis were not statistically significant.

5.7.2 High-priced product

Already Heath, Chatterjee and France (1995) suggested that for the high-priced product the discount should be presented in absolute terms. Chen, Monroe and Lou (1998) confirm this statement with the empirical study. They confirm that there is a significant interaction between discount size and discount framing on consumers' perceived value. The impact on the purchase intention was not significant. In research by Gendall, Hoek, Pope and Young (2006) framing the discount in dollar terms was more significantly effective than the same discount expressed in relative terms.

Isabella, Pozzani, Chena and Gomes (2012) found out the opposite of Gendall, Hoek, Pope and Young (2006), but only for services, not product. For the high-priced services, the large discount should be presented in relative terms. For the small discount, they did not find results that are statistically significant.

The aim in my thesis was to found out the interaction between the discount size and the discount format and their effect on the transaction value and purchase intention. With H3 and H4, I tested the impact on high-priced product. With my results, I cannot confirm H3 neither H4. The results of this thesis are consistent with results by McKechnie, Devlin, Ennew and Smith (2012), while also there no interaction between the discount size and discount format was found in case of a high-priced product.

5.7.3 Quality perception

McConnell (1968) exposed the concept about the price and quality relationship. Subject in his study compared physically homogeneous products of unknown brands. Product with the higher price was perceived to have higher quality and the opposite for the low-priced product, the product was perceived to have lower quality. Verma and Gupta (2004) were researching the different types of products and how the price-quality relationship is connected. For durable goods, in their case televisions, the price is important when comparing the price and quality. In this case the brand image is important. They found out that setting the price high, the perception of product quality will be higher. In case of non-durable goods, in their case toothpaste, the consumers do not pay attention to the price significantly, but more to the brand reputation. Another analysis was made by Isabella, Pozzani, Chen and Gomes (2012). They suggested that for the product or service there is perceived to be higher quality, when the discount size is small and presented in absolute numbers. The quality is perceived to be also high, when the discount is large and presented in relative amount. Findings in my thesis show the same results. When the discount size is large, the quality is perceived to be high, when the discount is presented in absolute format. Moreover, the quality is perceived to be even higher, when the discount is framed in relative. Isabella, Pozzani, Chen and Gomes (2012) could not confirm the above statement, although in my thesis the results for the high-priced discount are statistically significant. However, I cannot compare my results of the low-priced product and how discount framing affect quality perception with their results, as they did not research the low-priced product.

5.7.4 Internal reference price

In my thesis, I included internal reference price as a covariance. The results show that it has an impact in the case of the low-priced product, but it is not statistically significant in the case of the high-priced product. The results of the previous study by McKechnie, Devlin, Ennew and Smith (2012) did not prove that the covariance is affecting the consumer's transaction value and purchase intention. For the low-priced product in this thesis the subject were processing the information through central route. This means that the message was processed with high motivation and involvement. The discount offer was impacted by subject's internal reference price. Where for the high-priced product, they processed the information with the low involvement (peripherally). They were comparing only the original price with the advertised selling price, which was stated on the discount offer.

5.8 Limitations & Managerial Implications

To my knowledge, there are only few empirical researchs that tested empirically the difference between the low- and high-priced products and how the discount size and discount format affect the transaction value and further purchase intention.

The results of my thesis that there is no interaction between the discount size and discount format for the low and also for the high-price are unexpected. That outcome could be because the offer includes both, the original price and the discounted price by both the relative and absolute framing. The discounted amount was the same, in both cases, so this means that the discounted price was exactly the same. The problem could be that the subjects were only looking for the original price and the discounted final price, and they did not even have an attention on the discount amount and how is it presented and framed. It is not usual that only the discount without original selling price is presented on the offer, but further research would be required to consider whether providing only the discount and discounted price may have greater effect.

In the study by Mckechnie, Devlin, Ennew and Smith (2012), they suggested that the results are not interacting with the discount size and discount format, because the discount sizes could not have large difference. They also made a pre-test, were they tested what is considered to be a large and what is considered to be a small discount. In my thesis, I used the same discount for the small discount size, and even larger discount for the large discount size. In my case, the discount size was only variable that affected on the transaction value and purchase intention. In this case, the difference was large enough to have an impact.

