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# Are Low Price Guarantees And Price Matching Guarantees Created Equal: Examining The Effects Of Different Types Of Price Guarantees On Consumers' Evaluations

Swati Verma  
*Wayne State University,*

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**ARE LOW PRICE GUARANTEES AND PRICE MATCHING GUARANTEES  
CREATED EQUAL: EXAMINING THE EFFECTS OF DIFFERENT TYPES OF PRICE  
GUARANTEES ON CONSUMERS' EVALUATIONS**

by

**SWATI VERMA**

**DISSERTATION**

Submitted to the Graduate School

of Wayne State University,

Detroit, Michigan

in partial fulfillment of the requirements

for the degree of

**DOCTOR OF PHILOSOPHY**

2017

MAJOR: BUSINESS ADMINISTRATION

Approved By:

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Advisor

Date

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## **DEDICATION**

This work is dedicated to my husband, Kishore, for his support and encouragement in making this aspiration a reality; to my son, Ishan, for always making me smile; and to my parents Ramesh and Rekha, for allowing me to follow my ambition throughout my childhood.

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provided the foundation for this work. Thank you, to my mother and father-in-law Shyamala Gajarajan and B.S. Gajarajan for their encouragement and continued support over the years and their enthusiasm as I neared my goal.

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## CHAPTER 1: INTRODUCTION

In an era of competition where retailers try to achieve sustainable competitive advantage, perceptions of store price image may be one of the most important determinant of consumers' shopping decisions. Recognizing the importance of the store price image have led some of the retailers to adopt some specific pricing strategy. One of such pricing tactics is to advertise that these retailers will not be undersold by either offering a "low price guarantee" or by offering a "price matching guarantee". Both low price guarantee (LPG) and price matching guarantee (PMG) are features in industrial markets as well as consumer markets. This pricing strategy ensures a long term relationship between the buyer and the seller in the absence of a long term contract. It also provides the buyer an assurance that the seller will honor the lower price or match the price if the buyer finds a lower price in another store. In other words, these strategies indicate their prices are low or they protect the buyer from overpaying.

The present research attempts to advance current levels of our understanding of the effects of an LPG and PMG on perceptions of end consumers. In this chapter, we will first underscore the importance of research on consumer perceptions of LPG and PMG followed by an attempt to identify gaps in consumer research in this area that the present research proposes to address. This is followed by an outline of the aim and scope of the present research. Finally, a plan of the subsequent chapters is presented.

### **1.1 Importance of Behavioral Research on LPG and PMG**

If we conduct an online search on "Google" for the term low price guarantee and price matching guarantee, we will find millions of store offering such guarantees. At present, LPG and PMG is widely used in both consumer market as well as industrial markets. In consumer markets, retailers including electronics and appliance store, hardware stores, grocery stores and major

departmental stores offer such guarantees. Also, such guarantees have become very common in the service industry where hotels and cruises have adopted such pricing strategy. Even some hospitals such as Cleveland Animal Hospital have adopted such a policy where they claim that they will match any written price or estimate from another Wayne County veterinarian on any service or product within the last 30 days (<http://clevelandroadvet.com/about/price-match-guarantee/>). Apart from consumer markets, such pricing tactics are also widely used in industrial markets to meet the competition and to ensure long term relationship between the seller and the buyer (Jain and Srivastava 2000).

In light of the research in LPG and PMG, most of the pioneering research was conducted from the seller's perspective, where the predominant focus was to study how price guarantees effect the competition in the market (Jain and Srivastava 2000). While a bulk of research in economics have operated from the standpoint of the firms, ample amount of research has also been conducted from the perspective of the consumers (that is how do consumers view such market place signals). However, all the past research that has been conducted from the consumers' perspective have used the term low price guarantee and price matching guarantee interchangeably. Though a lot of research has been conducted separately on LPG and PMG, this paper is the first one, that contrasts LPG and PMG and analyses how consumers react to these different pricing tactics.

## **1.2 Low Price Guarantee and Price Matching Guarantee**

Promising to refund money, if the consumers find a lower price for the same product, is a common and very widespread pricing phenomenon. There are two types of price guarantee that has been interchangeably used in the marketing literature. Also in practice, the two most common

types of price guarantees used by the retailer is a “Low Price Guarantee” or a “Price Matching Guarantee”.

In the type of price guarantee characterized as “low price guarantee”, the retailers often explicitly claim that their stores offer the lowest price in town and if the customer can find lower price in a competitor’s store, the retailers will either refund the difference or will pay a monetary penalty to compensate for the low price claim. The following policy by Lowes illustrate a low price guarantee – “Everyday Low Prices Guarantee - We guarantee our everyday competitive prices. If you find a lower everyday price on an identical item at a local retail competitor, just bring us the competitor's current ad, and we'll beat their price by 10%”. Another example illustrating a low price guarantee by Home Depot is as follows – “Our low price guarantee - Nobody Beats Our Prices. If any competitor tries, we'll beat their price. Guaranteed”. Some other stores that explicitly mention that they offer the lowest prices in town are Walmart, MLB.com, Oriental Trading, Northertool.com, Evo.com etc. In such a price guarantee the retailer expresses their confidence in their offered price being the lowest offered price in the market. However, the retailer also incorporates a refund condition, in-case the guarantee is defaulted. Irrespective of the retailers’ motives behind offering these low price guarantee, consumers are likely to perceive the phrase “Low Price Guarantee” as guarantee that the retailer’s price are the lowest in town.

In another type of price guarantee, characterized as “Price Matching Guarantee”, the retailer does not explicitly claim that they offer the lowest price in town, however if a customer finds a lower price, the retailer will be happy to match or beat the competitor’s price. In such a price guarantee, retailers do not show explicit confidence in their price to be the lowest in town, however the retailer will compensate its customer if they find a lower price. The following policy used by Target is an example of a price matching guarantee – “*Price Match Guarantee- We’ll*

*match the price if you buy a qualifying item at Target or CityTarget stores then find the identical item for less in the following week's Target weekly ad or within seven days at Target.com, Amazon.com, Walmart.com, BestBuy.com, ToysRUs.com, BabiesRUs.com or in a competitor's local printed ad. Price match may be requested prior to your purchase. Simply bring in proof of the current lower price, your original receipt and we'll match the price at the Guest Service Desk".*

Another store that uses PMG is JC Penny – *"We will match the price - Find an item for less? Don't worry. We'll match it. JCP is happy to match any similar local competitor's current advertised price on identical items we carry in stores. Just bring the ad to a JCP team member, and we'll honor the lower price"*. Another store that offers a price matching guarantee is Nordstrom and their price matching guarantee states – *"At Nordstrom we are committed to offering you the best possible prices. We will be glad to meet our competitor's pricing if you ever find an item that we offer, in the same color and size, available from a similar retailer"*. Some other stores that offer such price guarantee are Overstock.com, Best Buy, ToysRus, Bed Bath and Beyond etc. None of these stores explicitly state that they offer the lowest price in town, however such price matching guarantee provides an assurance to the buyer that should they be offered a lower price by the retailer's competitor, the original seller will match that price, hence protecting the buyer from overpaying.

### **1.3 Research Gap and Potential Areas for Contribution**

According to the marketing literature, consumers' regard both price matching guarantee as well as low price guarantee as a heuristic for low price and hence the marketing literature has used the term LPG and PMG interchangeably. For example, according to authors like Jain and Srivastava (2000), Srivastava and Lurie (2001), and many other authors, retailers offer price matching policy as an indicator of overall low store prices. According to them, consumers believe

that sellers, who either enjoy a cost advantage or want to build their market share, use such price matching guarantee to signal low prices. Similarly, another body of literature suggests that unless consumers are alerted due to reasons of suspicion, they typically consider stores offering low price guarantee as indicators of low prices (Biswas et al. 2002; Biswas, Dutta, and Pulling 2006; Dutta and Biswas 2005). In other words, past literature suggests that low price guarantee signals an explicit claim that the retailer offers the lowest price and price matching guarantee signals an implicit claim that the retailer offers the lowest price in town.

Considering that past research has considered LPG and PMG to have the same consequences, this research sheds light on several issues that has not been addressed in the previous literature. The first of these issue relates to the conclusion that both LPG and PMG are considered as signal of low store prices. As discussed above, both streams of literature (LPG and PMG) have considered that stores that offer either low price guarantee or price matching guarantee signals a consumer that the retailer offers the low price, because it is costlier for a retailer with high prices to send an LPG signal, and therefore, consumers should expect that only low-priced retailers will offer PMGs or LPGs. However, the present research proposes to shed more light by understanding how consumers perceive low price guarantee signals and price matching guarantee signals. Do consumers have different price perception about a store that offers low price guarantee compared to a store that offers price matching guarantee?

Second, we examine pre-purchase consumer implications of both low price guarantee and price matching guarantee. Past research has shown that both LPG and PMG will result in higher purchase intentions (Kukar-Kinney and Walters 2003; Biswas, Dutta, and Pulling 2006); specifically, if a price matching guarantee or a low price guarantee is considered to be believable, it results in higher store patronage intentions (Kukar-Kinney and Walters 2003). Also according

to Biswas, Dutta, and Pulling (2006), exposure to LPGs improves consumers' purchase intention, provided they find the signal credible. Consumers prefer a store which offers any price guarantee (LPG or PMG), because providing such price guarantees helps the consumer to avoid any anticipated regret after an LPG or a PMG default (McConnell et al. 2000). In this research, we argue that price matching guarantee and low price guarantee have different effects on consumers' pre purchase evaluations. In the present research we also investigate whether consumers' regulatory orientation (whether they are promotion focused or prevention focused) will have any effect on how they perceive LPG signals compared to PMG signals.

Third, one of the primary function of such price guarantee is to provide the consumer with the information that the offered price is the lowest price available in the market. However, post purchase discovery of a lower price may lead the consumer to question the stores credibility, which might affect consumers' future purchases from the same store. That is, if a seller fails to provide the buyer with the lowest price, the buyer might likely become more cautious to stores use of such signals in near future, irrespective of any compensation that the store would have offered. However, consumers' reaction to post purchase LPG or PMG default might vary depending on consumers' regulatory orientation. In the present research we investigate how consumers post purchase behavior changes after a default in the low price guarantee signal - especially for promotion focused consumers.

To summarize, the present research has several objectives. First we investigate if consumer perceptions about stores offering low price guarantee are different compared to stores offering price matching guarantee. More specifically, do consumers perceive stores with LPG to have lower prices compared to stores offering PMG or vice versa? Second we examine if low price guarantee and price matching guarantee have the same effect on consumers' pre purchase and post purchase

evaluations. While doing so, we also examine how the interaction of consumers' regulatory focus and the type of price guarantee (LPG or PMG) effect their pre purchase and post purchase evaluations. We argue that for promotion focused consumers, a low price guarantee signal will increase their purchase intentions. However, if the store fails to honor the low price, promotion focused consumers would feel their trust was violated and thus will have lower repurchase intentions. Thus before implementing low price guarantee or price matching guarantee signal, the retailer should consider the proportion of promotion focused consumers and the tradeoff between pre-purchase benefits vs. post purchase consequences.

#### **1.4 Plan of Subsequent Chapters**

In *chapter two*, I will discuss the different theories been used in low price guarantee and price matching guarantee research. I will also present an overview of research and findings from past behavioral low price guarantee and price matching guarantee research. In *chapter three* I propose the conceptual model and also develop the hypothesis. *Chapter four* presents the procedure and the results of four studies conducted to test the hypothesis. In *chapter five*, I will discuss the results, contribution of the research to theory and practice and limitations.

## CHAPTER 2: LITERATURE REVIEW

### 2.1 Theories Used in Consumer Research in LPG and PMG

Almost all of the research in behavioral science has primarily used Economics of Information Framework (Stigler 1961) or Signaling Theory (Spence 1974; Kirmani and Rao 2000), in examining the effects of LPG/PMG on consumers' perception. I will discuss both the theories in detail next.

Economics of Information Framework, as proposed by Stigler, is based upon three assumptions (Moorthy and Winter 2006). First assumption is that information is costly and consumers vary in their evaluations of search costs and search benefits. Second, a firm's pricing policy is easily observed by the consumer. Third, firms are heterogeneous in a way that is reflected in variation in their optimal prices. Based on these assumptions, according to Stigler, at one point in time, different retailers charge different prices for the same goods or services. And, those consumers who are willing to discover the lowest price in the market will have to engage themselves searching for the lowest available price. The more the supply of the product, the lower the consumer can expect to pay, however there are costs associated with searching. Therefore, according to the Economics of Information Framework, consumer will gather product information up to the point where the cost of doing so exceeds the value of further information, and that this behavior helps determine the market phenomenon known as price dispersion.

As explained above, according to this theory, consumers' intentions to search should reduce if they do not find any incremental benefits from further searching. Based on these assumptions, Srivastava and Lurie (2001), posit that if search costs are low, consumers search intentions are higher in the presence versus absence of a price matching policy. In other words, exposure to PMG encouraged consumers to search more number of stores when the search costs

were low compared to when they were high. This finding was explained with the help of cost benefit analysis which suggest that increasing the number of stores searched increases the probability of finding the lowest price, but the cost associated with the search will determine consumers' intentions to continue searching.

The signaling perspective of information economics is based on the assumption that different parties involving in a transaction often have different information regarding the transaction, and this information asymmetry has implications deciding the terms of the transaction and the relationship between different parties involved in the transaction (Kirmani and Rao 2000). For example, there are two parties involved in a transaction – party X and party Y. Both these parties differ in the amount of information they possess i.e. party X lacks the information that party Y has and similarly party Y lacks the information party X has. Based on the information provided by party X, party Y makes some inference about party X and this information will decide the terms of the transaction between both the parties.

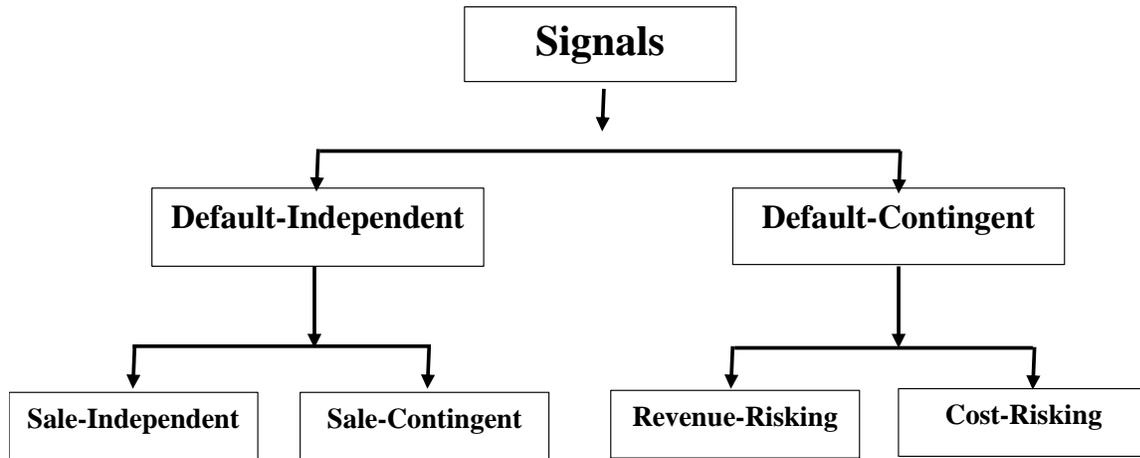
In marketing, a situation of information asymmetry arises when the seller possesses some information that are not completely known to the buyers. For example, in a market interaction a seller knows about the quality of their goods or services, and would want to communicate their quality to the buyer with the help of a signal so that the buyer can use this information to differentiate between a high quality seller and a low quality seller. Therefore, the role of signals is to resolve consumer's classification problem between a good seller and a bad seller (Boulding and Kirmani 1993). Assuming that firms are rational and it will cost a non-credible firm to send false signals, consumers can use this signal to differentiate between a high quality firm and a low quality firm. To summarize, in the marketing context, the primary purpose of signal is to help minimize

information asymmetry between the seller and the buyer, which, in turn influences consumer's attitude towards the seller and their purchase intentions.

Signaling theory has widely been used to explain the effects of low price guarantee and price matching guarantee on consumer attitudes and intentions (Srivastava and Lurie 2001; Biswas et al. 2002; Srivastava and Lurie 2004; Dutta and Biswas 2005; Biswas, Dutta, and Pulling 2006; Kukar-Kinney and Grewal 2006 etc.). Retailers are assumed to know their prices relative to the competitors, and consumers are assumed to lack this information. So to inform consumers about their prices, a retailer can signal their low prices with the help of a price matching guarantee or a low price guarantee. For a higher priced seller, a PMG/LPG can be considered to be costlier, as many consumers can identify lower prices and hence can claim refund. Therefore, many researchers have argued that an LPG or a PMG signal sent by a retailer can be considered by consumers as signal of low prices because it will be costly for a retailer with high prices to send such a signal, and therefore, consumers should expect that only low-priced retailers will offer PMG signal or an LPG signal (Kukar-Kinney and Grewal 2006).

Kirmani and Rao (2000), also provide a typology of signals, which helps to classify the signals depending on whether signaling costs are incurred upfront or not. Though such price signals are not quality signals, we can identify LPG and PMG as a particular type of signal based on this typology. Figure 2- 1 shows the classification of the signal.

**Figure 2- 1: Typology of Signals (based on Kirmani and Rao 2000)**



According to this typology, a signal can be classified as default-independent signal or a default-contingent signal. *Default independent signal* are signals in which the monetary loss occurs independently of whether the firm defaults on its claim. An example of such a signal is investment in advertisement which involve up-front expenditures by the firm and are therefore incurred regardless of whether the firm's claim is true or false. A default independent signal can again be classified as a sale-independent signal or a sale-contingent signal, depending on whether the expenditure depends on actual sale. *Sale independent default independent signals* are those signals, whose costs do not depend upon the sales of the retailer. For example, investment in advertising, involve expenditures that occur irrespective of whether or not a sale occurs. On the other hand, a *sale contingent default independent signal* are those signals whose costs occur at the time of sale. Examples of sale contingent default independent signals are low introductory price and slotting allowances, which involve expenditures only in the presence of a sales transaction.

*Default-contingent signals*, are signals in which the monetary loss occurs only when the firm defaults on its claim. For example, signals such as a high price or a manufacturer's warranty

do not involve up-front expenditures and will prove to be monetarily detrimental only to firms that default on their claims. Default contingent signals are further classified as revenue risking default contingent signals or cost risking default contingent signals. *Revenue risking default contingent signals* are those signals where the retailer loses revenue in case of default on their claims. For example, if a high quality retailer charges higher price for its product and if the product turns out to be of poor quality, consumers repurchase intentions might reduce and hence the retailer will lose future revenue. *Cost risking default contingent signals* are those signals, where the retailer incurs cost, only in case of default of the signal. Examples of such signals are warranties and money back guarantees.

