



Do consumer expectations match experience? Predicting the influence of price and country of origin on perceptions of product quality

Roberta Veale^{*}, Pascale Quester¹

Business School, The University of Adelaide, 233 North Tce, Adelaide, South Australia 5000, Australia

ARTICLE INFO

Article history:

Received 29 November 2007

Received in revised form 26 January 2009

Accepted 28 January 2009

Keywords:

Conjoint analysis

COO

Country of origin

Extrinsic cues

Intrinsic cues

Price

Sensory perceptions

ABSTRACT

This study investigates the respective influences of price and country of origin as extrinsic cues on consumer evaluations of wine quality when all intrinsic cues are experienced through sensory perceptions, and then compares these results with those of a survey employing identical intrinsic and extrinsic cues. Taste testing experiments were conducted ($N = 263$) using Chardonnay and a three (COO) by three (price) by three (acid level) conjoint analysis fractional factorial design. Price and COO were both found to be more important contributors to perception of wine quality than taste. The study advances our understanding of the influence of extrinsic cues to dominant quality assessment and shows conjoint analysis to be a credible means of measuring consumer reactions to specific wine attributes.

© 2009 Elsevier Ltd. All rights reserved.

1. Introduction

Consumers form opinions of quality, both before and after purchase, through the evaluation of intrinsic and extrinsic product cues (Bredahl, 2003). An intrinsic cue is any product attribute inherent to the product itself, such as the grape variety used to produce a type of a wine or the material used to make an article of clothing. In contrast, extrinsic cues can be altered without changing the objective attributes of the product, and include price, country of origin or retail distributor. The literature shows that consumers are not always able to accurately evaluate these cues prior to purchase and may rely on them inappropriately to judge quality post-purchase (Alba, 2000; Kardes, Kim, & Lim, 2001). Misunderstanding the relative importance placed by consumers on these types of cues can lead managers to 'champion' product attributes that are, in fact, unimportant or even confusing to consumers. Conversely, the potential influence of extrinsic cues such as price or country of origin (COO thereafter) may also be underestimated (Alba, 2000; Alba & Hutchinson, 2000). As globalization makes the assessment of country of origin effect increasingly complex; the risk that managers and international marketers wrongly deploy their efforts or waste resources has become significant.

This research investigated consumer reliance on the extrinsic cues of price and country of origin (COO) over an intrinsic cue critical to objective product quality using two different applications of a conjoint analysis experimental design methodology. Hence, an important and unique aspect of the research is the comparison of findings between sensory (taste testing) experiments and a paper-based survey measuring consumer product preferences based on pre-use judgments of 'expected' product quality, derived only from product descriptions. This allowed the quantification of the similarities and

^{*} Corresponding author. Tel.: +61 88303 6892.

E-mail addresses: Roberta.Veale@adelaide.edu.au (R. Veale), Pascale.Quester@adelaide.edu.au (P. Quester).

¹ Tel.: +61 88303 4843.

differences that may exist between respondents' expectations of quality versus their evaluations of actually perceived quality.

As such, this research makes a number of distinctive contributions to the existing literature. First, whilst previous studies have undertaken to assess the influence of price, and other selected extrinsic cues, through various forms of sensory evaluation testing (e.g. taste tests, visual impressions and mouth feel), there is little research investigating the influence of COO and price whilst *simultaneously* manipulating objective product quality experimentally (Imram, 1999; Pechmann & Ratneshwar, 1992; Wansink, Park, Sonka, & Morganosky, 2000). Most researchers exploring the influence of these types of extrinsic cues have assumed objective differences in product quality without quantifying or controlling them. This was a limitation of studies comparing home brands to national brands (Vranesevic & Stancec, 2003), and when food preparation was conducted by respondents in their own homes (Acebron & Dopico, 2000; Bredahl, 2003). In other instances, the focus has not been on the degree to which one product may be better or worse than another, but on measuring resulting affect (Vranesevic & Stancec, 2003). Moreover, many studies involving sensory experiments, where conditions can be more strictly controlled, are limited by relatively small respondent sample sizes imposed by the use of a sensory laboratory environment. Therefore, the extant research investigating the influence of extrinsic cues on consumer sensory perceptions of quality suffers from a lack of control of objective product quality differences and/or the unavailability of representative samples. In contrast, the methodology used in this study offers an approach compatible with research oriented towards product development (Research and Development type laboratory testing) and consumer behavior marketing (Van-Trijp & Schifferstein, 1994). Specifically, the use of a conjoint analysis design to undertake a controlled laboratory taste experiment is not only (to the authors' knowledge) the first of its kind, it also enabled a direct comparison between results obtained in relation to 'expectations of quality', via a pen and paper-based survey, and measures of 'actually experienced quality', via a taste test experiment. Hence, the study will reveal the extent to which the more cost-effective and logistically easier survey methodology can be deemed predictive of the more robust results one could expect from costly and labor-intensive laboratory experiments.