Every subject of the experients got eight situations and they had to imagine, that the offered product is discounted. The situations were following one after another. They were similar, where discount was the same, only presented with the different number. It was hard for the subjects to imagine the promotion situation and it was harder to measure the expected framing effect on subject perception of transaction value and purchase intention. For the discount, I used whole number 10 and 40. It would be harder for subject to calculate the discount amount in dollar if I would use 35% off discount (Che, Monroe & Lou, 1998). Additionally, questionnaire cannot replicate actual purchase situation. In real situation, promotions can include brand or special signs and respondents can act differently on such presentations of the discount than they acted in my experiment (Gendall, Hoek, Pope & Young, 2003).

In research by Hardesty and Berden (2003) only the brands with high market share were investigated. The opposite, in my research the unknown brands were researched, which means that the respondednts did not have previous attitude towards the product. The subject did not know the features of product and their brand. When distributing the questionnaire, additional questions were following from the subject. They were asking about the product features or product brand. For example, some of them asked if the toothpaste had a whitening

effect. For computer, I included the feature of the product, but without the brand name. For the subjects, not the discount size, but the product features were important. They would like to know for what they are paying the price. The discount for them is only the additional factor when making a decision about purchasing the product.

Hardesty and Berden (2003) suggested future research comparing price discount over time. Price discount may increase purchase occasions over time. It is difference between buying “fast moving consumer goods” and electronics. FMCG are low cost products which consumer are buying on regular basis and the product can be stockpiled, as electronics are more expensive and consumers are buying them occasionally. Data in my questionnaire were collected only for one-time purchase and I cannot include this issue in my research.

The results of my experiment show that price framing and discount size affect on quality perception of high-priced product. I should take into account that also expectation and past experience could have impact on the perception of quality, when discount is exposed (Isabella, Pozzani, Chen and Gomes, 2012).

Price is important factor for the customer to perceived the product quality. Marketers needs to take that factor into consideration, when setting the price. Especially for the new product that come to the market, the price is important, as the consumer do not have any experience and previous reference price, they only know the name of the brand (McConnell, 1968).

Verma and Gupta (2004) figured out that when setting the price high, the perception of product quality is perceived to be higher, but marketers have to be careful to take into consideration competitor’s pricing and buyers’ purchasing power. Setting the price too low would have negative impact on quality image. In case of non-durable goods, the marketers need to be careful not to set the price too low, as it can show negative quality image. At low-priced product, the consumer does not pay attention to the price, but mostly to the brand reputation.

In my thesis, the subjects had an impact of the internal reference price. They had to recall the approximate price of the product to include in their questionnaire. Previously, Compeau and Grewal (1992) mentioned that the consumers are likely to believe the communicated reference price instead of their own internal reference price. This effect can happen especially for those consumers who take discount message with low involvement (peripheral). The communicated price can be exaggerated or unrealistic and can mislead the consumers.

To sum up the limitations of my research, the results are based on limited number of respondents, product categories and discount levels. The ideally would be to measure the discount framing and consumers behaviour in actual situation; however, this is more expensive and harder to implement (Gendall, Hoek, Pope & Young, 2003).

CONCLUSION

Discounts take big part in our lives when decision-making. They are present everywhere and people cannot avoid them. Consumers cannot say that they are not affected by the offered discount. Consumer buying behaviour is a process consisted from many stages before reaching the final decision. Decision making process consists from awareness, information gathering, pre-purchase evaluation, decision making and finally purchase of the product, and through all of stages consumers can be influenced by the discount.

The offered discount can be presented in a way that attract the consumers. Framing effect is strongly used by retailers, when presenting the price and discounts. Retailers and their managers have to take into account that consumers are significantly affected by offered campaigns based on the comparative price advertising. Price reduction can be presented in relative or absolute way, depending on the price of the product. For most of the high-priced product, the reduction in absolute format is more attracting. In case of reducing the price for computer, the more attracted way to show the discount is in absolute format. Moreover, if a car dealer is reducing the 20,000 EUR car, the price reduction presented in absolute, 1,000 EUR will be more attracted than the discount presented as 5%. On the other hand, if the retailers are reducing the price of 0.5 EUR cola can, the reduction in amount of 50% will be more attracted than the same discount presented in 0.25 EUR price reduction. The results in my master's thesis confirm that reduction in percentage is more appeal for the low-priced product, than the price reduction in the absolute amount.