Based on the above typology, both LPG signals and PMG signals can be classified as a default contingent signals, as the retailer issuing such signals do not incur any upfront costs. An LPG and a PMG signal can also be classified as a revenue risking and cost risking default contingent signals. It is certainly a cost risking signal because the firm has to incur monetary cost (by either matching the competitors price or beating their price) if the LPG or PMG signal defaults, i.e. if the consumer finds a lower price in the market. An LPG or a PMG signal is also a revenue risking default contingent signal because a default also lowers consumers repurchase intentions (Dutta, Biswas, and Grewal 2011).

## **2.2 Overview of the Past Research**

Research on price guarantee originated in economics, which discusses price matching policies from the perspective of the firm. This stream of literature suggests that such pricing policies are a means to either reduce price competition (Salop 1986) or to price discriminate between informed and uninformed consumers (Corts 1997). Each of these are elaborated next.

A predominant view in the economics literature is that although price guarantee policies may provide intense competition, such pricing policies facilitate price collusion (Salop 1986; Hess and Garstner 1991). This can be demonstrated with the help of a scenario. Let's consider two sellers, X and Y, who are selling identical products. The ideal solution for both the sellers to maximize profit is to sell their products at a higher price. This solution may not be most realistic because there will always be an incentive for one retailer to lower their prices, to attract more customers. However, if each seller guarantees to match the lowest price offered by other seller, there may be no more incentive to lower the price further. That is, if X tries to lower the price to capture the market share, then Y automatically adjusts its price (by matching the competitor's price) to maximize its gains and reduce its losses. Therefore, under such scenario, none of the firms have an incentive to reduce prices as long as both the firms continue to offer price matching or low price guarantee. This disincentive to price reduction allows the seller to cooperative or collude among themselves and thus charge higher prices, thereby maximizing joint profits.

Research in economics also suggest that retailers use price matching policy as a screening device to price discriminate consumers based on their search costs (e.g. Png and Hirshleifer 1987). According to this literature, there are two classes of consumers- one who are highly knowledgeable about the market prices and thus incur lower search costs and other who has very limited knowledge about the market prices and hence incur higher search costs. Thus providing a price matching guarantee enables the retailer to discriminate between those consumers who are informed about the policy and are willing to search for a lower competitive price and those who are not. Since refunds can be claimed only by consumers who can show that a lower price is available elsewhere (i.e., those consumers who have low search costs and are well-informed), consumers

with high search costs (i.e., those consumers who have higher search costs and are ill-informed) are charged higher prices.

Apart from the large volume of theoretical research been conducted on price matching and low price guarantee, empirical research using secondary data have also been conducted. Hess and Gerstner (1991), conduct time-series analysis of supermarket pricing following the adoption of PMGs. They show that the prices offered by the retailer increase slightly after the adoption of the policy. Similar evidence was also found by Arbatskaya, Hviid, and Shaffer (2006). However, Manes (2006), found some evidence for the opposite effect. In his study, supermarket prices decrease after the adoption of price matching guarantee.

As most of the research in economics, explains such pricing policies from the perspective of the firm, behavioral researchers examine how consumers view and interpret such pricing tactics. For example, Jain and Srivastava (2000), partly with the help of experiments and econometric models examine the effects of PMG. They find that price expectations are lower, confidence of finding low prices is higher, and purchase intentions are higher when PMGs are present versus when they are absent. Similar to Jain and Srivastava (2000), Srivastava and Lurie (2001), find that buyer perceptions of store prices are lower and “intention” to discontinue searching is higher when a store offers PMG. Inconsistent with their prediction, they find that, although high search cost buyers search less, but when search costs of all buyers are low, buyers search more in the presence versus absence of PMGs. Some other facets of PMG that has been examined in the behavioral research include refund depth, length, and scope of the price matching policy (Kukar-Kinney and Walters 2003; Kukar-Kinney, Walters, and MacKenzie 2007; Kukar-Kinney, Xia, and Monroe 2007).

## **2.3 Findings from Past Consumer Research on LPG and PMG**

In this section I will elaborate on the findings from past literature which are summarized in table 1 and table 2 in appendix A and appendix B respectively. First I will discuss the research conducted on low price guarantee followed by the research on price matching guarantee.

### **2.3.1 Findings from Past Research on LPG**

I review some important work relating to LPGs. Authors such as Abhijit Biswas, Sujay Dutta, Chris Pulling, and Dhruv Grewal have worked on price guarantees and tend to use the term Low Price Guarantee.

**Biswas, Pulling, Yagci, and Dean (2002)**, conduct two experiments to examine the effect of low price guarantee in the presence of reference price and store price image on consumer perceptions of offer value, their search intentions and shopping intentions. Their first experiment was a 2 (LPG: present or absent) x 3 (Reference price: absent, low and high) between subjects design to test if LPG had any effect on offer value, search intentions and shopping intentions. The authors predicted that presence of an LPG will result in higher perception of offer value (consumers' will perceive the store prices to be the lowest in the market), lower search intentions and higher shopping intentions compared to an ad without an LPG. The authors also propose that reference price will moderate the effects of LPG in such a way that the above effects will be stronger when reference price is low compared to when it is high.

Findings from the first experiment indicate that presence of an LPG in an ad results in higher perceptions of offer value and shopping intentions. The results also indicate that presence of an LPG results in more positive effects of value perceptions and shopping intentions when reference price is low or absent compared to when reference price is high. This indicated that a high reference price act as a product-brand specific price cue making addition cue such as LPG

unnecessary. However the findings for consumers' search intentions in the presence of an LPG was contrary to what the authors predicted. Exposure to an LPG results in lower search intentions when reference price is higher compared to when reference price are lower or absent.

In the second experiment the authors investigate the moderating role of store price image on the effect of LPG on offer value, search intentions and shopping behavior. The authors predict that exposure to an LPG will result in higher value perceptions, lower search intentions and higher shopping intentions when the store price image is high compared to when it is low. The results of a 2 (LPG: present or absent) x 2 (Store price: high or low) between subjects design indicate that the effects of LPG on perceived value and shopping intention were high only in case of a high price image store, however the findings with regard to search intentions contradicted the authors' expectations. Results indicate that while LPG from a high price image store led to higher search intentions, LPG from a low price image store led to lower search intentions.

**Dutta and Biswas (2005)** conduct one experiment to examine the interaction between value consciousness and LPG on post-purchase search intentions. The authors posit that value consciousness and LPG will interact with each other in such a way that presence of an LPG will result in higher post purchase search for high value conscious consumers. Also penalty level will interact with consumers' value consciousness in such a way that when penalty level is high, consumers' with high levels of value consciousness will engage in more post-purchase search. To examine these effects the authors conduct a 3 (LPG: absent, present with high refund, present with low refund) x 2 (Value consciousness: high or low) between subjects design. As expected, the results show that though presence of an LPG results in lower pre purchase search intentions, purchase made under search guarantee results in higher post purchase search intentions for high

value conscious consumers. Also post-purchase search intentions were higher for high LPG refund condition and this effect was stronger for high value conscious consumers.

**Biswas, Dutta, and Pulling (2006)** conduct two experiments to examine the effects of a low price guarantee on consumers' pre-purchase evaluations and behavioral intentions. The authors propose that price dispersion and LPG interact with each other, affecting key consumer perceptions, such that presence of LPG will result in I) higher estimates of lowest price, II) lower perceived risk, III) higher perception of offer value, IV) lower search intention, and V) higher shopping intention when price dispersion is low compared to when price dispersion is high. Also perceived risk and estimate of lowest market price will mediate the effect of an LPG on perceptions of offer value and this effect will be stronger for low compared to high perceived price dispersion conditions.

To prove the above effects the authors conduct their first experiment, a 2 (LPG present or absent) x 2 (perceived price dispersion: high or low) between subjects design. The findings from experiment one demonstrate differential effects of low price guarantee across consumers' perceptions of market price dispersion. The results suggest that consumers do not rely on LPG when perceived price dispersion is high and thus offering an LPG is not an attractive under this condition.

However, in the second experiment, the authors show that higher levels of penalty can help restore a low price signal's effectiveness when consumers perceived price dispersion is high. In other words, low price signals with higher levels of penalty will result in more favorable consumer responses when perceived price dispersion is high. However, penalty level did not have any benefit in case of low perceived price dispersion, because when price dispersion is low, credibility of the

signal is not an issue as lower levels of penalty makes the signal credible enough and other cues are considered to be redundant.

**Dutta, Biswas, and Grewal (2007)** examine the effects of LPG on consumers' post purchase perception of store credibility and repurchase intentions. Subsequently the authors also examine whether refund restores consumers' confidence on the retailer and finally they investigate consumers' signal focus on post-refund outcomes. In their first experiment the authors posit that default locus moderates the effect of default magnitude on store credibility and repurchase intentions such that a larger default will lead to lower levels of perceived retailer credibility and repurchase intentions for an other-seller default compared to a same seller default. Consumers may attribute same seller default more strongly to sellers attempt to remain a low price leader than to opportunistic signaling. The authors also posit that default time moderates the effect of default magnitude on store credibility and repurchase intentions such that a smaller default leads to higher levels of perceived store credibility and repurchase intentions for a delayed default compared to an immediate default. To examine these effects, the authors conduct a 2 (default locus: same-seller or other-seller)  $\times$  2 (default magnitude: small or large)  $\times$  2 (default time: immediate or delayed) between-subjects experiment. The authors find support for all their predictions.

In their second study, the authors examine whether refund restores consumers' confidence on the retailer and posit that whether or not this would happen depend on how the consumers view LPG. If consumers are protection focused, post refund outcomes (store credibility and repurchase intentions) are comparable to the no default condition. However, if consumers are promotion focused, post refund outcomes are less favorable after a default. The results were as expected. Post refund outcomes were less favorable when consumers were information focused. Third experiment was conducted to further support the results obtained from second experiment.

**Dutta and Bhowmick (2009)** compare consumers' evaluation of offline and online low price signal as a function of how deeply they process the signal. With the help of one experiment, they demonstrate that at high level of elaboration, online consumers are more skeptical about the store's low price signal. They conduct a 2 (low price signal: present or absent) x 2 (store type: online or offline) x 2 (cognitive elaboration: high or low) between subjects design where low price signal and store type were manipulated through the ad. Cognitive elaboration was manipulated through purchase involvement and either by having the subjects report (high elaboration) or not report (low elaboration) their thoughts after viewing the ad. As predicted, under low elaboration, both online and offline low price signal are equally effective, however the latter is more effective under high levels of cognitive elaboration.

**Dutta, Biswas, and Grewal (2011)** note that consumers sometimes adopt different decision styles when evaluating low price guarantee as a function of their regulatory fit. In their paper, the authors demonstrate that a refund will obviate regret, if consumers view price refund promises primarily as devices to protect them from market price fluctuations. However, a refund will not obviate regret if consumers primarily view them as sources of information about the retailers' price status.

Study 1 was a one cell design where the authors' measure consumers' information and protection focus with the help of a six item scale. Later participants were asked to imagine that they were considering to buy a digital camera and were exposed to an ad with a price guarantee. Further in the scenario, participants were asked to imagine that their friend found the same camera in another store for a lower price and when they approached the focal retailer they were offered the promised refund. Consistent with the results obtained by Dutta, Biswas and Grewal 2007, the

authors found that information focus consumers inhibited higher choice regret, higher search regret and lower repurchase intentions compared to protection focus consumers.

In study 2, the authors investigate if framing price guarantee (i.e. whether the price guarantee is implicitly stated, explicitly stated or a guarantee is stated with a disclaimer) will moderate the observed effect seen in study 1. This was a 2 (signal focus: information, protection) x 3 (signal framing: explicit, implicit, disclaimer) between-subjects design where signal focus was manipulated with the help of a fictitious scenario. The second part of the scenario was similar to the one used in study 1, except that in this study signal frame was manipulated. In the explicit condition, the guarantee statement “We guarantee that we offer the lowest prices on all our products” appeared, followed by the refund promise; in the implicit condition, framing contained all the elements of the explicit guarantee except for the guarantee statement and in the disclaimer based framing, they replaced the guarantee statement with “We do not claim that we offer the lowest prices on our products”, followed by the refund promise. As hypothesized, the results indicated that when consumers are information focused, a guarantee with a disclaimer leads to lower choice regret, lower search regret, and higher repurchase intention than an explicit or implicit guarantee. However, this effect is absent when the consumer’s protection focus is relatively greater.

In study 3a, the authors show that regulatory focus serves as the motivational basis for signal focus such that participants in promotion focus had a greater information focus and a lower protection focus and participants in protection focus had a greater protection focus and lower information focus. Using the results obtained from this study, the authors in study 3b, replicated the core findings of study 2. They conducted a 2 (regulatory focus: promotion; prevention) x 2 (signal framing: explicit, disclaimer) between subjects design, where regulatory focus was

manipulated. The authors manipulated signal framing similar to the manipulation used in the second study. The results were consistent with study 2, that is, in the information-focus condition, choice and search regret were higher and repurchase intention was lower for explicit framing compared to disclaimer based framing. However, in the protection-focus condition, framing had no effect on choice regret, search regret or on repurchase intentions.

With the help of above studies, the authors show that the presence of disclaimer have some positive post purchase effect, however, in study 4 they test a boundary condition, to show when a disclaimer would not be beneficial. According to the authors, a disclaimer will not be beneficial for a promotion focus individuals when the market price fluctuation is low. This is because lower price offered cannot be readily attributed to price fluctuation, indicating that the retailer never intended to offer a low price. To prove the expected results the authors conducted 2 (signal focus: information or protection) x 2 (perceived price fluctuation: low or high) between-subjects experiment with only disclaimer based signal framing. Signal focus was manipulated as in study 2 and price fluctuation was manipulated with the help of a fictitious consumer report rating for the price fluctuation (ranging from very little to a lot) of the focal product. As expected signal focus has no effect on choice regret, search regret, and repurchase intention when perceived price fluctuation is high. However, when price fluctuation is low, information focus leads to higher regret and lower repurchase intention than protection focus.

**Dutta (2012)** with the help of three experiments conclude that the effectiveness of low-price guarantee is not universal. Instead, the effects of adding a low price guarantee to a low or high offer price on consumers' pre-purchase perceptions depends on consumer's confidence in the price category, as well as his or her involvement with the product category.

The first experiment was a 2 (Confidence: low or high) x 2 (low price guarantee: present or absent) x 2 (Offer price: low or high) between subjects design, where the author measures respondents' confidence to investigate the role of consumer confidence in evaluation of low-price signals. The subjects were asked to imagine that they were shopping for a DVD player and were asked to report their lowest price estimate for the three models along with their confidence in their price knowledge of the product category. In the main study presence of guarantee was manipulated through the ad and the offer price was manipulated by finding the lowest and the highest market prices for the product model.

The results indicate that when consumers' confidence in the product category is low, perceived overpayment risk and purchase intentions are higher in the presence of an LPG, regardless of the offer type. Thus, when consumers' confidence is low, both genuine low-price signal (one with lowest market price) and deceptive low-price signal (one with higher offer price) are effective. However, when consumers' confidence in the product category is high, a low-price guarantee associated with high market price is effective, while one associated with a low offer price is not effective. With the help of three experiments the author finds that the effect of adding a low price guarantee to a low or high offer price on consumers' pre-purchase evaluations depend on consumers' confidence in their price knowledge and their involvement with the product.

In the second experiment, the author manipulates respondents' confidence to assess their skepticism towards low price signals. The results were the same as in experiment one. However, it was surprising that in both the studies, even highly confident consumers were favorably affected by low price guarantees associated with deceptive signals (i.e., the ones associated with a higher offer price).

The purpose of the third experiment was to investigate if decision involvement acts as a boundary condition on highly confident respondents' evaluation of guarantees with high offer price. This was 2 (low-price guarantee: present or absent) x 2 (decision involvement: low or high) between subjects design where high confidence was induced in the participants. Price guarantee was manipulated through an ad and decision involvement was manipulated by manipulating the importance of the purchase decision. As expected, for low involvement consumers, overpayment risk is lower and purchase intention is higher when low-price guarantee is present, however guarantee has no effect when involvement is higher.

### **2.3.2 Findings from Past Research on PMG**

I now review key work relating to PMGs. Some other authors such as Joydeep Srivastava, Nicholas Lurie, Monika Kukar-Kinney and Dhruv Grewal have extensively worked on price guarantee and have coined the term as Price Matching Guarantee. The findings from these studies are discussed next:

**Jain and Srivastava (2000)** conduct two experiments to examine the effect of price-matching policies on consumer perceptions of overall store prices, store choice, and perceptions of store quality. The purpose of the first experiment was to examine consumer perceptions of store prices and purchase intentions in the presence versus absence of price-matching policy. Experiment one was a single cell design where PMG was manipulated with the help of a scenario. Participants were asked to imagine a scenario in which they were shopping for a new television. Participants in the PMG condition read the price matching refund policy in the scenario and the no PMG condition did not have the price matching refund description in the scenario. The findings of the experiment show that price matching refund policies influence consumer perceptions of

store prices in such a way that consumers' confidence of finding low prices at the store and the likelihood of purchasing were higher in the presence of a price matching guarantee.

The purpose of the second experiment was to examine if consumers were more likely to choose a store that offers a PMG compared to a store that does not offer a PMG and whether presence of such policies affects consumer perceptions of overall store and service quality. Participants were asked to imagine a scenario in which they were shopping for a new DVD player and the description of two store were provided in the scenario with a control condition. In the control condition neither of the stores offered a refund, whereas in experimental groups one of the stores offered PMG. The results suggested that consumers were more likely to choose the store that offered a price matching guarantee. However, consumers' perceptions of store quality and service quality were not affected by the presence of a price matching guarantee.

**Srivastava and Lurie (2001)** examines the effect of price-matching policies on consumer perceptions of store prices and price search behavior. In the first experiment which was a computer shopping simulation the authors test, if presence of a PMG would affect consumer perceptions of store price, consumer's intentions to discontinue search and whether base price of the product moderates the effect of PMG policy on consumer's search intentions. The authors propose that consumers associate price matching guarantee with lower store prices and will discontinue search in the presence of a price matching policy. The authors also propose that base price will moderate the effect of PMG on search intentions in such a way that consumers should discontinue search when base price is low. As hypothesized, the results indicate that perceptions of store prices were lower and the likelihood of discontinuing search were higher in the presence of a price matching policy. However, the base price had no effect on the use of PMG as a heuristics to discontinue search.