Consequently, this study offers much practical benefit to both national and international managers alike seeking to establish the relative roles of extrinsic and intrinsic product cues, and the most desired combinations of product attributes before determining their marketing strategies for a given market. As organizations seek to achieve both economies of scale and scope in international marketing activities, the methodological contribution of this study should be of direct and practical relevance to marketers in the identification of transnational, strategically equivalent segments or in the achievement of appropriate levels of customization to homeland tastes.

2. Literature review

2.1. Consumer use of intrinsic and extrinsic cues

For consumers, the term 'quality' represents a subjective appraisal of the ability of a product or service to meet their needs (Acebron & Dopico, 2000; Ophuis & Trip, 1995), with research showing that consumers typically rely more heavily on intrinsic cues when forming their opinions (Bredahl, 2003). Nevertheless, in some situations intrinsic product attributes (those affecting objective product quality) are discounted in favor of extrinsic cues, if consumers believe them to be more credible and reliable than even their own judgment (Srinivasan, Jain, & Sikand, 2004; Wansink et al., 2000; Wilson & Brekke, 1994; Zellner & Durlach, 2003). Extrinsic cues believed by consumers to be consistent and credible predictors of value and quality (or offering high levels of emotional appeal) include brand name, price, retail outlet and COO (Dodds, 1991; Kardes, Cronley, Kellaris, & Posavac, 2004). Reliance on extrinsic cues can also be situational, such as when intrinsic cues are unavailable or when purchasing products associated with self-image or status (Kardes et al., 2004; Maheswaran, 1994; Piron, 2000; Quester & Smart, 1998). For example, Wilson and Brekke (1994) found that consumers who are short of time, or suffering some other form of stress, will use the cognitive shortcut that an extrinsic cue represents as they are not able to evaluate intrinsic cues appropriately. Consumers also vary in their need for cognition and degree of ambivalence (or non-attitude) towards product evaluation. Individuals with lower needs for cognition and/or higher levels of ambivalence tend to rely more on the cognitive shortcuts afforded by extrinsic cues because they are not motivated to understand intrinsic cues and seek to expedite the decision process (Bredahl, 2003; Olsen, 1999; Zhang, 1996). Consumers with low levels of knowledge relevant to the product (or product category) are also more susceptible to the influence of a trusted extrinsic cue. For these individuals, intrinsic cues are sometimes ignored because they are confusing and poorly understood, whereas a category 'expert' has the ability to correctly interpret and evaluate them (Kardes et al., 2001; Kuusela, Spence, & Kanto, 1998; Maheswaran, 1994; Maheswaran, Sternthal, & Gurhan, 1996; Siu & Wong, 2002). However, research shows that even experts may rely heavily on extrinsic cues if they are believed to be strongly predictive (Heimbach, Johansson, & MacLachlan, 1989; Rao & Olson, 1990). Hence, given that there are relatively few genuine product 'experts' in any given category, consumer reliance on extrinsic cues should not be underestimated.

Even when consumers experience all intrinsic product attributes via consumption, research has shown that predictive extrinsic cues can be more influential than sensory perceptions (Pechmann & Ratneshwar, 1992; Richardson, Dick, & Jain, 1994; Verdu-Jover, Montes, & Fuentes-Fuentes, 2004). For example, Pechmann and Ratneshwar (1992) found that consumers favor a lower quality orange juice if the price is relatively high, over a juice of better objective quality if the price is correspondingly low, provided they do not have the opportunity to assess all juice samples simultaneously. Vranesevic and

Download English Version:

<https://daneshyari.com/en/article/1000691>

Download Persian Version:

<https://daneshyari.com/article/1000691>

[Daneshyari.com](https://daneshyari.com)