Price discount and its framing is influenced by the discount size. Additionally, the internal reference price makes a huge impact on buyer transaction value and purchase intention. Retailers state reference prices next to the discount, but consumers have their internal reference price based on the previous experience. In my case, the internal reference price affected low-priced product, but not the high-priced product. Nevertheless, policymakers should continue to regulate the marketers when stating the reference price next to the discount, as previous studies have shown that price discount were valued without evaluation of their internal reference price, but only on the actual offer.

The purpose of my study was to discover if the price discount framing had an effect on consumer behaviour. More specifically, I wanted to figure out in what cases the framing and the discount size affect on transaction value and purchase intention. The main aim of study was to present why retailers present price reduction for high-priced product in absolute format, and they prefer to offer price reduction for low-priced product in percentage amount.

Furthermore, I researched how discount frame and discount size affect the perceived product quality. Previously, Isabella, Pozzani, Chen and Gomes (2012) made a conclusion that discount size and discount frame are affecting on the perceived product quality. However, in this master thesis, I confirmed that discount format and size affect the perceived quality only for high-priced product.

The results of this study were made based on a relatively small sample size. Future research is needed to be done with a bigger sample and more real live experiments. Based on my master's thesis results, the consumers are still calculating the discount from relative to absolute and in opposite way. They prefer the discount shown in relative way. Beside offered price and discount, consumers take into consideration their internal reference prices, which affect their buying behaviour.

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APPENDICES

Appendix 1: Summary in Slovene language

Promocija cene ali popusti so nekaj običajnega v našem vsakdanu, saj nas spremljajo povsod, ne samo pri nakupovanju. S promocijami, kot so popusti, kuponi ali televizijski oglasi, trgovci privabljajo potrošnike v svoje trgovine po nakupe. S promocijo poskušajo trgovci doseči svoje trženjske cilje in povečati prodajo (Yeshin, 2006, p.1).

Promocijska cena je lahko prikazana na dva različna načina, relativno ali v odstotkih in absolutno ali številčno. Relativno pomeni, da je znesek zmanjšan v odstotkih, na primer za 30 % in absolutno pomeni, da je izdelek znižan za celo število, na primer za 2 €. Različni potrošniki različno vidijo tako znižanje cene, kar pomeni, da lahko trgovec pri postavitvi popustov uporabi tehniko »okviranja«. »Okviranje« pomeni različen prikaz istega popusta v različnih formatih, absolutno ali relativno.

Pri promociji cene s pomočjo različnih prikazov je lahko dejansko enak popust prikazan na čisto drugačen način. Potrošniki zaznajo različen prikaz različno in to vpliva na njihov nakup. Cilj moje naloge je prikazati, zakaj in kako različen prikaz cene vpliva na potrošnikovo zaznano vrednost produkta in nakupno namero. Prav tako sem želela predstaviti, kako prikaza obeh popustov vplivata na zaznavo kvalitete produkta.

Na promocijsko ceno produkta in njegovo zaznavo pa ne vpliva samo cena, ki je prikazana, ampak tudi potrošnikova notranja cena, ki si jo priključuje iz spomina. Potrošniki tako preračunajo svoje koristi in dodatno vrednost, ki jo pridobijo z nakupom znižanega produkta. Potrošnikova notranja cena je oblikovana s pomočjo preteklih cen ali bodočih cen, prav tako pa tudi njegove zaznave kvalitete produkta. Na eni strani hočejo trgovci izvedeti, kako povečati vrednost za potrošnika in njegovo zaznavo promocije, ter tako povečati transakcijsko vrednost in željo po nakupu. Na drugi strani pa želijo javnost in zaščitniki potrošnikov povečati interes za točnost in resničnost podatkov pri prikazu promocijskih cen v trgovinah in v oglasih (Compeau & Grewal, 1998, p. 264).