The purpose of the second and the third experiment was to test if price matching refund policy interacted with search cost affecting consumer's search intentions. The authors propose that when search costs are low, consumers search intentions will be lower in the presence versus absence of a price matching policy, however when search costs are high, there will be no effect of price matching policies on search intentions. The prediction is based on signaling theory such that the disciplinary mechanisms are stronger when search costs or the penalty for false signals are too high for the retailers, hence PMG will be more effective in discontinuing search when search costs are low. Their second experiment also used a computer simulation and the results were contrary to what the authors had proposed. The results show that when search costs are low, consumers search intentions are higher in the presence versus absence of a price matching policy. In other words, exposure to PMG encouraged consumers to search more number of stores when the search costs were low compared to when they were high. This finding was explained with the help of cost benefit analysis which suggest that increasing the number of stores search increases the probability of finding the lowest price, but the cost associated with the search will determine consumers search intentions. The third experiment was a replication of the second experiment.

**Kukar-Kinney and Walters (2003)** examine the effect of two facets of price matching guarantee – refund depth and scope of the policy on consumer perceptions of price matching guarantee believability, value and consumers' intentions to visit the retailer. With the help of one experiment which employed a 2 (Refund depth: low or high) x 2 (Scope of the policy: narrow or wide) between subjects design, the authors show that refund depth is negatively associated with consumers' believability of the PMG, however the authors did not find any significant effect of scope of refund on consumer believability of the PMG. The findings also suggests that the scope of PMG policy, the depth of refund and the PMG believability positively affects consumer

perceptions of the PMG value. The findings further show that both PMG value and believability are important determinants to stimulate store patronage.

**Srivastava and Lurie (2004)** examine the conditions under which price matching guarantee signals the lowest store price and the conditions under which they do not signal lower prices. With the help of one survey and two experiments, the authors show that the effectiveness of PMG as a signal for low price is dependent on market conditions, such as the number of and the distance between competitors. Findings from the survey show that when consumers perceive that market disciplinary mechanisms enforced against sellers are low, they are less likely to respond favorably. This effect is observed because as disciplinary mechanisms gets stronger, consumers' willingness to claim refund also increases because they have the option to enforce the guarantee and hence their perception about the store price also increases. However, this effect is mediated by the perception of the cost of sending a false signal.

Studies two and three further extend the findings of study 1 and demonstrate that the effectiveness of price matching guarantee as a signal of low store price depends on consumers' search cost. If the market factors encourage other consumers to engage in price search (i.e. if price search costs are low), then store with PMG are perceived to have lower prices compared to stores without PMG. To summarize, if consumers perceive the enforcement cost of the guarantee (i.e., issuing refunds) to be high for a higher-priced retailer then consumers may interpret the presence of a price-matching guarantee as a signal for low price, and this effect is stronger if the search costs are low, compared to when they are high.

**Lurie and Srivastava (2005)** examine how and when price matching guarantees affect consumer evaluations of price information. The authors propose that price of the product and price matching guarantee will interact with each other effecting consumer estimates of the lowest and

average prices, perceptions of the cost of a product, perceptions of store costs and consumers' value perceptions.

The results of three experiments suggest that presence of a price matching guarantee changes the standards used in price evaluations as well as perceptions of a product or store as expensive or inexpensive relative to competitors but the effect of price guarantee on these variables is stronger when the product price is relatively higher compared to when they are low. More specifically, presence of a PMG will raise consumer estimates of the lowest and average prices available and also will raise their value perceptions to a greater extent when the price of the product is high. However, the presence of a PMG will lower perceptions of cost of the product and store costs to a greater extent when the price of the product is higher compared to when it is low. These relationships will be stronger when consumers do not know the range of the prices in the market. When consumers know the range of the prices in the market, the presence of a price-matching guarantee will have a limited influence on consumers' cost perceptions regardless of whether the price of the product is high or low. The idea that price-matching guarantees change the standard used in evaluating price information when consumers are uncertain about market prices probably helps to explain the contradictory findings of previous research on price-matching guarantees (Biswas et al. 2002; Jain & Srivastava 2000; Srivastava & Lurie 2001).

**Kukar-Kinney (2006)** examines whether facets of price matching guarantee— refund depth and scope of the policy has a lasting impact on customer behavior. With the help of a computer simulated shopping behavior the author investigates the effectiveness of these policies in stimulating customer retention, in addition to customer acquisition. Further the author also looks at the moderating roles of price consciousness and skepticism of marketing claims on the effect of PMG facets on store loyalty. The refund depth and scope were manipulated within the PMG

present condition resulting in a 2 (Refund depth: low or high) x 2 (Scope of the policy: narrow or wide) between subjects design. The results of experiment 1 suggest that scope of the policy is a stronger characteristic compared to refund depth in retaining customers. The findings also indicate that price conscious and skeptical consumers are more loyal when the scope of the PMG policy is wide compared to when the scope of the policy is narrow.

As the author did not find any effect of refund depth on store loyalty, another study was conducted to further investigate the role of refund depth. The author conducted a 2 (Refund depth: low or high) x 2 (Lower price was found after purchase: yes or no) between subjects design where both the independent variables were manipulated using a purchase scenario. Findings from study 2 were consistent with that of study 1 and the author did not find any significant effect of refund depth on store loyalty.

**Estelami, Grewal, and Roggeveen (2007)** examine the negative post-purchase impact of price matching guarantee on consumers' perception- namely service quality judgements, price perceptions and consumer loyalty. With the help of two experiments the authors show that while providing a refund will improve service quality and loyalty perceptions, it does not impact price perceptions. Price perceptions will be more negative after a post purchase request for a price matching guarantee compared to at pre purchase levels. To demonstrate these effects, the authors conduct two experiments. The first experiment is a 3 (Retail response: readily refunds, consumer caused refusal, or retailer-caused refusal) x 2 (price difference: low or high) between subjects design. Initially, the authors measure pre purchase dependent variables and then manipulate price difference and type of retail response with the help of a scenario. After manipulating the two independent variables, the authors measure the post purchase dependent variables. As expected, post purchase price perception was negative even after a refund was given compared to pre

purchase price perception. However, post purchase service quality improved from pre purchase service quality after the retailer honors the refund and these effects were stronger when there was a large difference compared to a small price difference. Last, the authors find that post purchase service quality, perceived price and loyalty levels of the consumer were positive when the retailer honors the price guarantee compared to when the retailer refuses to honor the price guarantee.

In experiment 2, the authors examine the boundary conditions of price matching refund policies on consumer perceptions of service quality. The experiment design was a 1 x 3 between subjects design where the retailers response was manipulated as a function of number of days following the purchase, the refund was requested. As expected, perceived service quality rating and loyalty are worst when the return deadline is missed by a short time period rather than a long time period.

**Kukar-Kinney, Walters, and MacKenzie (2007)** argue that price consciousness will moderate the effect of price matching guarantee facets (refund depth, length and scope of refund) on store price perception and pre purchase price search. More specifically, the authors propose that deep refund will work for low price conscious consumers, however, it will backfire for high price conscious consumers. It is also proposed that consumer price consciousness would moderate the effects of the refund depth, length and scope of the policy on consumers' pre-purchase price search. Lastly, the authors propose that price consciousness will also moderate the effect of refund depth on store purchase behavior. To illustrate the above effects, the authors conduct a 2 (Refund depth: low or high) x 2 (Refund length: zero days or 90 days) x 2 (Refund scope: narrow or wide) between subjects computer simulated shopping experiment was conducted, where price consciousness was measured using a scale. As expected, the results illustrate that price consciousness is an important consumer trait that interacts with all the price matching characteristics- refund depth length, and

scope – in influencing consumer price perception, pre-purchase price search, or store purchase behavior.

**Kukar-Kinney, Xia, and Monroe (2007)** examine the antecedents and consequences of perceived price-matching policy fairness. Specifically, in study one, the authors examine the moderating role of product assortment uniqueness on the relationship between PMG present and price fairness perception of store's overall pricing policy. Study 1 was a 2 (PMG: present or absent) x 2 (Product assortment uniqueness: low or high) between-subjects design, where both PMG and product assortment uniqueness was manipulated using a scenario. As expected, the results suggest that presence of a price matching guarantee has a positive effect on perceived fairness of overall store's pricing policies and this relationship is stronger in low compared to high product assortment uniqueness condition. Also perceived pricing policy has a positive effect on perceived price fairness which in turn has a positive effect on perceive value and shopping intentions.

Study 2 and 3 were a 2 (depth of refund: price beating guarantee or price matching guarantee) x 2 (Product assortment uniqueness: low or high) between-subjects design, where both the independent variables were manipulated using a shopping scenario similar to study 1. The results suggest that refund depth has a positive effect on perceived price fairness, that is, a price beating policy is considered to be fairer than a price matching policy. However, if the retailer offers price matching guarantee, consumers are more likely to infer negative motives if the policy applies to only to small portions of stores product compared to when the policy applies to a wide selection of store's products. The results suggest that this negative inferred motives can be partially compensated by offering a price beating guarantee compared to a price matching guarantee. To sum it up, in this paper the authors examine the factors that influence consumers' price matching

policy fairness perceptions, specifically product assortment uniqueness, refund depth and retailers motive.

**Kukar-Kinney and Grewal (2007)** explore the effects of the type of retailer (online vs. brick-and-mortar) and the presence or absence of price matching guarantee on consumers responses, specifically consumer store price perceptions, post-purchase price search, and willingness to claim the refund. They also look at the moderating role of store reputation on consumer responses to price matching guarantee policies in both internet and brick-and-mortar retail environment. To examine these effects, the authors conduct 2 experiments. Both the experiments were a 2 (PMG: present or absent) x 2 (Retail Environment: online or brick-and-mortar) x 2 (brand reputation: high or low) between subjects design where participants were asked to imagine that they were planning to buy a digital camera. In both the experiments retail environment was manipulated by either asking the participants to either buy the camera from an online store or a local store. PMG present condition had a price matching guarantee phrase and PMG absent condition did not have any PMG phrase. In first study brand reputation was manipulated by using two real brands and in the second study brand reputation was manipulated by using fictitious names to maintain the same brand familiarity. Across both the studies the authors found that consumers' associate firms with PMG to offer lower prices more frequently, and these consumers are more willing to search for a lower price after purchasing an item in the presence of a PMG policy. They also claim that these effects are stronger for a bricks-and-mortar retail environment compared to an online retail environment.

**Yuan and Krishna (2011)** examine whether buyers choose to search more when price matching guarantee is offered and whether sellers choose to adopt price matching guarantees. With the help of interactive market experiments, the authors found that buyers in price matching

guarantee markets, on an average search more compared to no guarantee markets. Also sellers choose to offer price matching guarantee and randomize their prices. Prices are also more widely dispersed across sellers and each seller seems to vary the price more in the presence of a price matching guarantee compared to no guarantee. This result is interesting as past research suggests that presence of a low-price signal leads to lower search intention, however this paper finds that buyers in price-matching guarantee markets, on average, search more compared to no- price-matching guarantee markets.

**Desmet, Nagard, and Vinzi (2012)** look into the effect of various factors like price matching guarantee and store familiarity on perceived value of an offer and intentions to visit the store. With the help of confirmatory factor analysis, the authors find that simple price matching guarantee has no effect on either perceived value of an offer or intentions to visit the store. The results confirm that refund depth (no guarantee, price matching guarantee, price beating guarantee x 3, price beating guarantee x 10) has a significant effect on the perceived value of the offer and visit intentions. The contrasts revealed that compared with no guarantee, simply providing a price matching guarantee does not increase the perceived value of the offer and visit intentions. A price beating guarantee with medium refund depth increases the perceived value of the offer and visit intentions compared to just a price matching guarantee. Also offering a higher refund depth actually decreases the perceived value of the offer and lowers visit intentions compared to a price beating guarantee with medium refund depths.

**Hardesty, Bearden, Haws, and Kidwell (2012)** demonstrate that retailers can temporarily elevate consumers' prevention orientation to enhance their preference for a price matching offering compared to a regular price offering. With the help of the first experiment which is a 2 (Pricing Tactic: PMG or regular price) x2 (Regulatory focus: prevention or promotion) between- subjects

design, the authors show that prevention focus consumers will perceive higher price values for a price matching offering. The authors manipulate regulatory focus by asking the participants write about their goals and aspirations or about their duties and obligations. Pricing tactics was manipulated through an ad- where the ad contained a PMG offer condition or a regular price condition.

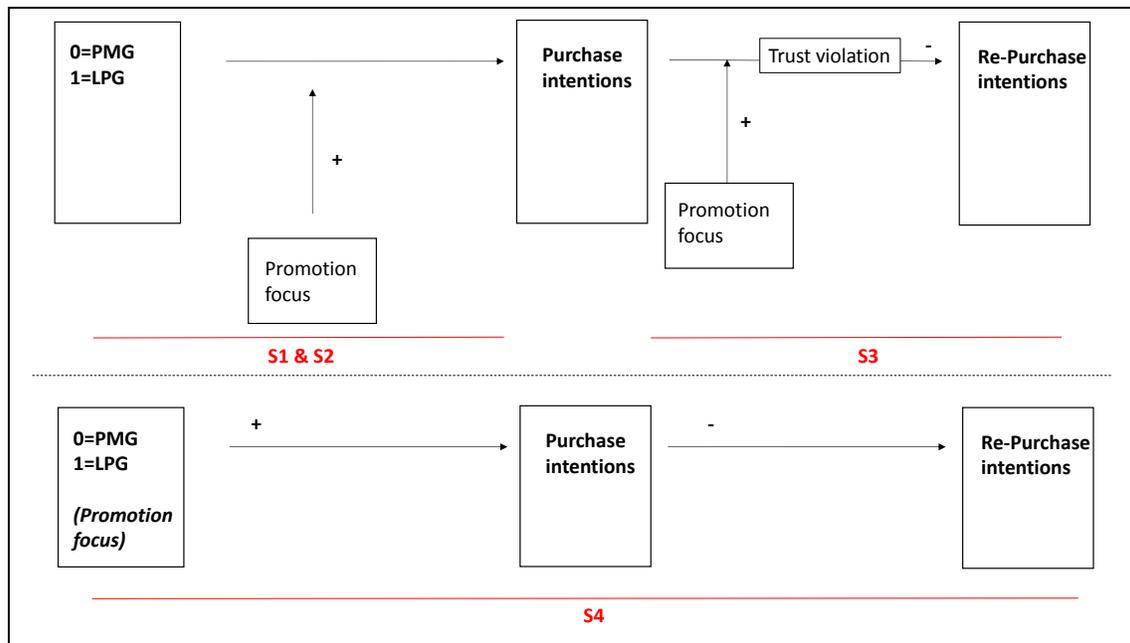
With the help of the second experiment, the authors show that retailers can frame PMG as being promotion or prevention and hence consumers who are more promotion focused will respond more favorably to a PMG framed as promotion and consumers who are more prevention focused will respond more favorably to a PMG framed as prevention focused. To show these effects, the authors conducted a 2 (Regulatory focus: prevention or promotion) x 2 (PMG tactic: prevention or promotion) between-subjects design, where regulatory focus was measured using an eighteen item scale. PMG tactic was manipulated either by using the blurb “Get the best deal in town” (promotion focus) or “Don’t get ripped off” (prevention focus). The results show that retailers can effectively manipulate PMG tactic to be more promotion oriented to enhance regulatory fit effects and yield greater perceptions of price value.

The above summary, indicates that both LPG and PMG are considered to have the same consequences. Thus past research on consumers’ perception on LPG and PMG indicates the need to further understand how consumers perceive low price guarantee signals compared to price matching guarantee signals. There is also a need to understand the role played by individual traits in consumer perceptions of LPG versus PMG. With this overview of the findings from past behavioral literature, in the next chapter, I will introduce the conceptual model on the effect of different pricing tactics (LPG or PMG) on consumers’ pre and post purchase evaluations.

### CHAPTER 3: CONCEPTUAL MODEL AND HYPOTHESIS

A conceptual model examining the effects of different pricing tactics (LPG vs PMG) on consumers' pre-purchase and post-purchase evaluations is presented below. The model shown below, suggests that pre-purchase (Study 1 and 2), presence of a low price signal leads to greater evaluations, especially for promotion focused consumers. However, if the low price guarantee signal defaults, i.e. if the consumer locates a lower price elsewhere in the market, consumers may feel their trust was violated and hence have lower post-purchase evaluations (Study 3). Finally, in Study 4, we measure consumers pre- and post-purchase evaluation in the same study and wish to replicate the results from the earlier studies.

Figure 3- 1: Conceptual Model



#### 3.1 Consumer Perspective on Low Price Guarantee and Price Matching Guarantee

As discussed earlier, the two most widely used pricing policies are low price guarantee and price matching guarantee, which is often considered to have the same consequences in the behavioral literature. The literature also suggest that consumers will have the same interpretation

for low price guarantee signal and a price matching guarantee signal, i.e., consumers' perception about store prices will be lower when a store offers price matching guarantee (Srivastava and Lurie 2001) and also when a store offers low price guarantee (Biswas et al. 2002). However, from a consumer's perspective, interpretation about low price guarantee signal and price matching guarantee signal will not convey the same meaning. While the simplest interpretation about a low price guarantee policy is that they are used by retailers to signal the lowest price, interpretation about price matching guarantee is that they are used by the retailer to only protect the customer from overpaying. Consumers may believe that stores that have a cost advantage or are trying to build sales volume can indicate that they offer the lowest price (see Jain and Srivastava 2000; Srivastava 1999).

According to signaling theory, a marketplace signal serves two functions (Kirmani and Rao 2000): either it provides the buyer with the information (for example an LPG policy will send the information that they offer the lowest price) that they possess imperfectly or to protect the consumer by compensating them if the information provided is false (for example a PMG policy will signal that it will protect the consumer from overpaying). Based on these two functions of marketplace signal, we argue that consumers may believe that low priced stores are more likely to offer low price guarantee and stores that are not confident about their prices being the lowest are more likely to offer price matching guarantee policy. In other words, truly low priced retailers will offer low price guarantee and retailers that would like to protect their customers from overpaying will offer price matching guarantee. Accordingly, it is hypothesized that:

H1: Consumers' perceptions of store prices will be lower for a store offering a low price guarantee signal versus a price-matching guarantee signal.

### **3.2 Moderating Role of Regulatory Focus on the Relationship between Pricing Tactics and Consumers' Pre-Purchase Evaluations**

Regulatory orientations are based on a person's particular concerns or interests that guide his or her behavior. According to regulatory focus theory (Higgins 1997), people can attain their goals in two different ways. Individuals who pursue a promotion focus perceive their goals as hopes and aspirations, and their predominant strategy is to approach matches to their goals. In contrast, individuals who adopt a prevention focus perceive the same goals as duties and obligations, and their predominant strategy is to avoid mismatches to their goals. While a promotion focus is characterized by eagerness to attain advancements, a prevention focus is characterized by vigilance to assure safety, that is, while individuals with a promotion focus are likely to pursue their goals with eagerness, individuals with a prevention focus are likely to pursue their goals with vigilance.

According to past literature, a price guarantee favorably affects consumers' perception about the store's prices and also influences consumers' purchase intentions (e.g. Srivastava and Lurie 2001; Biswas et al. 2002; Kukar-Kinney, Xia, and Monroe 2007). However, according to Dutta, Biswas, and Grewal (2007), consumers vary in terms of how they view such price guarantees. According to them, if consumers are predominantly information focused, they would be attracted towards price guarantees because it indicates that the signaling retailer is low priced. On the other hand, if consumers are protection focused, they will be attracted towards such price guarantees because, the signaling retailer promises to protect them from fluctuating market prices.

Also consumers' regulatory focus affects how they process price guarantees (Dutta, Biswas, and Grewal 2011). The authors show that regulatory focus serves as the motivational basis for how consumers view refund policies. According to them people with a predominant promotion

focus have a predominant information focus and people with predominant prevention focus have a predominant protection focus.

Therefore, decision makers with different regulatory orientation assigns different importance to the same outcomes as a function of their respective goal orientation (Aaker and Lee 2001; Higgins 1997). For example, Bettman and Sujan (1987) find that people prefer either a product with creativity features or a product with reliability features, depending on which features are more relevant to their momentary regulatory orientation. Aaker and Lee (2001) find that people are more persuaded by prevention-framed messages or promotion-framed messages, depending on which features are more relevant to their momentary prevention or promotion orientation.

Thus, if consumers are predominantly promotion focused, they will view an LPG signal as an information, indicating that store offers lower prices compared to other retailers. That is, when consumers focus on the information function, they are primarily attracted towards the retailer's offer, because of the expectations that the retailer will offer the lowest price in the market (Biswas, Dutta, and Pulling 2006). On the other hand, with a price matching guarantee, the store only claims, that they will match the price, if the buyer comes across a lower price in the market. In other words, a retailer offering a PMG signal does not claim that their offer will be the lowest in the market and hence, does not provide the buyer with the information s/he is interested in. Therefore, we propose that consumers' regulatory orientation affects their processing of the different price guarantees, such that dominance of promotion focused will lead to higher evaluations, for stores offering low price guarantee, compared to the stores offering a price matching guarantee.

Though low price guarantee signals indicate that the stores prices are low, it also helps to protect the consumers from overpaying, as all the low price guarantee policy is accompanied by a refund claim. When consumers are predominantly prevention focus they emphasize on the promise

for compensation, regardless of the position of the seller's price in the market. As both low price guarantee and price matching guarantee, emphasize on protecting their consumers from competitors' lower prices, a prevention focused consumer will have the same evaluations for a low price signal and a price matching signal.

Based on the above discussion we propose the following hypothesis.

H2: Consumers' regulatory orientation will moderate the impact of price guarantees on evaluations, such that (i) for those promotion focused, evaluations will be higher for stores offering low price guarantees (vs. price matching guarantee), but (ii) for those prevention focused, evaluations will not be higher for stores offering low price guarantees (vs. price matching guarantee).

### **3.3 Moderating Role of Regulatory Focus on the Relationship between Pricing Tactics and Consumers' Post-Purchase Evaluations**

Any signal is typically associated with a promise to compensate the buyer if the information the seller communicates is false. For example, low price guarantee, signals that the retailer's prices are in fact the lowest in the market. On the other hand, price matching guarantee do not claim that the retailer's prices are the lowest, however they will match any competitors price if the offer price is not the lowest in the market. Let's take an example of a retailer X who offers a low price guarantee. A promotion focus consumer perceives this signal as an indication that the store offers the lowest price in town. Few days later after the buyer purchases the product, s/he comes across another store Y that offers the same product at a lower price. After the consumer shows a proof of lower price to retailer X, s/he gets the difference back. But as this buyer was only attracted towards the guarantee because it indicates the signaling retailer X is low priced, after encountering a lower price in store Y, his/her trust will be violated compared to if the store had offered a price matching guarantee.

Hence, as promotion focus consumers view an LPG signal as a source of information about retailers' prices, if an LPG signal defaults, a promotion focus consumer will encounter higher trust violation leading to lower repurchase intentions. Thus trust will affect consumer's post purchase intentions such that consumers with relatively promotion focus will have lower repurchase intention after an LPG default compared to a PMG default.

On the other hand, as prevention focused consumers view both LPG and PMG signal as a means to protect them from fluctuating prices, a default in an LPG or a PMG signal will not result in trust violation. Thus prevention focus consumers will have similar repurchase intentions irrespective of the type of default.

H3A: Consumers' regulatory orientation will moderate the impact of price guarantee differences on re-purchase intentions, such that (i) for those promotion focused, re-purchase intentions will be lower for stores offering low price guarantees (vs. price matching guarantee), but (ii) for those prevention focused, re-purchase intentions will not be lower for stores offering low price guarantees (vs. price matching guarantee).

H3B: Consumers' regulatory orientation will moderate the mediation by trust violation on the impact of price guarantee differences on re-purchase intentions, such that (i) for those promotion focused, trust violation will mediate the impact of price guarantee differences on re-purchase intentions, but (ii) for those prevention focused, trust violation will not mediate the impact of price guarantee differences on re-purchase intentions.

## CHAPTER 4: DATA COLLECTION AND ANALYSIS

### 4.1 Pretest

This is a two cell study designed to test if consumers perceive low price guarantee signal differently from a price matching guarantee signal. We expect that consumers will perceive stores signaling low price guarantee to have lower prices compared to stores signaling price matching guarantee.

#### 4.1.1 Method and Procedure

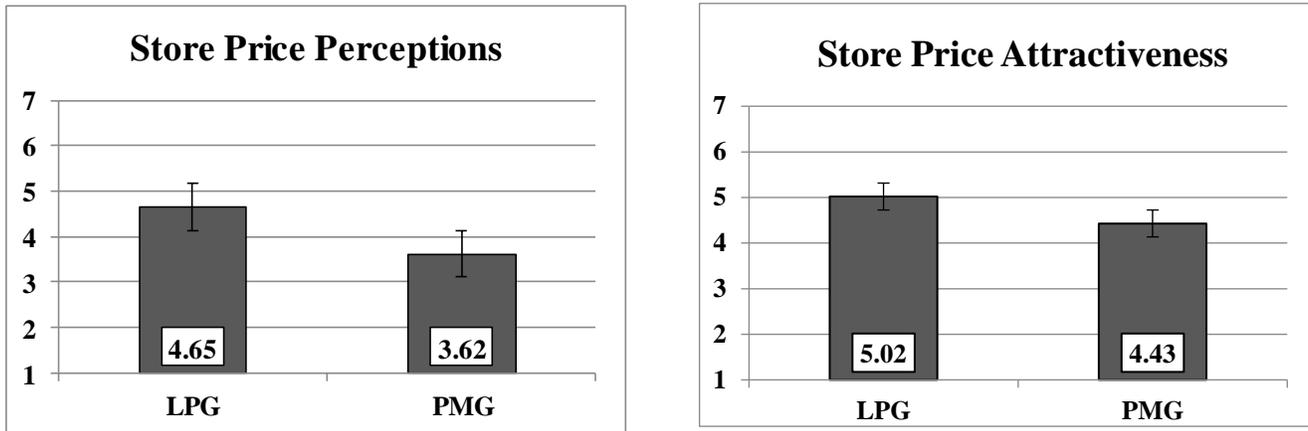
Ninety-six undergraduate students participated in this study (Male = 53%, Mean Age = 24 years) in return for course credit. Pricing tactics (LPG or PMG) was manipulated using a blurb - participants either saw a retailer's slogan of "Low Price Guarantee" followed by a usual refund policy or they saw a slogan of "Price Matching Guarantee" followed by a usual refund policy. After seeing the slogan, participants were asked whether they thought the retailer offers the lowest price in town and if the retailer's price is attractive or not. Perceived store price was measured using a single item: "I feel this store offers the lowest price in town" with anchors 1= "strongly disagree", 7= "strongly agree". As an alternate DV, we also asked if the participants found the store's price to be attractive which was measured using a single item scale: "I feel this store offers the most attractive price in town", with anchors 1= "strongly disagree", 7= "strongly agree".

#### 4.1.2 Results

As proposed, an ANOVA confirmed that respondents perceive the store with low price guarantee slogan to offer the lowest price in town compared to retailers with price matching guarantee slogan ( $M_{LPG} = 4.65$ ;  $M_{PMG} = 3.62$ ;  $F(1, 94) = 10.51$ ;  $p < 0.05$ ). Also participants found the low price guarantee store to offer attractive prices compared to stores offering price matching

guarantee ( $M_{LPG} = 5.02$ ;  $M_{PMG} = 4.43$ ;  $F(1, 94) = 4.39$ ;  $p < 0.05$ ). Results are also demonstrated in figure 4.1. This data is consistent with H1

**Figure 4- 1: Pre-Test Results**



#### 4.1.3 Discussion

Results from past research have shown that consumers perceive both low price guarantee and price matching guarantee as signals of low store prices, however, as proposed, the results of this study indicate that consumers perceive the retailer offering low price guarantee to offer the lowest price in town compared to retailers offering price matching guarantee. This indicates that low price guarantee signal provides the consumer with the information that their prices are in fact the lowest, however price matching guarantee signal, do not provide such information.

#### 4.2 Study 1: Moderating Role of Regulatory Focus– Manipulating Consumers’ Regulatory Orientation

Study 1 is a 2 (Pricing Tactics: LPG vs PMG) x 2 (Regulatory Focus: Promotion vs Prevention) between subjects design. The goal of this study, is to test the prediction that regulatory orientation moderates the relationship between pricing tactics and consumers’ purchase intentions. Specifically, promotion focused consumers are expected to have higher purchase intention if the

retailer offers a low price guarantee compared to a price matching guarantee. Prevention focused consumers, on the other hand are expected to have similar purchase intentions regardless of the pricing tactics used (LPG or PMG).

#### **4.2.1 Method and Procedure**

One hundred and two undergraduate students (41.2% Female) from a Midwestern University were enrolled as participants in this study. They were randomly assigned to one of the four conditions. We manipulated regulatory focus as Lockwood, Jordan, and Kunda (2002), Sengupta and Zhou (2007) and Dutta, Biswas, and Grewal (2011) do. Participants reported on how they dealt with their academic goals. In the promotion-focus condition, participants were asked to think of a course that they were taking in the current semester and list two positive academic outcomes that they would like to achieve in that course. Next, they were asked to describe the strategies that they could adopt to successfully promote those outcomes. Participants in the prevention-focus condition were asked to think of a course that they were taking in the current semester and list two negative academic outcomes that they would like to avoid in that course.

Respondents then completed a second task that has been shown to capture differences in regulatory focus (Higgins et al. 1994). Respondents were offered six possible strategies that they could use for friendship and were asked to select any three. They will have to select three of six choices to indicate their primary strategies for being a good friend. Three of the six strategies were approach oriented (e.g., “to be generous and willing to give of myself”), and three were avoidance oriented (e.g., “to stay in touch and avoid losing contact with my friends”). The greater the number of promotion items circled (a number from 0 to 3), the greater will be the net promotion focus prevailing at that time.

Next, Price Guarantee (LPG and PMG) was manipulated through a scenario. Participants were asked to imagine that they were considering a purchase of a Bluetooth speaker and had come across a local retailer's advertisement for a model priced at \$149.99. For the LPG condition the advertisement stated a "Low Price Guarantee" slogan and for the PMG condition the advertisement stated a "Price Machining Guarantee" slogan. Also in the LPG condition, it was mentioned that if the consumer finds the same product in another store for a lower price, the retailer will honor the price difference. For the PMG condition, it was stated that if the consumer finds the same product in another store for a lower price, the retailer will match the price. After reading the advertisement participants were asked to respond to a three item, seven-point purchase intention scale (from Biswas, Bowmick, Guha, and Grewal 2013). A sample question was "The likelihood that I would buy the [product] is" (1 = "very low" and 7 = "very high"). This was followed by some demographic questions and an LPG, PMG manipulation check question. The manipulation check question asked whether the ad featured the "Low Price Guarantee" blurb or "Price Matching Guarantee".

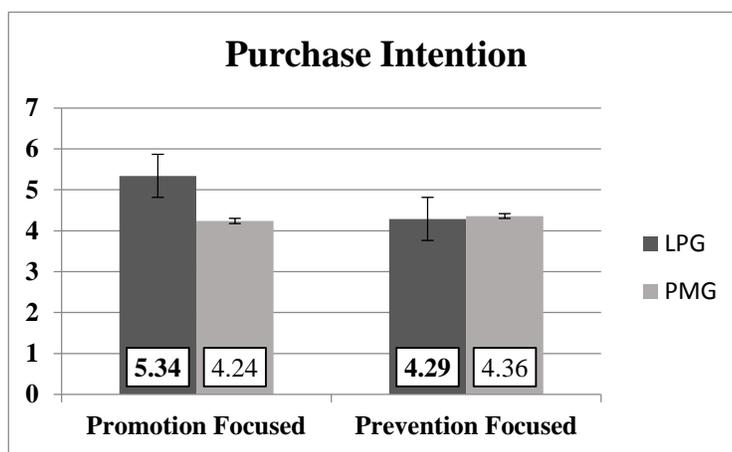
#### **4.2.2 Results**

*Preliminary Checks and Analyses:* Out of the hundred and two participants, eight failed the LPG, PMG manipulation check question. However, removing these eight participants did not make any changes in the results, therefore we decided to keep them for further analyses. For regulatory focus manipulation, the promotion-focus condition revealed means of 1.94 for the promotion-related items and 1.06 for the prevention-related items on the "friendship strategy" choices ( $t(48) = 4.90, p < .01$ ). In contrast, the prevention-focus condition revealed means of 1.79 for the prevention-related choices and 1.21 for the promotion-related choices ( $t(52) = 3.22, p < .01$ ). The reliability (Cronbach's  $\alpha$ ) for the purchase intention scale was .87.

### Main Analysis:

To test our second hypothesis, we conducted an ANOVA with pricing tactics and regulatory focus as the factor and purchase intention as the dependent variable. The ANOVA indicated a significant interaction ( $F(1,98) = 4.69, p < .05$ ). In support of H2, simple comparison revealed that promotion focused participants had a higher purchase intention from retailers offering LPG ( $M = 5.34, SD = 1.03$ ) compared to retailers offering PMG ( $M = 4.24, SD = 1.61$ ),  $F(1,98) = 8.06, p < .01$ . In the prevention focus condition, purchase intentions were the same for both LPG ( $M = 4.29, SD = 1.13$ ) and PMG ( $M = 4.36, SD = 1.51$ ) conditions,  $F(1, 98) = .03, p > .05$ . The results are shown in figure 4.2.

**Figure 4- 2: Study 1 Results**



### 4.2.3 Discussion

The results of Study 1, confirm that consumers perceive low price guarantee differently from price match guarantee. A store with low price guarantee is perceived to have lower prices compared to a store with price matching guarantee. Thus, this study suggests that before making a

purchase, promotion focused consumers are influenced by stores that offer low price guarantee signals.

However, prevention focused consumers have similar purchase intentions irrespective of the type of guarantee. In study 1, we manipulated consumers' regulatory orientation to show the effect of regulatory orientation on consumers' processing of different price guarantee. In the next study, rather than manipulating participants' regulatory orientation, we will measure it by administering a regulatory focus scale and hope to replicate the results.

### **4.3 Study 2: Examining Consumers' Pre-Purchase Evaluations – Measuring Consumers' Regulatory Orientation**

Study 2 is a 2 (Pricing Tactics: LPG vs PMG) x Continuous (Regulatory Focus) between subjects design. The goal of this study is to replicate the results of Study 1 while measuring consumers' regulatory orientation. Everything else kept similar, in Study 2, we use the regulatory focus scale developed by Higgins et al. (2001) to measure participant's regulatory orientation. Apart from purchase intentions, as an alternate DV we also measure store patronage intentions. While purchase intentions measure consumers' willingness to buy a particular product, store patronage intentions measure consumers' willingness to make a purchase from a specific retailer.

#### **4.3.1 Method and Procedure**

One hundred and seventy-seven undergraduate students (37% Female) from a Midwestern University were enrolled as participants in this study. Regulatory focus was measured using the regulatory focus scale developed by Higgins et al. (2001) to measure participant's regulatory orientation. The questionnaire includes 11 items measuring individuals' regulatory tendencies (Higgins et al. 2001). Six items measure participants' promotion orientation (i.e., "Compared to most people, are you typically unable to get what you want out of life."). The other five items

measure participants' prevention orientation (i.e., "Growing up, would you ever ``cross the line" by doing things that your parents would not tolerate?"). The moderating variable is the difference between the average of promotion items and the average of prevention items. This variable indicates an individual's overall tendency toward promotion orientation.

Next, Pricing Tactic (LPG and PMG) was manipulated with the help of a scenario. Participants were asked to imagine that they are considering a purchase of a point and a shoot camera and had come across a local retailer's advertisement for a model priced at \$149.99. For the LPG condition the advertisement stated a "Low Price Guarantee" slogan and for the PMG condition the advertisement stated a "Price Machining Guarantee" slogan. Also in the LPG condition, it was mentioned that if the consumer finds the same product in another store for a lower price, the retailer will honor the price difference. For the PMG condition, it was stated that if the consumer finds the same product in another store for a lower price, the retailer will match the price.

After viewing the ad, participants first reported their purchase intentions, measured using a three item, seven-point scale (from Biswas et al. 2013). A sample question was "The likelihood that I would buy the [product] is" (1 = "very low" and 7 = "very high"). Second, participants reported their store patronage intentions by responding to question about the likelihood of visiting the retailer to purchase the camera (seven- point scale), with end points as- "probable-improbable"; "likely-unlikely"; and "possible-impossible" (Kukar-Kinney and Walters 2003). These were followed by some demographic questions and an LPG, PMG manipulation check question, similar to the one used in Study 1.

#### **4.3.2 Results**

*Preliminary Checks and Analyses:* Out of the hundred and seventy-seven participants, seventeen failed the LPG, PMG manipulation check question. However, removing these

participants did not make any changes in the results, therefore we decided to keep them for further analyses. The reliabilities (Cronbach's  $\alpha$ ) for purchase intentions and store patronage intentions were .95 and .92 respectively.

*Main Analysis:* As the (proposed) moderator – measured using the regulator focus scale – was a continuous variable, we used the Johnson-Neyman floodlight analysis technique (Spiller et al. 2013) to test H2. In the first and second hierarchical regression analysis, one predicting purchase intentions (PI) and the other predicting store patronage intentions (SPI), pricing tactics (PMG = 0, LPG = 1) and regulatory focus measures (M = 0.69, SD = 0.94, min = -1.67, max = 2.97) were first entered simultaneously, followed by the interaction between pricing tactics and regulatory focus measures. Significant interactions were observed ( $t$ 's (173) > 2.79,  $p$ 's < .01).