V magistrski nalogi sem predstavila, kako različno prikazan popust, relativno in absolutno vpliva na transakcijsko vrednost in nakupno namero pri nakupu produkta, ki ima nizko ceno, ter produkta, ki ima visoko ceno. Poleg prikaza cene na to vpliva tudi velikost popusta. Na nakupno namero in transakcijsko vrednost lahko poleg prikaza vpliva velik ali majhen popust.

Za namen raziskave sem izvedla dva eksperimenta. V prvem eksperimentu je bil predstavljen produkt z nizko ceno (zobna pasta) in v drugem eksperimentu produkt z visoko ceno (računalnik). Pri obeh eksperimentih je bil prikazan enak popust v različni obliki, bodisi relativno v odstotkih ali absolutno v celih številkah. Poleg tega pa sta bila prikazana dva po velikosti različna popusta, velik in majhen popust. Na podlagi tega so bile izoblikovane štiri situacije za posamezen eksperiment, kjer sta bila spremenjena prikaz in velikost popusta.

V nadaljevanju sem se osredotočila tudi na to, kako promocija cene, njen prikaz in velikost popusta vplivata na zaznano kvaliteto produkta.

Na podlagi prejšnjih raziskav sem zaključila, da je promocija cene za produkt z nizko ceno, ki je prikazana relativno, bolj privlačna kakor promocija, prikazana absolutno. Obratno je za produkt z visoko ceno, kjer je promocija bolj privlačna za potrošnika, če je zmanjšanje cene prikazano v absolutnem formatu. Pri moji raziskavi lahko potrdim, da je bila potrošnikom bolj privlačna relativno prikazana cena v obeh primerih, ne glede na ceno produkta. Čeprav so prejšnji rezultati raziskav kazali na to, da na promocijo pri produktu z nižjo ceno vplivata tako prikaz popusta kot njegova velikost, pri mojih rezultatih te interakcije nisem mogla potrditi.

Appendix 2: Questioner

Pozdravljeni. Sem Lara Humek in zaključujem svoj magistrski študij na Ekonomski fakulteti v Ljubljani. Prosim, da si vzamete 10 minut in s klikom na Naslednja stran pričnete z izpolnjevanjem ankete. Temo magistrske naloge vam bom zaupala na koncu ankete. Predstavljenih bo 8 različnih situacij, kjer je izdelek ponujen po znižani ceni. Prosim, da odgovorite na vprašanja, glede na dano situacijo in znižano ceno.

1. Koliko bi bili pripravljeni plačati za zobno pasto?

EUR

2. Koliko bi bili pripravljeni plačati za računalnik?

EUR

1. situacija

Predstavljajte si situacijo, da ste v trgovini in kupujete zobno pasto.

Ponujena vam je zobna pasta, znižana za 40%.

Redna cena zobne paste je 3,2€.



3. Izdelek v ponudbi se mi zdi:

	1	2	3	4	5	
1 - Po zelo nerazumni ceni	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - Po zelo razumni ceni

	1	2	3	4	5	
1 - slaba ponudba	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - dobra ponudba
1 - zelo drag	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - zelo poceni

4. Ovrednotite stopnjo svojega strinjanja od 1 (sploh se ne strinjam)-5 (se popolnoma strinjam).

	1 - Sploh se ne strinjam	2 - Se ne strinjam	3 - Sem nevtralen	4 -Se strinjam	5 - Se popolnoma strinjam
Izdelek v ponudbi se mi zdi kvaliteten.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi se mi zdi vzdržljiv.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi se mi zdi zdrav.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mislim, da bo dejanska kvaliteta izdelka slabša, ker je izdelek znižan.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi predstavlja dobro vrednost za svojo ceno.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi je vreden tega denarja.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Znižan izdelek je dobra ponudba.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
V trgovini bi izbrala izdelek, ki je v ponudbi.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uporabljal bi izdelek, ki je v ponudbi.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. situacija

Predstavljajte si situacijo, da ste v trgovini in kupujete zobno pasto.

Ponujena vam je zobna pasta, znižana za 1,28€.

Redna cena zobne paste je **3,2€**.