Consistent with our hypothesis, the data suggested a crossover point. To decompose this interaction, we used the Johnson-Neyman technique – dubbed “floodlight” analysis by Spiller et al. (2013) – to identify the regions on the regulatory focus scale where the simple effect of the differences in pricing tactics is significant. Using the MODPROBE syntax (Hayes and Matthes 2009), this analysis (Table 4- 1, Table 4- 2) revealed that for high regulatory focus values (higher values indicate promotion focus), the simple effect of differences in pricing tactic indicated that purchase intentions and store patronage intentions were higher for low price guarantee offerings compared to price matching guarantee offerings. However, for low regulatory focus values (prevention focus), the simple effects were not significant. These results were consistent with H2.

**Table 4- 1: Study 2 Floodlight Analysis (DV- Purchase Intentions)**


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Conditional Effect of Focal Predictor (low price guarantee – price matching guarantee) at Values of the Moderator Variable (regulatory focus measure)

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RF	b	se	t	p	LLCI(b)	ULCI(b)
-.244	-.368	.288	-1.279	.203	-.936	.200
.695	.262	.203	1.291	.198	-.139	.664
1.633	.893	.288	3.100	.002	.325	1.461

---

**Table 4- 2: Study 2 Floodlight Analysis (DV- Store Patronage Intentions)**


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Conditional Effect of Focal Predictor (low price guarantee – price matching guarantee) at Values of the Moderator Variable (regulatory focus measure)

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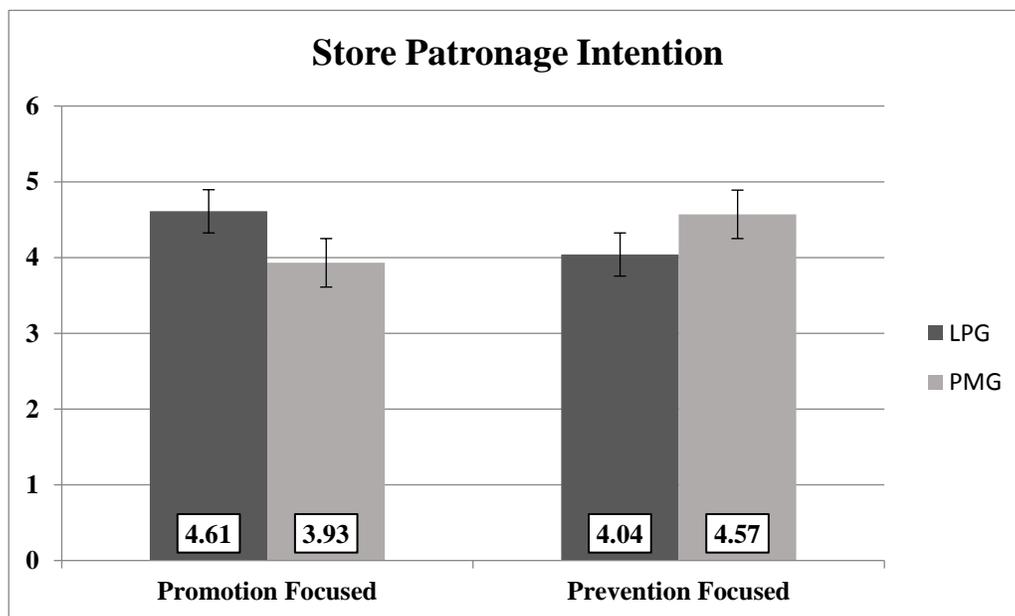
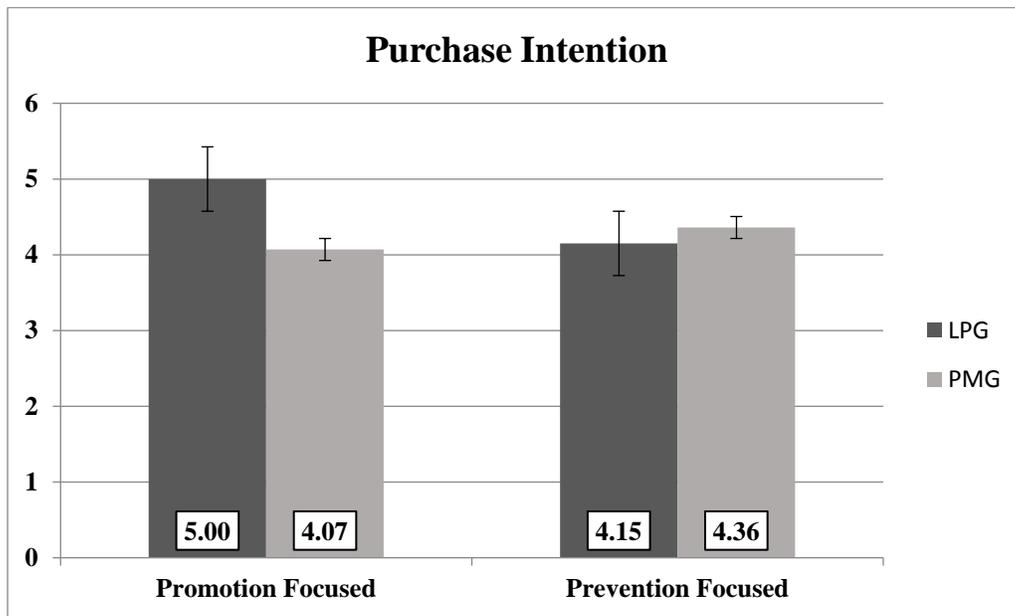
RF	b	se	t	p	LLCI(b)	ULCI(b)
-.244	-.495	.300	-1.649	.101	-1.088	.098
.695	.098	.212	.463	.643	-.321	.517
1.633	.692	.301	2.302	.023	.099	1.285

---

For exposition via more conventional analyses, we performed a median split on regulatory focus values (suggested by Iacobucci et al. 2014). Participants were divided into two groups at the Median = 0.73; those with low regulatory focus values (<0.73) were classified as “prevention focus consumers”, and others were classified as “promotion focus consumers”. As expected promotion focused consumers have higher purchase intentions ( $M_{LPG} = 5.00$  vs.  $M_{PMG} = 4.07$ ;  $F(1,173) = 10.87$ ,  $p < .01$ ) and store patronage intentions ( $M_{LPG} = 4.61$  vs.  $M_{PMG} = 3.93$ ;  $F(1,173) = 10.15$ ,  $p < .05$ ) for stores offering low price guarantee compared to stores offering price matching guarantee

(Figure 4-3). However, prevention focused consumers have similar purchase intentions ( $M_{LPG} = 4.15$  vs.  $M_{PMG} = 4.57$ ;  $F(1,173) = 2.13$ ,  $p > .05$ ) and store patronage intentions ( $M_{LPG} = 4.04$  vs.  $M_{PMG} = 4.53$ ;  $F(1,173) = 2.64$ ,  $p > .05$ ) irrespective of the pricing tactics used by the retailer.

**Figure 4- 3: Study 2 Median Split Results**



### **4.3.3 Discussion**

In Study 2, we measured consumers' regulatory focus rather than manipulating it and we were able to replicate our findings from Study 1. These effects are also of practical importance as they help the retailer to decide on the kind of price guarantees they can offer. As promotion focused consumers are predominantly information focused, they consider low price guarantee signal as a cue for lower prices and hence will have higher evaluations for the stores offering such signals. However, prevention focused consumers are predominantly protection focused, and look for cue that will prevent them from overpaying. As both low price guarantee and price matching guarantee assures that consumers may claim refund if they happen to find lower price in the market, both types of signals (LPG and PMG) prevents the buyer from overpaying. Therefore, prevention focused consumers have similar evaluations for LPG and PMG signals.

### **4.4 Study 3: Examining Consumers' Post-Purchase Evaluations**

In Studies 1 and 2, we examined consumers' pre- purchase evaluations. We found that compared to price matching guarantee, low price guarantee signal increases purchase intentions, especially for promotion-focused shoppers. In Study 3, we will examine consumers' post purchase evaluations. We expect to show that, after a default, the low price guarantee signal backfires and reduces repurchase intentions, especially for promotion-focused shoppers.

#### **4.4.1 Method and Procedure**

One hundred and twenty-eight undergraduate students (48% Female) from a Midwestern University were enrolled as participants in this study. In this study, regulatory focus was manipulated using the procedure designed by Pham and Chang (2010). Participants read a scenario based upon the situation of choosing to buy a laptop to celebrate a job offer. In both versions, readers were asked to imagine that they are about to graduate from college and have recently

landed a great job whose characteristics are described. To celebrate this occasion, they then plan to buy a laptop. In the promotion focus condition, the job is described in terms of ideals, accomplishments, growth, and opportunities (e.g., “an ideal job,” “your dream career,” “many opportunities to travel abroad”). In the prevention focus condition, the job is described in terms of duties, responsibilities, security, and protection (e.g., “the job your parents always thought you should do,” “you will feel secure,” “comprehensive medical insurance”). To test if regulatory focus manipulation worked, we incorporated the same method used in Study 1.

After the prevention/promotion manipulation, participants were asked to imagine that they were considering the purchase of a laptop to celebrate this occasion and had come across a local retailer’s advertisement for a model priced at \$427.99. The advertisement stated a low-price guarantee or price matching guarantee with the slogan in bold followed by a text description outlining the refund conditions. After reading the advertisement, participants again read a scenario asking them to imagine that after some searching they purchased the laptop from the retailer and few days after purchase, they heard from a friend that a different store sold the same laptop for \$64 less, and when they approached the focal retailer for a refund, they received the difference in amount as promised.

After reading the scenario, participants responded to various measures related to repurchase intentions, negative word of mouth (which was an alternate conceptualization of the DV) and perceptions of trust violation. Repurchase intentions was measured by using a three item, seven-point scale (from Dutta, Biswas and Grewal 2007). A sample question was “If you need a laptop in the future, how likely are you to try [retailer]? (1 = “not likely at all” and 7= “extremely likely”). Negative word of mouth was measured using a three item, seven-point scale (modified from Bonifield and Cole 2008 ). A sample question was “How likely are you to say negative things

to others about [retailer]? (1 = “strongly disagree” and 7= “strongly agree”). Perceptions about trust was measured using a three item, seven-point scale (Dutta, Biswas and Grewal 2011). A sample question was “I felt that the trust I had placed on [retailer] was violated. (1 = “strongly disagree” and 7= “strongly agree”). Finally, participants answered some demographic questions followed by LPG, PMG manipulation check question, similar to the ones used in previous studies.

#### **4.4.2 Results**

*Preliminary Checks and Analyses:* Out of the hundred and twenty-eight participants, fifteen failed the LPG, PMG manipulation check question. However, removing these participants did not make any changes in the results, therefore we decided to keep them for further analyses. For regulatory focus manipulation, the promotion-focus condition revealed means of 1.74 for the promotion-related items and 1.26 for the prevention-related items on the “friendship strategy” choices ( $t(71) = 2.67, p < .01$ ). In contrast, the prevention-focus condition revealed means of 1.71 for the prevention-related choices and 1.29 for the promotion-related choices ( $t(55) = 2.12, p < .05$ ). The reliabilities (Cronbach’s  $\alpha$ ) for repurchase intentions, negative word of mouth and trust perceptions are .94, .83 and .92 respectively.

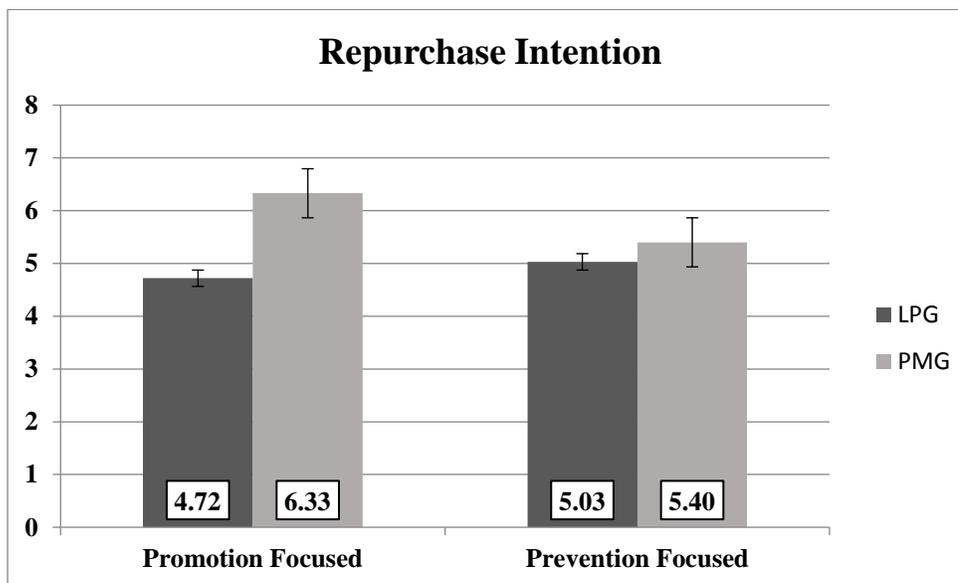
*Main Analysis:* We tested our third hypothesis using an ANOVA with pricing tactics and regulatory focus as the factors and repurchase intentions (RI) and negative word of mouth (NWO) as our dependent variables. The interactions were significant for dependent variables- repurchase intentions ( $F(1, 124) = 6.25, p < .05$ ) and negative word of mouth ( $F(1, 124) = 4.73, p < .05$ ).

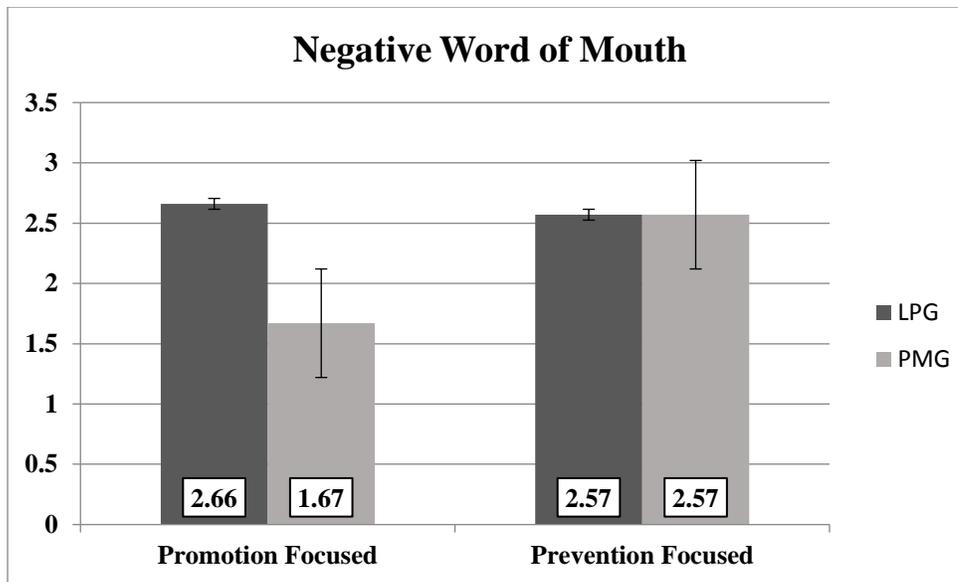
In support of H3, simple comparison revealed that in the promotion focus condition, participants had much lower repurchase intention after a low price guarantee default ( $M = 4.72, SD = 1.74$ ) compared to a price matching guarantee default ( $M = 6.33, SD = 0.77; F(1, 124) = 23.69, p < .01$ ). In the prevention focus condition, repurchase intentions were the same for both

LPG default condition ( $M = 5.03$ ,  $SD = 1.50$ ) and PMG default condition ( $M = 5.40$ ,  $SD = 1.45$ ;  $F(1,124) = .92$ ,  $p > .05$ ).

Results also suggest that promotion focused consumers are more likely to engage in negative word of mouth after an LPG default ( $M = 2.66$ ,  $SD = 1.30$ ) compared to a PMG default ( $M = 1.67$ ,  $SD = 0.69$ ;  $F(1,124) = 10.96$ ,  $p < .01$ ). However, for prevention focused consumers there was no difference in negative word of mouth irrespective of the type of default ( $M_{LPG} = 2.57$ ,  $SD_{LPG} = 1.49$ ;  $M_{PMG} = 2.57$ ,  $SD_{PMG} = 1.54$ ;  $F(1,124) = .00$ ,  $p > .05$ ). The results are shown in figure 4- 4.

**Figure 4– 4: Study 3 Results**





*Moderated Mediation Results:* We also proposed that the effect of pricing tactics and regulatory focus will be mediated by trust violation. That is, for promotion focused consumers, discovering a lower price (for an LPG signal) will result in trust violation and thus will lower consumers repurchase intentions and engage them in negative word of mouth. Thus we expect that for promotion focused consumers, violation in trust will drive lower repurchase intentions and NWOM. However, for prevention focus consumers, discovering a lower price does not constitute a violation in trust and thus, prevention focused consumers have the same post- purchase intentions irrespective of the type of price guarantee offered.

We test the moderated mediation (H4) by using the bootstrap PROCESS macro-method suggested by Hayes (2012). PROCESS Model 8 estimated the conditional (i.e., moderated by consumers' regulatory orientation) indirect effects of the independent variable (i.e., different types of pricing tactics) on the dependent variable (i.e., repurchase intentions and negative word of mouth) through the proposed mediator (i.e. trust violation), as well as the conditional direct effect of that independent variable on the dependent variable. First, the influence of pricing tactics (independent variable) on trust violation (mediator) is moderated by consumers' regulatory

orientation if there is a significant regulatory orientation x pricing tactics interaction effect on trust violation ( $\beta = 1.41$ ,  $t(127) = 2.70$ ,  $p < .01$ ). Second, moderated mediation occurs if there is a significant trust violation effect on purchase intention ( $\beta = -.47$ ,  $t(127) = -6.22$ ,  $p < .01$ ) and negative word of mouth in the full model ( $\beta = .59$ ,  $t(127) = 10.41$ ,  $p < .01$ ) and a significant indirect effect of the regulatory orientation x pricing tactics interaction on purchase intentions and negative word of mouth. A bootstrap analysis (using the INDIRECT SPSS macro; Preacher and Hayes 2008) using a .05 confidence level and a bootstrap sample of  $n=1000$  confirmed a significant indirect effect of the regulatory orientation x pricing tactics interaction on purchase intentions (confidence interval: -1.27 to -.39) and negative word of mouth (confidence interval: .59 to 1.38). These results provide support for H4.

#### **4.4.3 Discussion**

In Study 3, we examined consumers post purchase evaluations. We found that even after low price guarantee issuing retailer initiates hassle free refund, promotion focused consumers feel that their trust was violated which lower repurchase intentions. Also these shoppers are more likely to spread negative word of mouth after they locate lower prices in the market. On the other hand, for prevention focused consumers, locating lower prices does not instigate violation in trust and thus these shoppers have similar post purchase evaluations irrespective of the type of default.

#### **4.5 Study 4: Examining Consumers' Pre- and Post-Purchase Evaluations**

While in the previous studies we focused on either pre-purchase evaluations or post-purchase evaluations of consumers' perceptions, attitudes and intentions regarding different pricing tactics, in this study we will examine consumers' pre- and post- purchase evaluations in the same study.

Also note- as in the previous studies we did not observe any effect of pricing tactics on prevention focused consumers pre- and post- purchase evaluations, therefore in Study 4 we will examine the pre- purchase and post- purchase evaluations only for promotion focused consumers.

#### **4.5.1 Method and Procedure**

Fifty-seven undergraduate students (44% Female) from a Midwestern University were enrolled as participants in this study. In this study, regulatory focus (promotion focus only) was manipulated as in Study 1. After promotion focus manipulation, respondents then completed a second task that has been shown to capture differences in regulatory focus (Higgins et al. 1994). Respondents were offered six possible strategies that they could use for friendship and were asked to select any three. The greater the number of promotion items circled (a number from 0 to 3), the greater will be the net promotion focus prevailing at that time.

After the promotion manipulation, participants were asked to imagine that they were considering purchasing an electronic item. While searching for the electronic item, they came across a store that offered low price guarantee or price matching guarantee. Also in the low price guarantee condition, it was mentioned that if the consumer finds the same product in another store for a lower price, the retailer will honor the price difference. For the PMG condition, it was stated that if the consumer finds the same product in another store for a lower price, the retailer will match the price. In order to measure purchase intentions this section concluded with the administration of a three item, seven-point purchase intention scale (as in Study 1 and 2). The second section described that, following their purchase from the retailer the consumer discovers a lower price elsewhere and returns to the retailer to claim the refund. Finally, the scenario described that after showing the proof of lower price the consumer gets the difference in the price back. After reading the scenario, participant's response to repurchase intentions (scale used in Study 3) were

measured. Finally, participants answered some demographic questions followed by an LPG, PMG manipulation check question.

#### **4.5.2 Results**

*Preliminary Checks and Analyses:* Out of the fifty-seven participants, six failed the LPG, PMG manipulation check question. However, removing these participants did not make any changes in the results, therefore we decided to keep them for further analyses. For regulatory focus manipulation, the promotion-focus condition revealed means of 1.70 for the promotion-related items and 1.30 for the prevention-related items on the “friendship strategy” choices ( $t(56) = 2.02$ ,  $p < .05$ ). The reliabilities (Cronbach’s  $\alpha$ ) purchase intentions and repurchase intentions were .92 and .90 respectively.

*Main Analysis:* We tested our hypothesis using oneway ANOVA with purchase intentions and repurchase intentions as the dependent variables and pricing tactics (LPG or PMG) as the factor. The ANOVA showed significant difference in purchase intentions ( $F(1, 55) = 4.30$ ,  $p < .05$ ). Consumers’ purchase intentions (PI) were higher ( $M = 6.16$ ,  $SD = 0.97$ ), from a store that offered low price guarantee compared to a store that offered price matching guarantee ( $MPPP = 3.93$ ,  $MPI = 5.58$ ). An ANOVA also showed significant differences in repurchase intentions ( $F(1, 55) = 5.04$ ,  $p < .05$ ), with lower repurchase intentions after an LPG default ( $M = 5.38$ ,  $SD = 1.20$ ), compared to a PMG default ( $M = 6.01$ ,  $SD = 0.88$ ).

## CHAPTER 5: GENERAL DISCUSSION AND CONCLUSION

Past literature has assumed that both LPG and PMG work similarly as signals of low prices, and consequently, LPG and PMG have been used interchangeably in both research and practice. However, the results of our studies show that, both low price guarantee and price matching guarantee send out different price signals, and therefore have different effects on consumers' evaluations. In general consumers perceive low price guarantee signals to communicate lower prices compared to price matching guarantee signals. We also show that low price guarantee signal leads to superior evaluations in a pre- purchase scenario, especially for promotion focused consumers. However, if post purchase, consumers identify a lower price in the marketplace, implying a signal default, then repurchase intentions are lower in case of low price guarantee, especially among promotion focused consumers.

In Study 1 and 2, we show that promotion focused consumers view paying a lower price as a gain, and thus their intentions to shop from a store offering low price guarantee is higher compared to a store offering price matching guarantee. In Study 3, we show that, even though low price guarantee signal promises a refund if the consumer discovers a lower price for the purchased product, a default in such a signal instigates trust violation leading to lower repurchase intentions and consumers are more likely to spread negative word of mouth. This effect is observed only for promotion focused consumers. In other words, the presence of a low price guarantee, allow consumers to rely upon this information as a true indication of the lowest market price, resulting in higher shopping intentions, especially for promotion focused consumers. However, if this signal turns out to be flawed, negative post purchase outcome might follow if consumers believe that their trust in the signal has been violated. In Study 4, we measured pre-purchase intentions and

post-purchase intentions from the same participants and were able to replicate the results obtained from the first three studies.

This research has implication to theory as well as to retailers. In academic research, both low price guarantee and price matching guarantee have been used interchangeably. Thus, both the streams of literature have treated low price guarantee and price match guarantee as marketplace signals that permits consumers to distinguish a low-priced retailer from high-priced retailer. We make important contribution to theory by demonstrating that low price guarantee signal has implications which are different from price matching guarantee signal. We show that consumers' regulatory orientation decides as to how they view these signals. For promotion focused consumers, a low price signal leads to more favorable consumer responses as they perceive the retailers offering such signal to actually have the lowest price in town. However, if the signal is defaulted (i.e. the prices are not the lowest), these consumers will have unfavorable post purchase outcomes, even when the retailer issue hassle-free refunds. As prevention focused consumers view low price guarantee and price matching guarantee as signals that would protect them from overpaying if they find a lower price elsewhere in the marketplace, these consumers have the same pre-purchase intentions irrespective of the type of signal offered. Even after an LPG or PMG default, protection focused consumers do not encounter trust violation as their focus was mainly on the promise of refund.

Our research yields implications for retailers as well. Results obtained from our studies suggest that retailers might be able to attract more consumers by issuing a low price guarantee signal only if their prices are actually the lowest. However, if the retailers are not confident about their prices to be the lowest in the market, it is advisable to use price matching guarantee signal compared to low price guarantee signal.

This research has its share of limitations as well. In our design we did not incorporate a situation where the retailer promises to beat the competitors offer price. It will be interesting to see if refund depth (high: e.g. ten times the price difference, medium: e.g. three times the price difference, low: e.g. just the price difference), has any effect on how promotion focused consumers would react after an LPG default. Would higher refund depth obviate the regret experienced by promotion focused consumers after an LPG defaults? Second, we did not examine how magnitude of difference between the paid price and the later discovered lower price affect post-purchase attitudes and intentions of promotion and prevention focused consumers. Third, it will also be interesting to see if competitive scope (defined as the number of competitors eligible for price-machining by the consumer) has any effect on how prevention focused consumers would react to PMG signals. Will narrow competitive scope have any effect on how prevention focused consumers view PMG signals?

## APPENDIX A: FINDINGS FROM PAST RESEARCH ON LPG

Authors	Independent Variable(s)	Moderator(s)	Dependent Variable(s)	Findings
Biswas et al. (2002)	LPG (Present/Absent)	1) Reference Price 2) Store Price Image	1) Perception of Offer Value 2) Search Intentions 3) Shopping Intentions	An ad with LPG results in higher perceptions of offer value and shopping intentions and this effect is stronger 1) when reference price is low and 2) for stores with high price image. Contrary to their proposal, they found that search intentions were higher when LPG was present.
Dutta, Biswas (2005)	LPG (Present: higher refund, Present: lower refund, Absent)	Value Consciousness	Post Purchase Search Intentions	Purchase made under LPG led to higher post-purchase intention for consumers who are highly conscious of value. Specifically purchase made under a higher level of LPG penalty led to significantly higher post-purchase search intention and this effect was stronger for high value consciousness consumers.
Biswas et al. (2006)	LPG (Present/Absent)	Price Dispersion	1) Consumer estimates of lowest price 2) Consumer estimates of avg. price 3) Perception of product cost 4) Perception of store costs 5) Value Perceptions	Presence of an LPG will result in lower perceived risk, higher estimates of lowest price, higher perception of offer value, lower search intentions, and higher shopping intentions, when perceived price dispersion is low compared to when it is high. Also low price signals with higher levels of penalty lead to more favorable consumer responses when perceived price dispersion is high, however, penalty level has no benefit in case of low perceived price dispersion
Dutta et al. (2007)	Default Magnitude (Large/Small)	1) Default Locus (Same or other seller) 2) Default Time (Immediate or Delayed)	1) Retailer Credibility 2) Repurchase Intentions	A larger default leads to lower levels of perceived retailer credibility and repurchase intention when consumers find the lower price at another store and when the default occurs quite a few days after purchase. Also, issuing a refund helps restore consumer confidence in the seller when consumers focus on protective function rather than informational function
Dutta and Bhowmik (2009)	LPG (Present/Absent)	1) Store Type (Online/Offline) 2) Need for Cognition	1) Price Perception 2) Overpayment Risk	Although offline and online LPS tend to be equally effective in reducing consumers' perception of overpayment risk and increasing their perception of offer value when elaboration is low, such effects are unlikely for online LPS when elaboration is high.
Dutta et al. (2011)	LPG Signal Framing (Explicit/Implicit/Disclaimer)	Signal Focus (Information/Protection)	1) Post Refund Choice Regret 2) Post Refund Search Regret 3) Repurchase Intentions	The authors show that trust violation from a LPG leads to consumer regret even after the reimbursement. Consumers who primarily regard such promises as signals designed to inform them about the retailer's price status will experience greater regret due to perceived trust violation than those who primarily view the signals as protective devices.
Dutta (2012)	LPG (Present/Absent)	1) Consumer Confidence 2) Consumer Involvement 3) Offer Price	1) Pre-Purchase Perceptions 2) Perceived Overpayment Risks	The author finds that when consumers' confidence in their price knowledge of a product category is low, an offer with a low-price guarantee leads to more favorable pre-purchase perceptions of the offer regardless of whether the offer price is actually the lowest in the market or is much higher than that price. However, when confidence is high, pre-purchase evaluations are more favorable in the presence of a low-price guarantee for a high offer price, but not for a low offer price and this effect is stronger when decision involvement is low compared to when it is high.

## APPENDIX B: FINDINGS FROM PAST RESEARCH ON PMG

Authors	Independent Variable(s)	Moderator(s)	Dependent Variable(s)	Findings
Jain, Srivastava (2000)	PMG (Present/Absent)		1) Store Prices 2) Purchase Intentions 3) Store Choice 4) Store Quality 5) Service Quality	The authors show that consumer perceptions of store prices are lower whereas purchase intentions and the likelihood of store choice are higher in the presence of a PMG versus in the absence of PMG. Consumer perceptions of store quality and service quality did not differ with price matching policy.
Srivastava, Lurie (2001)	PMG (Present/Absent)	1) Base Price 2) Search Cost	1) Perceptions of Store Prices 2) Search Intentions 3) Number of Stores Searched	LPG lowers consumers' estimates of overall store prices and discourage their intentions to search for better deals, however base did not have any effect on the use of LPG as a heuristic. Contrary to their expectations, the authors found that exposure to LPG encouraged consumers to search more stores when search costs were low and led them to search fewer stores when search costs were high.
Kukar-Kinney, Walters (2003)	Refund Depth and Scope of PMG Policy		1) Store Patronage Intentions 2) PMG Believability 3) PMG Value	The authors find the depth of the refund negatively affects consumers believability of the PMG, however scope of the refund did not have any effect on PMG believability. A PMG refund depth and scope, both positively affects consumers' perception of offer value. Finally PMG believability and PMG offer value positively affects consumer's patronage intentions.
Srivastava, Lurie (2004)	PMG (Present/Absent)	1) Others Willingness to Claim Refund 2) Search Costs	Perception of Store Prices	The effectiveness of price matching guarantee signals is contingent on the willingness of the marketplace to enforce the guarantees and costs associated with sending a false signal. Price matching guarantees are more likely to be effective when disciplinary mechanisms are perceived to be strong (others willingness to claim refund is high) in the marketplace. The authors also show that PMGs are effective when search costs are low but not when search costs are high.
Lurie, Srivastava (2005)	PMG (Present/Absent)	1) Price of Product 2) Consumer Knowledge	1) Consumers Estimate of Lowest and Average Price 2) Perception of Cost of Product 3) Perceptions of Store Costs 4) Value Perceptions	Presence of PMG will raise consumer estimates of the lowest and average prices available in the market and will lower perceptions of the cost of a product and perceptions of store costs, when the price of a product is high than when it is low. However, when consumers knew the range of prices in the market, price-matching guarantees had no effect on evaluations of high or low price information.
Kukar-Kinney (2006)	Refund Depth and Scope of PMG Policy	1) Price Consciousness 2) Consumer Skepticism		The author found that refund scope positively affects store loyalty and this affect was stronger for consumers with higher levels of price consciousness. However, refund depth did not have any effect on store loyalty.

Authors	Independent Variable(s)	Moderator(s)	Dependent Variable(s)	Findings
Estalami et al. (2007)	PMG Retailer's Response (Readily refunds, Consumer caused refund, Retailer caused refund)	Price Difference	1) Pre and Post Purchase Price Perceptions 2) Pre and Post Purchase Service Quality 3) Post Purchase Consumer Loyalty	Post purchase perception about the offered price will be more negative compared to pre -purchase offer price perception as a result of requesting a refund, however post purchase perceived service quality will improve compared to pre purchase service quality as a result of receiving a price-matching refund. Consumers post purchase evaluations will be positive when retailer honors the PMG than to refuse it. Between the refusal condition perceptions will be higher when the cause of the retailer's refusal is the consumer, rather than when it is the retailer's PMG restrictions. The results also indicate that when the price difference between the retailer and the competitor is large, consumers view the retailer to offer significantly worse service than if the price difference had been small
Kukar- Kinney et al. (2007)	PMG Facets (Refund Depth, Refund Length, Refund Scope)	Price Consciousness	1) Price Perception 2) Pre and Post Price Search 3) Purchase Behavior	Results show that deep refund is interpreted as a signal of low prices by non price conscious consumers whereas price conscious consumers associate deep refunds with increased prices. Also consumers with low price consciousness will decrease their price search in response to an increase in refund length, and scope while for consumers with high price consciousness the extent of price search will increase in the presence of longer refund length and wider refund scope. Also the consumers did not find any effect of refund depth on consumers' evaluations.
Kukar-Kinney et al. (2007)	PMG Facets (Refund Depth)	1) Product Assortment Uniqueness	Store's Overall Pricing policy	Consumers will perceive a store with PMG to offer fairer prices no PMG stores, however this relationship is moderated by product uniqueness. That is if a retailer offers a PMG that applies only to a limited proportion of the store's products (i.e., high product assortment uniqueness), then the overall store pricing policy may be perceived as less fair than when the price-matching guarantee applies to a relatively larger proportion of the store's assortment.
Kukar-Kinney, Grewal (2007)	PMG (Present/Absent)	1) Retail Environment 2) Brand Reputation	1) Store Price Perception 2) Post Purchase Price Search 3) Willingness to Claim Refund	Presence of PMG reduces consumer store price perceptions and post purchase price search for bricks-and-mortar stores but not for Internet retailers and this effect is more pronounced for a reputable store compared to a no or less reputable store.
Yuan, Krishna (2011)	PMG (Present/Absent)		Search Intentions	With the help of interactive market experiments, the authors found that buyers in price matching guarantee markets, on an average search more compared to no guarantee markets.
Desmet et al. (2012)	PMG Refund Depth (No PMG, PMG, PMG*3, PMG*10)		1) Perceived Value of an Offer 2) Intentions to Visit Stores	A simple price-matching guarantee has no effect on either the perceived value of an offer or intentions to visit the store. Low and high penalty levels have smaller effects than intermediate penalties, but believability of price guarantee offers that contain a penalty remains constant. Finally believability of the PMG increases the perceived value of the offer and increases visit intentions.
Hardesty et al. (2012)	Pricing Tactics (PMG, Regular)	Regulatory Focus	1) Value Perceptions 2) Visit Intentions 3) PMG Believability	The results demonstrate that retailers can temporarily elevate consumers' prevention orientations to enhance their preferences for PMGs over regular price offers. Retailers who have promotion-oriented customer bases can frame PMGs so that their customers will perceive the offers as being promotion oriented.

**APPENDIX C: PRETEST STIMULI (LPG)**

*There are no right answers or wrong answers; we are only interested in your opinion.*

***In the next page you will see an advertising slogan used by a leading retailer. You will be asked questions related to the slogan. Some of these questions might appear similar, but your careful and complete responses are very important to us.***

*We support the practice of protection of personal information for individuals participating in research. Your name will not be released or identified in any way with the research findings. Your responses will be kept strictly confidential. Your participation in this survey is completely voluntary and involves no serious physical or mental risk, and you may withdraw at any point during this survey. Your responses are very important*

**Retailer's Slogan**



**“Low Price Guarantee\*”**

*\*If you find a lower price, we will honor the price difference.*

Please respond to the following statements based on your reaction to the slogan seen below.  
Circle the number that best reflects your position.

## **“Low Price Guarantee”**

	Strongly Disagree						Strongly Agree
I feel this store offers the <b>lowest</b> price in town	1	2	3	4	5	6	7
I feel this store offers the most <b>attractive</b> price in town	1	2	3	4	5	6	7

**Please answer the following questions.**

1. What is your Gender? (Circle one only)                      Male                      Female
2. What is your Age?                      \_\_\_\_\_
3. You are a (circle one only):

**Freshman / Sophomore / Junior / Senior / Graduate Student**

**Thank You for your Participation**

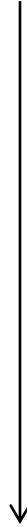
**APPENDIX D: PRETEST STIMULI (PMG)**

*There are no right answers or wrong answers; we are only interested in your opinion.*

***In the next page you will see an advertising slogan used by a leading retailer. You will be asked questions related to the slogan. Some of these questions might appear similar, but your careful and complete responses are very important to us.***

*We support the practice of protection of personal information for individuals participating in research. Your name will not be released or identified in any way with the research findings. Your responses will be kept strictly confidential. Your participation in this survey is completely voluntary and involves no serious physical or mental risk, and you may withdraw at any point during this survey. Your responses are very important*

**Retailer's Slogan**



**“Price Match Guarantee\*”**

*\*If you find a lower price, we will match that price.*

Please respond to the following statements based on your reaction to the slogan seen below.  
Circle the number that best reflects your position.