5. Izdelek v ponudbi se mi zdi:

	1	2	3	4	5	
1 - Po zelo nerazumni ceni	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - Po zelo razumni ceni
1 - slaba ponudba	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - dobra ponudba
1 - zelo drag	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - zelo poceni

6. Ovrednotite stopnjo svojega strinjanja od 1 (sploh se ne strinjam)-5 (se popolnoma strinjam).

	1 - Sploh se ne strinjam	2 - Se ne strinjam	3 - Sem nevtralen	4 - Se strinjam	5 - Se popolnoma strinjam
Izdelek v ponudbi se mi zdi kakovosten.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi se mi zdi vzdržljiv.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi se mi zdi zdrav.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mislim, da bo dejanska kvaliteta izdelka slabša, ker je izdelek znižan.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi predstavlja dobro vrednost za svojo ceno.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi je vreden tega denarja.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Znižan izdelek je dobra ponudba.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	1 - Sploh se ne strinjam	2 - Se ne strinjam	3 - Sem nevtralen	4 - Se strinjam	5 - Se popolnoma strinjam
V trgovini bi izbrala izdelek, ki je v ponudbi.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uporabljal bi izdelek, ki je v ponudbi.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. situacija

Predstavljajte si situacijo, da ste v trgovini in kupujete zobno pasto.

Ponujena vam je zobna pasta, znižana za 10%.

Redna cena zobne paste je 3,2€.



7. Izdelek v ponudbi se mi zdi:

	1	2	3	4	5	
1 - Po zelo nerazumni ceni	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - Po zelo razumni ceni
1 - slaba ponudba	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - dobra ponudba
1 - zelo drag	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - zelo poceni

8. Ovrednotite stopnjo svojega strinjanja od 1 (sploh se ne strinjam)-5 (se popolnoma strinjam).

	1 - Sploh se ne strinjam	2 - Se ne strinjam	3 - sem nevtralen	4 - Se strinjam	5 - Se popolnoma strinjam
Izdelek v ponudbi se mi zdi kvaliteten.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi se mi zdi vzdržljiv.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi se mi zdi zdrav.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mislim, da bo dejanska kvaliteta izdelka slabša, ker je izdelek znižan.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi predstavlja dobro vrednost za svojo ceno.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi je vreden tega denarja.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Znižan izdelek je dobra ponudba.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
V trgovini bi izbrala izdelek, ki je v ponudbi.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uporabljal bi izdelek, ki je v ponudbi.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. situacija

Predstavljajte si situacijo, da ste v trgovini in kupujete zobno pasto.

Ponujena vam je zobna pasta, znižana za 0,32€.

Redna cena zobne paste je 3,2€.



9. Izdelek v ponudbi se mi zdi:

	1	2	3	4	5	
1 - Po zelo nerazumni ceni	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - Po zelo razumni ceni
1 - slaba ponudba	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - dobra ponudba
1 - zelo drag	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - zelo poceni

10. Ovrednotite stopnjo svojega strinjanja od 1 (sploh se ne strinjam)-5 (se popolnoma strinjam).

	1 - Sploh se ne strinjam	2 - Se ne strinjam	3 - Sem nevtralen	4 - Se strinjam	5 - Se popolnoma strinjam
Izdelek v ponudbi se mi zdi kvaliteten.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi se mi zdi vzdržljiv.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi se mi zdi zdrav.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mislim, da bo dejanska kvaliteta izdelka slabša, ker je izdelek znižan.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi predstavlja dobro vrednost za svojo ceno.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi je vreden tega denarja.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Znižan izdelek je dobra ponudba.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
V trgovini bi izbrala izdelek, ki je v ponudbi.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uporabljal bi izdelek, ki je v ponudbi.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. situacija

Predstavljajte si situacijo, da ste v trgovini in kupujete računalnik.

Ponujen vam je računalnik, znižan za 40%.

Redna cena računalnika je **800€**.



Prenosnik VivoBook S15 S530FN-BQ076T poganja procesor Intel Core i5-8265U, ki deluje s frekvenco 1,6 GHz (3,9 GHz). Pri tem mu pomaga 8 GB (1x 8 GB) DDR4 pomnilnika. Za vaše podatke imate na voljo 256 GB shrambe tipa SSD. Za prikaz na zaslonu diagonale 39,6 cm (15,6") z ločljivostjo 1920x1080 (anti-glare) skrbi grafična kartica GeForce MX 150. Na računalniku je nameščen operacijski sistem Windows 10 Home. Garancija je 2 leti pick up & return.