## **“Price Match Guarantee”**

	Strongly Disagree							Strongly Agree
I feel this store offers the <b>lowest</b> price in town	1	2	3	4	5	6	7	
I feel this store offers the most <b>attractive</b> price in town	1	2	3	4	5	6	7	

**Please answer the following questions.**

4. What is your Gender? (Circle one only)                      Male                      Female
5. What is your Age?                      \_\_\_\_\_
6. You are a (circle one only):

**Freshman / Sophomore / Junior / Senior / Graduate Student**

**Thank You for your Participation**

## **APPENDIX E: STUDY 1 STIMULUS (PROMOTION FOCUSED- LPG CONDITION)**

*There are no right answers or wrong answers; we are only interested in your opinion.*

*There are two studies – a Personality Study and a Retail Study. Some of the questions in these two studies may appear similar, but your careful and complete responses are very important to us.*

*We support the practice of protection of personal information for individuals participating in research. Your name will not be released or identified in any way with the research findings. Your responses will be kept strictly confidential. Your participation in this survey is completely voluntary and involves no serious physical or mental risk, and you may withdraw at any point during this survey. Your responses are very important*

**PERSONALITY STUDY**

**Please give your thoughtful responses to the following questions:**

**1. Please think of a course that you are taking in the current semester, and list two positive academic outcomes that you would like to achieve in that course.**

a) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

b) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**2. Now, please describe the strategies that you would adopt to successfully promote these positive academic outcomes.**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Please circle your responses to the next question:**

**1. "When you think about strategies for friendship, which THREE of the following strategies would you choose? (Please circle only THREE.)**

- (a) "Be generous and willing to give of yourself";
- (b) "Be supportive to your friends. Be emotionally supportive";
- (c) "Be loving and attentive";
- (d) "Stay in touch. Don't lose contact with friends";
- (e) "Try to make time for your friends and not neglect them";
- (f) "Keep the secrets friends have told you and don't gossip about friends."

**RETAIL STUDY**

**Now please read the scenario and then answer the question that follows the scenario.**

Imagine that you have come across a Bluetooth Speaker at 149.99 at a local Deals-R-Us store. The store also claims that **they offer a low price guarantee**, i.e. if you find this same model for a lower price elsewhere (say, \$129.99; i.e., a price difference of \$20), then Deals-R-Us will honor the low price you found, i.e., refund you \$20.

**1A) In the space provided below, please write in detail ALL thoughts that come to your mind after reading the above scenario.**

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**2A) How likely is this retailer to offer the *lowest* price in town?**

Highly Unlikely								Highly Likely
1	2	3	4	5	6	7		

**2B) Please justify your answer (to Q2A) below.**

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**Circle the option that best reflects your opinion**

	Very Low				Very High		
The likelihood that I would buy the Bluetooth speaker from Deals-R-Us is	1	2	3	4	5	6	7
The probability that I would consider buying this Bluetooth speaker from Deals-R-Us is	1	2	3	4	5	6	7
My willingness to buy the Bluetooth speaker from Deals-R-Us is	1	2	3	4	5	6	7

**Please provide the following information for classification purposes only:**

7. What is your Gender? (Circle one only)      Male      Female
8. What is your age?      \_\_\_\_\_ Years
9. You are a (circle one only):

**Freshman / Sophomore / Junior / Senior / Graduate Student**

**Go to the Next Page**

**Please answer this question without looking back at the Survey**

**Which statement best describes the scenario you read for the Retail Survey? (Please circle only one)**

1. Deals-R-Us offers Low Price Guarantee
2. Deals-R-Us offers Price Matching Guarantee
3. Deals-R-Us does not offer any Price Guarantees

**THANK YOU FOR PARTICIPIATING IN THE SURVEY**

**APPENDIX F: STUDY 1 STIMULUS (PROMOTION FOCUSED- PMG  
CONDITION)**

*There are no right answers or wrong answers; we are only interested in your opinion.*

*There are two studies – a Personality Study and a Retail Study. Some of the questions in these two studies may appear similar, but your careful and complete responses are very important to us.*

*We support the practice of protection of personal information for individuals participating in research. Your name will not be released or identified in any way with the research findings. Your responses will be kept strictly confidential. Your participation in this survey is completely voluntary and involves no serious physical or mental risk, and you may withdraw at any point during this survey. Your responses are very important*

**PERSONALITY STUDY**

**Please give your thoughtful responses to the following questions:**

**1. Please think of a course that you are taking in the current semester, and list two positive academic outcomes that you would like to achieve in that course.**

a) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

b) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**2. Now, please describe the strategies that you would adopt to successfully promote these positive academic outcomes.**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Please circle your responses to the next question:**

**1. "When you think about strategies for friendship, which THREE of the following strategies would you choose? (Please circle only THREE.)**

- (a) "Be generous and willing to give of yourself";
- (b) "Be supportive to your friends. Be emotionally supportive";
- (c) "Be loving and attentive";
- (d) "Stay in touch. Don't lose contact with friends";
- (e) "Try to make time for your friends and not neglect them";
- (f) "Keep the secrets friends have told you and don't gossip about friends."

**RETAIL STUDY**

**Now please read the scenario and then answer the question that follows the scenario.**

Imagine that you have come across a Bluetooth Speaker at 149.99 at a local Deals-R-Us store. The store also claims that **they offer a price matching guarantee**, i.e. if you find this same model for a lower price elsewhere (say, \$129.99; i.e., a price difference of \$20), then Deals-R-Us will match this offer i.e., refund you \$20.

**1A) In the space provided below, please write in detail ALL thoughts that come to your mind after reading the above scenario.**

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**2A) How likely is this retailer to offer the *lowest* price in town?**

Highly Unlikely								Highly Likely
1	2	3	4	5	6	7		

**2B) Please justify your answer (to Q2A) below.**

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**Circle the option that best reflects your opinion**

	Very Low				Very High		
The likelihood that I would buy the Bluetooth speaker from Deals-R-Us is	1	2	3	4	5	6	7
The probability that I would consider buying this Bluetooth speaker from Deals-R-Us is	1	2	3	4	5	6	7
My willingness to buy the Bluetooth speaker from Deals-R-Us is	1	2	3	4	5	6	7

**Please provide the following information for classification purposes only:**

1. What is your Gender? (Circle one only)      Male      Female
2. What is your age?      \_\_\_\_\_ Years
3. You are a (circle one only):

**Freshman / Sophomore / Junior / Senior / Graduate Student**

**Go to the Next Page**

**Please answer this question without looking back at the Survey**

**Which statement best describes the scenario you read for the Retail Survey? (Please circle only one)**

1. Deals-R-Us offers Low Price Guarantee
2. Deals-R-Us offers Price Matching Guarantee
3. Deals-R-Us does not offer any Price Guarantees

**THANK YOU FOR PARTICIPIATING IN THE SURVEY**

**APPENDIX G: STUDY 1 STIMULUS (PREVENTION FOCUSED- LPG  
CONDITION)**

*There are no right answers or wrong answers; we are only interested in your opinion.*

*There are two studies – a Personality Study and a Retail Study. Some of the questions in these two studies may appear similar, but your careful and complete responses are very important to us.*

*We support the practice of protection of personal information for individuals participating in research. Your name will not be released or identified in any way with the research findings. Your responses will be kept strictly confidential. Your participation in this survey is completely voluntary and involves no serious physical or mental risk, and you may withdraw at any point during this survey. Your responses are very important*

**PERSONALITY STUDY**

**Please give your thoughtful responses to the following questions:**

**1. Please think of a course that you are taking in the current semester, and list two negative academic outcomes that you would like to avoid in that course.**

a) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

b) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**2. Now, please describe the strategies that you would adopt to successfully prevent these negative academic outcomes.**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Please circle your responses to the next question:**

**1. "When you think about strategies for friendship, which THREE of the following strategies would you choose? (Please circle only THREE.)**

- (a) "Be generous and willing to give of yourself";
- (b) "Be supportive to your friends. Be emotionally supportive";
- (c) "Be loving and attentive";
- (d) "Stay in touch. Don't lose contact with friends";
- (e) "Try to make time for your friends and not neglect them";
- (f) "Keep the secrets friends have told you and don't gossip about friends."

**RETAIL STUDY**

**Now please read the scenario and then answer the question that follows the scenario.**

Imagine that you have come across a Bluetooth Speaker at 149.99 at a local Deals-R-Us store. The store also claims that **they offer a low price guarantee**, i.e. if you find this same model for a lower price elsewhere (say, \$129.99; i.e., a price difference of \$20), then Deals-R-Us will honor the low price you found, i.e., refund you \$20.

**1) In the space provided below, please write in detail ALL thoughts that come to your mind after reading the above scenario.**

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**2A) How likely is this retailer to offer the *lowest* price in town?**

Highly Unlikely							Highly Likely
1	2	3	4	5	6	7	

**2B) Please justify your answer (to Q2A) below.**

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**Circle the option that best reflects your opinion**

	Very Low					Very High	
The likelihood that I would buy the Bluetooth speaker from Deals-R-Us is	1	2	3	4	5	6	7
The probability that I would consider buying this Bluetooth speaker from Deals-R-Us is	1	2	3	4	5	6	7
My willingness to buy the Bluetooth speaker from Deals-R-Us is	1	2	3	4	5	6	7

**Please provide the following information for classification purposes only:**

1. What is your Gender? (Circle one only)      Male      Female
2. What is your age?      \_\_\_\_\_ Years
3. You are a (circle one only):

**Freshman / Sophomore / Junior / Senior / Graduate Student**

**Go to the Next Page**

**Please answer this question without looking back at the Survey**

**Which statement best describes the scenario you read for the Retail Study? (Please circle only one)**

1. Deals-R-Us offers Low Price Guarantee
2. Deals-R-Us offers Price Matching Guarantee
3. Deals-R-Us does not offer any Price Guarantees

**THANK YOU FOR PARTICIPIATING IN THE SURVEY**

## **APPENDIX H: STUDY 1 STIMULUS (PREVENTION FOCUSED- PMG CONDITION)**

*There are no right answers or wrong answers; we are only interested in your opinion.*

*There are two studies – a Personality Study and a Retail Study. Some of the questions in these two studies may appear similar, but your careful and complete responses are very important to us.*

*We support the practice of protection of personal information for individuals participating in research. Your name will not be released or identified in any way with the research findings. Your responses will be kept strictly confidential. Your participation in this survey is completely voluntary and involves no serious physical or mental risk, and you may withdraw at any point during this survey. Your responses are very important*

**PERSONALITY STUDY**

**Please give your thoughtful responses to the following questions:**

**1. Please think of a course that you are taking in the current semester, and list two negative academic outcomes that you would like to avoid in that course.**

.

a) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

b) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**2. Now, please describe the strategies that you would adopt to successfully prevent these negative academic outcomes.**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Please circle your responses to the next question:**

**1. "When you think about strategies for friendship, which THREE of the following strategies would you choose? (Please circle only THREE.)**

- (a) "Be generous and willing to give of yourself";
- (b) "Be supportive to your friends. Be emotionally supportive";
- (c) "Be loving and attentive";
- (d) "Stay in touch. Don't lose contact with friends";
- (e) "Try to make time for your friends and not neglect them";
- (f) "Keep the secrets friends have told you and don't gossip about friends."

**RETAIL STUDY**

**Now please read the scenario and then answer the question that follows the scenario.**

Imagine that you have come across a Bluetooth Speaker at 149.99 at a local Deals-R-Us store. The store also claims that **they offer a price matching guarantee**, i.e. if you find this same model for a lower price elsewhere (say, \$129.99; i.e., a price difference of \$20), then Deals-R-Us will match this offer i.e., refund you \$20.

**1A) In the space provided below, please write in detail ALL thoughts that come to your mind after reading the above scenario.**

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**2A) How likely is this retailer to offer the *lowest* price in town?**

Highly Unlikely								Highly Likely
1	2	3	4	5	6	7		

**2B) Please justify your answer (to Q2A) below.**

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**Circle the option that best reflects your opinion**

	Very Low				Very High		
The likelihood that I would buy the Bluetooth speaker from Deals-R-Us is	1	2	3	4	5	6	7
The probability that I would consider buying this Bluetooth speaker from Deals-R-Us is	1	2	3	4	5	6	7
My willingness to buy the Bluetooth speaker from Deals-R-Us is	1	2	3	4	5	6	7

**Please provide the following information for classification purposes only:**

1. What is your Gender? (Circle one only)      Male                  Female
2. What is your age?                          \_\_\_\_\_ Years
3. You are a (circle one only):

**Freshman / Sophomore / Junior / Senior / Graduate Student**

**Go to the Next Page**

**Please answer this question without looking back at the Survey**

**Which statement best describes the scenario you read for the Retail Survey? (Please circle only one)**

1. Deals-R-Us offers Low Price Guarantee
2. Deals-R-Us offers Price Matching Guarantee
3. Deals-R-Us does not offer any Price Guarantees

**THANK YOU FOR PARTICIPIATING IN THE SURVEY**

**APPENDIX I: STUDY 2 STIMULUS (LPG CONDITION)**

Thank you for participating in this survey

## PERSONALITY & RETAIL STUDY

### Instructions

This is a three part survey (Personality Study, Retail Study and Demographics).

***Personality Study:*** The first part of the survey involves a personality survey where you respond to questions about specific events in your life.

***Retail Study:*** After the personality survey, you will read a small retail shopping scenario and then you will be asked questions related to the scenario. Please read the scenario carefully before you mark your responses.

***Demographics:*** Finally, you are asked some questions about yourself, and perhaps asked some other questions.

## PERSONALITY STUDY

This set of questions asks you about specific events in your life. Please indicate your answer to each question by circling the appropriate number below it.

**1. Compared to most people, are you typically unable to get what you want out of life?**

Never or Seldom		Sometimes		Very Often
1	2	3	4	5

**2. Growing up, would you ever "cross the line" by doing things that your parents would not tolerate?**

Never or Seldom		Sometimes		Very Often
1	2	3	4	5

**3. How often have you accomplished things that got you "psyched" to work even harder?**

Never or Seldom		A Few Times		Many Times
1	2	3	4	5

**4. Did you get on your parents' nerves often when you were growing up?**

Never or Seldom		Sometimes		Very Often
1	2	3	4	5

**5. How often did you obey rules and regulations that were established by your parents?**

Never or Seldom		Sometimes		Always
1	2	3	4	5

The following sets of questions ask you about specific events in your life. Please indicate your answer to each question by circling the appropriate number below it.

1. Growing up, did you ever act in ways that your parents thought were objectionable?

Never or Seldom		Sometimes		Very Often
1	2	3	4	5

2. Do you often do well at different things that you try?

Never or Seldom		Sometimes		Very Often
1	2	3	4	5

3. Not being careful enough has gotten me into trouble at times.

Never or Seldom		Sometimes		Very Often
1	2	3	4	5

4. When it comes to achieving things that are important to me, I find that I don't perform as well as I ideally would like to do.

Never True		Sometimes True		Very Often True
1	2	3	4	5

5. I feel like I have made progress toward being successful in my life.

Certainly False				Certainly True
1	2	3	4	5

6. I have found very few hobbies or activities in my life that capture my interest or motivate me to put effort into them.

Certainly False				Certainly True
1	2	3	4	5

## RETAIL STUDY

Now please read the scenario and then answer the question that follows the scenario.

Imagine, that you have been thinking of buying a digital camera. You decide to buy a Canon- Power Shot ELPH-340, which you really like. While searching for a good deal you came across an electronics shop – ‘Niso-Electronics’ which sells the camera for \$149.99.

The store also offers LOW PRICE GUARANTEE i.e. if you find this same model for a lower price elsewhere (say, \$119.99; i.e., a price difference of \$30), then ‘Niso-Electronics’ will honor the refund i.e., refund you \$30.

The store’s description of the product is given below:



**Canon - PowerShot ELPH-340 16.0-Megapixel Digital Camera - Black**

Model: 9344B001 SKU: 3492002

12x optical/4x digital zoom

3" TFT-LCD

1080p HD video

Built-in Wi-Fi



**LOW PRICE GUARANTEE**

**\$149.99**

1) How likely is this retailer to offer the *lowest* price in town?

Highly  
Unlikely

1

2

3

4

5

6

Highly  
Likely

7

Circle the option that best reflects your opinion

1. The likelihood that I would buy the camera from 'Niso-Electronics' is

Very low							Very high
1	2	3	4	5	6	7	

2. The probability that I would consider buying this camera from 'Niso-Electronics' is

Very low							Very high
1	2	3	4	5	6	7	

3. My willingness to buy the camera from 'Niso-Electronics' is

Very low							Very high
1	2	3	4	5	6	7	

Circle the option that best reflects your opinion

1. The likelihood of visiting 'Niso-Electronics' to purchase the camera is

Very Unlikely							Very likely
1	2	3	4	5	6	7	

2. The probability of visiting 'Niso-Electronics' to purchase the camera is

Highly Improbable							Highly Probable
1	2	3	4	5	6	7	

3. The possibility of visiting 'Niso-Electronics' to purchase the camera is

Highly Impossible							Highly Possible
1	2	3	4	5	6	7	

## DEMOGRAPHICS

Please provide the following information for classification purposes only:

10. What is your Gender? (Circle one only)                      Male                      Female

11. What is your age?                      \_\_\_\_\_ Years

12. You are a (circle one only):

Freshman / Sophomore / Junior / Senior / Graduate Student

Please answer this question without looking back at the Survey

What kind of Price Guarantee does 'Niso-Electronics' offer? (Please circle only one)

1. **Low Price** Guarantee
2. **Price Matching** Guarantee
3. **Does not offer** any Price Guarantee

THANK YOU FOR PARTICIPATING IN THE SURVEY

**APPENDIX J: STUDY 2 STIMULUS (PMG CONDITION)**

Thank you for participating in this survey

## PERSONALITY & RETAIL STUDY

### Instructions

This is a three part survey (Personality Study, Retail Study and Demographics).

***Personality Study:*** The first part of the survey involves a personality survey where you respond to questions about specific events in your life.

***Retail Study:*** After the personality survey, you will read a small retail shopping scenario and then you will be asked questions related to the scenario. Please read the scenario carefully before you mark your responses.

***Demographics:*** Finally, you are asked some questions about yourself, and perhaps asked some other questions.

## PERSONALITY STUDY

This set of questions asks you about specific events in your life. Please indicate your answer to each question by circling the appropriate number below it.