11. Izdelek v ponudbi se mi zdi:

	1	2	3	4	5	
1 - Po zelo nerazumni ceni	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - Po zelo razumni ceni
1 - slaba ponudba	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - dobra ponudba
1 - zelo drag	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - zelo poceni

12. Ovrednotite stopnjo svojega strinjanja od 1 (sploh se ne strinjam)-5 (se popolnoma strinjam).

	1 - Sploh se ne strinjam	2 - Se ne strinjam	3 - Sem nevtralen	4 - Se strinjam	5 - Se popolnoma strinjam
Izdelek v ponudbi se mi zdi kvaliteten.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi se mi zdi vzdržljiv.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mislim, da bo dejanska kvaliteta izdelka slabša, ker je izdelek znižan.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi predstavlja dobro vrednost za svojo ceno.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi je vreden tega denarja.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	1 - Sploh se ne strinjam	2 - Se ne strinjam	3 - Sem nevtralen	4 - Se strinjam	5 - Se popolnoma strinjam
Znižan izdelek je dobra ponudba.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
V trgovini bi izbrala izdelek, ki je v ponudbi.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uporabljal bi izdelek, ki je v ponudbi.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. situacija

Predstavljajte si situacijo, da ste v trgovini in kupujete računalnik.

Ponujen vam je računalnik, znižan za 320€.

Redna cena računalnika je 800€.



Prenosnik VivoBook S15 S530FN-BQ076T poganja procesor Intel Core i5-8265U, ki deluje s frekvenco 1,6 GHz (3,9 GHz). Pri tem mu pomaga 8 GB (1x 8 GB) DDR4 pomnilnika. Za vaše podatke imate na voljo 256 GB shrambe tipa SSD. Za prikaz na zaslonu diagonale 39,6 cm (15,6") z ločljivostjo 1920x1080 (anti-glare) skrbi grafična kartica GeForce MX 150. Na računalniku je nameščen operacijski sistem Windows 10 Home. Garancija je 2 leti pick up & return.

13. Izdelek v ponudbi se mi zdi:

	1	2	3	4	5	
1 - Po zelo nerazumni ceni	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - Po zelo razumni ceni
1 - slaba ponudba	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - dobra ponudba
1 - zelo drag	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - zelo poceni

14. Ovrednotite stopnjo svojega strinjanja od 1 (sploh se ne strinjam)-5 (se popolnoma strinjam).

	1 - Sploh se ne strinjam	2 - Se ne strinjam	3 - Sem nevtralen	4 - Se strinjam	5 - Se popolnoma strinjam
Izdelek v ponudbi se mi zdi kvaliteten.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi se mi zdi vzdržljiv.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mislim, da bo dejanska kvaliteta izdelka slabša, ker je izdelek znižan.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi predstavlja dobro vrednost za svojo ceno.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi je vreden tega denarja.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Znižan izdelek je dobra ponudba.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
V trgovini bi izbrala izdelek, ki je v ponudbi.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uporabljal bi izdelek, ki je v ponudbi.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. situacija

Predstavljajte si situacijo, da ste v trgovini in kupujete računalnik.

Ponujen vam je računalnik, znižan za 10%.

Redna cena računalnika je 800€.



Prenosnik VivoBook S15 S530FN-

BQ076T poganja procesor Intel Core i5-8265U, ki deluje s frekvenco 1,6 GHz (3,9 GHz). Pri tem mu pomaga 8 GB (1x 8 GB) DDR4 pomnilnika. Za vaše podatke imate na voljo 256 GB shrambe tipa SSD. Za prikaz na zaslonu diagonale 39,6 cm (15,6") z ločljivostjo 1920x1080 (anti-glare) skrbi grafična kartica GeForce MX 150. Na računalniku je nameščen operacijski sistem Windows 10 Home. Garancija je 2 leti pick up & return.

15. Izdelek v ponudbi se mi zdi:

	1	2	3	4	5	
1 - Po zelo nerazumni ceni	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - Po zelo razumni ceni
1 - slaba ponudba	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - dobra ponudba
1 - zelo drag	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - zelo poceni

16. Ovrednotite stopnjo svojega strinjanja od 1 (sploh se ne strinjam)-5 (se popolnoma strinjam).

	1 - Sploh se ne strinjam	2 - Se ne strinjam	3 - Sem nevtralen	4 - Se strinjam	5 - Se popolnoma strinjam
Izdelek v ponudbi se mi zdi kvaliteten.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi se mi zdi vzdržljiv.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mislim, da bo dejanska kvaliteta izdelka slabša, ker je izdelek znižan.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi predstavlja dobro vrednost za svojo ceno.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi je vreden tega denarja.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Znižan izdelek je dobra ponudba.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
V trgovini bi izbrala izdelek, ki je v ponudbi.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uporabljal bi izdelek, ki je v ponudbi.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. situacija

Predstavljajte si situacijo, da ste v trgovini in kupujete računalnik.

Ponujen vam je računalnik, znižan za 80€.

Redna cena računalnika je **800€**.



Prenosnik VivoBook S15 S530FN-BQ076T poganja procesor Intel Core i5-8265U, ki deluje s frekvenco 1,6 GHz (3,9 GHz). Pri tem mu pomaga 8 GB (1x 8 GB) DDR4 pomnilnika. Za vaše podatke imate na voljo 256 GB shrambe tipa SSD. Za prikaz na zaslonu diagonale 39,6 cm (15,6") z ločljivostjo 1920x1080 (anti-glare) skrbi grafična kartica GeForce MX 150. Na računalniku je nameščen operacijski sistem Windows 10 Home. Garancija je 2 leti pick up & return.

17. Izdelek v ponudbi se mi zdi:

	1	2	3	4	5	
1 - Po zelo nerazumni ceni	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - Po zelo razumni ceni
1 - slaba ponudba	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - dobra ponudba
1 - zelo drag	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5 - zelo poceni

18. Ovrednotite stopnjo svojega strinjanja od 1 (sploh se ne strinjam)-5 (se popolnoma strinjam).

	1 - Sploh se ne strinjam	2 - Se ne strinjam	3 - Sem nevtralen	4 - Se strinjam	5 - Se popolnoma strinjam
Izdelek v ponudbi se mi zdi kvaliteten.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi se mi zdi vzdržljiv.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mislim, da bo dejanska kvaliteta izdelka slabša, ker je izdelek znižan.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi predstavlja dobro vrednost za svojo ceno.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Izdelek v ponudbi je vreden tega denarja.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	1 - Sploh se ne strinjam	2 - Se ne strinjam	3 - Sem nevtralen	4 - Se strinjam	5 - Se popolnoma strinjam
Znižan izdelek je dobra ponudba.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
V trgovini bi izbrala izdelek, ki je v ponudbi.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uporabljal bi izdelek, ki je v ponudbi.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

19. - Kdo v vašem gospodinjstvu kupuje zobno pasto?

Možnih je več odgovorov

- ☐ Jaz.
- ☐ Nekdo drug.
- ☐ Ne kupujemo tega izdelka.
- ☐ Drugo:

20. Kdo v vašem gospodinjstvu kupuje računalnik?

Možnih je več odgovorov

- ☐ Jaz.
- ☐ Nekdo drug.
- ☐ Ne kupujemo tega izdelka.
- ☐ Drugo:

21. - V katero starostno skupino spadate?

- ☐ do 25 let
- ☐ od 26 do 35 let
- ☐ od 36 do 45 let
- ☐ od 46 do 55 let
- ☐ nad 56 let

22. - Spol:

- ☐ Moški
- ☐ Ženski

23. Neto dohodek mesečno v €.

- ☐ do 800 € neto
- ☐ od 700 € do 1100 € neto
- ☐ od 1100 € do 1500 € neto
- ☐ od 1500€ neto naprej

24. - Kakšna je vaša najvišja dosežena formalna izobrazba?

- ☐ Manj kot srednja šola
- ☐ Srednja šola
- ☐ Univerzitetna izobrazba

25 - Poklic

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26. - Kakšen je vaš zakonski stan?

- ☐ Samski
- ☐ Izvenzakonska skupnost
- ☐ Poročeni
- ☐ Vdoveli
- ☐ Razvezani