**1. Compared to most people, are you typically unable to get what you want out of life?**

Never or Seldom		Sometimes		Very Often
1	2	3	4	5

**2. Growing up, would you ever "cross the line" by doing things that your parents would not tolerate?**

Never or Seldom		Sometimes		Very Often
1	2	3	4	5

**3. How often have you accomplished things that got you "psyched" to work even harder?**

Never or Seldom		A Few Times		Many Times
1	2	3	4	5

**4. Did you get on your parents' nerves often when you were growing up?**

Never or Seldom		Sometimes		Very Often
1	2	3	4	5

**5. How often did you obey rules and regulations that were established by your parents?**

Never or Seldom		Sometimes		Always
1	2	3	4	5

The following sets of questions ask you about specific events in your life. Please indicate your answer to each question by circling the appropriate number below it.

1. Growing up, did you ever act in ways that your parents thought were objectionable?

Never or Seldom		Sometimes		Very Often
1	2	3	4	5

2. Do you often do well at different things that you try?

Never or Seldom		Sometimes		Very Often
1	2	3	4	5

3. Not being careful enough has gotten me into trouble at times.

Never or Seldom		Sometimes		Very Often
1	2	3	4	5

4. When it comes to achieving things that are important to me, I find that I don't perform as well as I ideally would like to do.

Never True		Sometimes True		Very Often True
1	2	3	4	5

5. I feel like I have made progress toward being successful in my life.

Certainly False				Certainly True
1	2	3	4	5

6. I have found very few hobbies or activities in my life that capture my interest or motivate me to put effort into them.

Certainly False				Certainly True
1	2	3	4	5

## RETAIL STUDY

Now please read the scenario and then answer the question that follows the scenario.

Imagine, that you have been thinking of buying a digital camera. You decide to buy a Canon- Power Shot ELPH-340, which you really like. While searching for a good deal you came across an electronics shop – ‘Niso-Electronics’ which sells the camera for \$149.99.

The store also offers PRICE MATCHING GUARANTEE i.e. if you find this same model for a lower price elsewhere (say, \$119.99; i.e., a price difference of \$30), then ‘Niso-Electronics’ will match the price i.e., refund you \$30.

The store’s description of the product is given below:



\$149.99

Ⓢ **PRICE MATCHING GUARANTEE**

\$149.99

1) How likely is this retailer to offer the *lowest* price in town?

Highly  
Unlikely

1

2

3

4

5

6

7

Highly  
Likely

Circle the option that best reflects your opinion

1. The likelihood that I would buy the camera from 'Niso-Electronics' is

Very low							Very high
1	2	3	4	5	6	7	

2. The probability that I would consider buying this camera from 'Niso-Electronics' is

Very low							Very high
1	2	3	4	5	6	7	

3. My willingness to buy the camera from 'Niso-Electronics' is

Very low							Very high
1	2	3	4	5	6	7	

Circle the option that best reflects your opinion

1. The likelihood of visiting 'Niso-Electronics' to purchase the camera is

Very Unlikely							Very Likely
1	2	3	4	5	6	7	

2. The probability of visiting 'Niso-Electronics' to purchase the camera is

Highly Improbable							Highly Probable
1	2	3	4	5	6	7	

3. The possibility of visiting 'Niso-Electronics' to purchase the camera is

Highly Impossible							Highly Possible
1	2	3	4	5	6	7	

## DEMOGRAPHICS

Please provide the following information for classification purposes only:

1. What is your Gender? (Circle one only)                      Male                      Female
2. What is your age?                      \_\_\_\_\_ Years
3. You are a (circle one only):

Freshman / Sophomore / Junior / Senior / Graduate Student

Please answer this question without looking back at the Survey

What kind of Price Guarantee does 'Niso-Electronics' offer? (Please circle only one)

1. **Low Price** Guarantee
2. **Price Matching** Guarantee
3. **Does not offer** any Price Guarantee

THANK YOU FOR PARTICIPATING IN THE SURVEY

**APPENDIX K: STUDY 3 STIMULUS (PROMOTION FOCUSED LPG CONDITION)****RESEARCH ON CONSUMER BEHAVIOR**

*There are no right answers or wrong answers; we are only interested in your opinion.*

The purpose of this research is to better understand certain aspects of consumer behavior. In Part I you will read a short scenario, followed by some questions related to the scenario. Please read the scenario very carefully and answer the questions that follow.

In Part II you will read a continuation of the same scenario, followed by some additional questions. Again, please read the scenario carefully and answer the questions that follow.

*We support the practice of protection of personal information for individuals participating in research. Your name will not be released or identified in any way with the research findings. Your responses will be kept strictly confidential. Your participation in this survey is completely voluntary and involves no serious physical or mental risk, and you may withdraw at any point during this survey. Your responses are very important*

At any point during this research session if you have any question please ask the person conducting this study and he or she will answer your question personally.

Part I  
SCENARIO

Imagine that after years of hard work in college, you are about to graduate and have been interviewing for jobs at several companies.

Today, a phone call informs you the good news. You got an ideal job that puts you on track toward your dream career—a job that you have aspired to for years. This is the job you have always dreamed of ever since you were a child.

In addition to the potential for developing a successful career, this is a job you know you will really enjoy doing. It offers many opportunities to travel abroad, which fulfill your hope to experience new and exciting things.

The job also includes perks such as a free membership in a new local health club, as you hope to stay energetic and fit. At the same time, it provides opportunities for personal growth and gains.

Since the company offers good vacation days per year, you will still be able to spend time on things you really wanted to achieve or obtain in your personal life.

Finally, many of your close friends will also be working in the city, which is what you have desired. You are excited to move on to the next phase of your life.

Please respond to the following statement:

**1. This is your dream job; something that you have aspired to for years.**

Agree        \_\_\_\_\_

Disagree    \_\_\_\_\_

Now speaking of friends we would like you to respond to the next question.

1. "When you think about strategies for friendship, which THREE of the following strategies would you choose? (Please circle only THREE.)

- (a) "Be generous and willing to give of yourself";
- (b) "Be supportive to your friends. Be emotionally supportive";
- (c) "Be loving and attentive";
- (d) "Stay in touch. Don't lose contact with friends";
- (e) "Try to make time for your friends and not neglect them";
- (f) "Keep the secrets friends have told you and don't gossip about friends."

**Go to next page for Part II**

## Part II

So now that you have the job you have always dreamed of ever since you were a child (as described earlier), you decide to celebrate your recent graduation by buying a Laptop. You plan to buy HP - Wavilion 15.6" Touch-Screen Laptop - Intel Core i3 - 4GB Memory - 500GB Hard Drive. In the process of searching for this laptop you come up with a store ad for Deals-R-Us which is selling the laptop for **\$427.99**.

**The store's ad reads as follows:**

### Get the Best Deals

*Deals-R-Us offers **Low Price Guarantee**, i.e. if you find the same model for a lower price elsewhere then Deals-R-Us will honor the low price you found.*

You decide to buy the above laptop from **Deals-R-Us** for **\$427.99**. You are happy with your purchase because friends have said that this is an excellent laptop and CNET, a leading tech product reviewer, has recently come out with an excellent review on this laptop model.

After buying the laptop from Deals-R-Us for **\$427.99**, in a week or so you find out from your friend that the same laptop that you had bought from Deals-R-Us is being sold at **Electro-Mart** - another well-known electronics store in the city for **\$363.99**. You drive down to Deals-R-Us, show your purchase receipt and ask for a refund (as per their promise to honor the low price). After confirming the lower price at Electro-Mart over phone, the customer service associate at the counter immediately gives you the (promised) refund for the price difference.

A. Please respond to the following based on your opinion.

1. If you need an electronics product in the future, how likely are you to try Deals-R-Us?

Not At All  
Likely

1

2

3

4

5

6

7

Extremely  
Likely

2. If you ever purchase a laptop again, how likely are you to buy it from Deals-R-Us?

Not At All  
Likely

1

2

3

4

5

6

7

Extremely  
Likely

3. How likely are you to revisit Deals-R-Us for your shopping needs?

Not At All  
Likely

1

2

3

4

5

6

7

Extremely  
Likely

**B. Please respond to the following questions based on your feelings.**

**1. You feel sorry for choosing to buy the laptop from Deals-R-Us.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

**2. You regret choosing Deals-R-Us for your purchase.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

**3. You regret not looking around before purchase for a better price for the laptop than that offered by Deals-R-Us.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

**4. You wish you had checked more stores before buying from Deals-R-Us.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

**C. Please respond to the following questions based on your experience and opinion.**

**1. How likely are you to say negative things to others about Deals-R-Us?**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

**2. You would recommend to your friends that they avoid going to Deals-R-Us for their electronic supply needs.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

**3. If your friends were looking for an electronic product, you would tell them NOT to go to Deals-R-Us.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

D. Please respond to the following questions based on how you felt about finding the same laptop for lower prices at another store after you purchased them from Deals-R-Us.

1. I felt that the trust I had placed on Deals-R-Us was violated.						
Strongly Disagree						Strongly Agree
1	2	3	4	5	6	7
2. I felt "let down" by Deals-R-Us.						
Strongly Disagree						Strongly Agree
1	2	3	4	5	6	7
3. I felt that Deals-R-Us took advantage of the trust I had placed in their Low Price Guarantee.						
Strongly Disagree						Strongly Agree
1	2	3	4	5	6	7

Please provide the following information for classification purposes only:

1. What is your Gender? (Circle one only)                      Male                      Female
2. What is your age?                      \_\_\_\_\_ Years
3. You are a (circle one only):

Freshman / Sophomore / Junior / Senior / Graduate Student

Please answer this question *without looking back at the Survey*

What kind of Price Guarantee does Deals-R-Us offers? (Please circle only one)

1. **Low Price** Guarantee
2. **Price Matching** Guarantee
3. **Does not offer** any Price Guarantees

THANK YOU FOR PARTICIATING IN THE SURVEY

**APPENDIX L: STUDY 3 STIMULUS (PROMOTION FOCUSED - PMG CONDITION)****RESEARCH ON CONSUMER BEHAVIOR**

*There are no right answers or wrong answers; we are only interested in your opinion.*

The purpose of this research is to better understand certain aspects of consumer behavior. In Part I you will read a short scenario, followed by some questions related to the scenario. Please read the scenario very carefully and answer the questions that follow.

In Part II you will read a continuation of the same scenario, followed by some additional questions. Again, please read the scenario carefully and answer the questions that follow.

*We support the practice of protection of personal information for individuals participating in research. Your name will not be released or identified in any way with the research findings. Your responses will be kept strictly confidential. Your participation in this survey is completely voluntary and involves no serious physical or mental risk, and you may withdraw at any point during this survey. Your responses are very important*

At any point during this research session if you have any question please ask the person conducting this study and he or she will answer your question personally.

Part I  
SCENARIO

Imagine that after years of hard work in college, you are about to graduate and have been interviewing for jobs at several companies.

Today, a phone call informs you the good news. You got an ideal job that puts you on track toward your dream career—a job that you have aspired to for years. This is the job you have always dreamed of ever since you were a child.

In addition to the potential for developing a successful career, this is a job you know you will really enjoy doing. It offers many opportunities to travel abroad, which fulfill your hope to experience new and exciting things.

The job also includes perks such as a free membership in a new local health club, as you hope to stay energetic and fit. At the same time, it provides opportunities for personal growth and gains.

Since the company offers good vacation days per year, you will still be able to spend time on things you really wanted to achieve or obtain in your personal life.

Finally, many of your close friends will also be working in the city, which is what you have desired. You are excited to move on to the next phase of your life.

Please respond to the following statement:

**1. This is your dream job; something that you have aspired to for years.**

Agree        \_\_\_\_\_

Disagree    \_\_\_\_\_

Now speaking of friends we would like you to respond to the next question.

1. "When you think about strategies for friendship, which THREE of the following strategies would you choose? (Please circle only THREE.)

- (a) "Be generous and willing to give of yourself";
- (b) "Be supportive to your friends. Be emotionally supportive";
- (c) "Be loving and attentive";
- (d) "Stay in touch. Don't lose contact with friends";
- (e) "Try to make time for your friends and not neglect them";
- (f) "Keep the secrets friends have told you and don't gossip about friends."

**Go to next page for Part II**

## Part II

So now that you have the job you have always dreamed of ever since you were a child (as described earlier), you decide to celebrate your recent graduation by buying a Laptop. You plan to buy HP - Wavilion 15.6" Touch-Screen Laptop - Intel Core i3 - 4GB Memory - 500GB Hard Drive. In the process of searching for this laptop you come up with a store ad for Deals-R-Us which is selling the laptop for **\$427.99**.

**The store's ad reads as follows:**

### Get the Best Deals

*Deals-R-Us offers **Price Matching Guarantee**, i.e. if you find the same model for a lower price elsewhere then Deals-R-Us will match the price.*

You decide to buy the above laptop from **Deals-R-Us** for **\$427.99**. You are happy with your purchase because friends have said that this is an excellent laptop and CNET, a leading tech product reviewer, has recently come out with an excellent review on this laptop model.

After buying the laptop from Deals-R-Us for **\$427.99**, in a week or so you find out from your friend that the same laptop that you had bought from Deals-R-Us is being sold at **Electro-Mart** - another well-known electronics store in the city for **\$363.99**. You drive down to Deals-R-Us, show your purchase receipt and ask for a refund (as per their promise to match the price). After confirming the lower price at Electro-Mart over phone, the customer service associate at the counter immediately gives you the (promised) refund for the price difference.

A. Please respond to the following based on your opinion.

1. If you need an electronics product in the future, how likely are you to try Deals-R-Us?

Not At All  
Likely

1

2

3

4

5

6

7

Extremely  
Likely

2. If you ever purchase a laptop again, how likely are you to buy it from Deals-R-Us?

Not At All  
Likely

1

2

3

4

5

6

7

Extremely  
Likely

3. How likely are you to revisit Deals-R-Us for your shopping needs?

Not At All  
Likely

1

2

3

4

5

6

7

Extremely  
Likely

B. Please respond to the following questions based on your feelings.

**1. You feel sorry for choosing to buy the laptop from Deals-R-Us.**

Strongly  
Disagree

Strongly  
Agree

1                    2                    3                    4                    5                    6                    7

**2. You regret choosing Deals-R-Us for your purchase.**

Strongly  
Disagree

Strongly  
Agree

1                    2                    3                    4                    5                    6                    7

**3. You regret not looking around before purchase for a better price for the laptop than that offered by Deals-R-Us.**

Strongly  
Disagree

Strongly  
Agree

1                    2                    3                    4                    5                    6                    7

**4. You wish you had checked more stores before buying from Deals-R-Us.**

Strongly  
Disagree

Strongly  
Agree

1                    2                    3                    4                    5                    6                    7

C. Please respond to the following questions based on your experience and opinion.

**1. How likely are you to say negative things to others about Deals-R-Us?**

Strongly  
Disagree

Strongly  
Agree

1                    2                    3                    4                    5                    6                    7

**2. You would recommend to your friends that they avoid going to Deals-R-Us for their electronic supply needs.**

Strongly  
Disagree

Strongly  
Agree

1                    2                    3                    4                    5                    6                    7

**3. If your friends were looking for an electronic product, you would tell them NOT to go to Deals-R-Us.**

Strongly  
Disagree

Strongly  
Agree

1                    2                    3                    4                    5                    6                    7

D. Please respond to the following questions based on how you felt about finding the same laptop for lower prices at another store after you purchased them from Deals-R-Us.

1. I felt that the trust I had placed on Deals-R-Us was violated.						
Strongly Disagree						Strongly Agree
1	2	3	4	5	6	7
2. I felt "let down" by Deals-R-Us.						
Strongly Disagree						Strongly Agree
1	2	3	4	5	6	7
3. I felt that Deals-R-Us took advantage of the trust I had placed in their Price Matching Guarantee.						
Strongly Disagree						Strongly Agree
1	2	3	4	5	6	7

Please provide the following information for classification purposes only:

1. What is your Gender? (Circle one only)                      Male                      Female
2. What is your age?                      \_\_\_\_\_ Years
3. You are a (circle one only):

Freshman / Sophomore / Junior / Senior / Graduate Student

Please answer this question *without looking back at the Survey*

What kind of Price Guarantee does Deals-R-Us offers? (Please circle only one)

1. Low Price Guarantee
2. Price Matching Guarantee
3. Does not offer any Price Guarantees

THANK YOU FOR PARTICIATING IN THE SURVEY

**APPENDIX M: STUDY 3 STIMULUS (PREVENTION FOCUSED LPG CONDITION)****RESEARCH ON CONSUMER BEHAVIOR**

*There are no right answers or wrong answers; we are only interested in your opinion.*

The purpose of this research is to better understand certain aspects of consumer behavior. In Part I you will read a short scenario, followed by some questions related to the scenario. Please read the scenario very carefully and answer the questions that follow.

In Part II you will read a continuation of the same scenario, followed by some additional questions. Again, please read the scenario carefully and answer the questions that follow.

*We support the practice of protection of personal information for individuals participating in research. Your name will not be released or identified in any way with the research findings. Your responses will be kept strictly confidential. Your participation in this survey is completely voluntary and involves no serious physical or mental risk, and you may withdraw at any point during this survey. Your responses are very important*

At any point during this research session if you have any question please ask the person conducting this study and he or she will answer your question personally.

Part I  
SCENARIO

Imagine that after years of hard work in college, you are about to graduate and have been interviewing for jobs at several companies.

Today, a phone call informs you the good news. You got a job that you feel you cannot refuse—the one that you know you needed. This is the job your parents always thought you should do ever since you were a child.

In addition to your parents' expectation that you ought to have a stable job, this is a job you know you will feel secure and comfortable in doing. You need to be financially responsible to support yourself and will no longer be a financial burden for your parents.

The job also provides comprehensive medical insurance, as you may need it at times. At the same time, the stability of the job allows you to pay back your tuition loans and credit card bills.

Since the company offers good vacation days per year, you will still be able to spend time on duties and obligations in your personal life.

Finally, many of your close friends will also be working in the city, and you are expected to maintain close ties with them after graduation. You are ready to move on to the next phase of your life.

Please respond to the following statement:

**1. This is a job you really need; something that you cannot afford to refuse.**

Agree        \_\_\_\_\_

Disagree    \_\_\_\_\_

Now speaking of friends we would like you to respond to the next question.

1. "When you think about strategies for friendship, which THREE of the following strategies would you choose? (Please circle only THREE.)

- (a) "Be generous and willing to give of yourself";
- (b) "Be supportive to your friends. Be emotionally supportive";
- (c) "Be loving and attentive";
- (d) "Stay in touch. Don't lose contact with friends";
- (e) "Try to make time for your friends and not neglect them";
- (f) "Keep the secrets friends have told you and don't gossip about friends."

**Go to next page for Part II**

## Part II

So now that you have the job you have always dreamed of ever since you were a child (as described earlier), you decide to celebrate your recent graduation by buying a Laptop. You plan to buy HP - Wavilion 15.6" Touch-Screen Laptop - Intel Core i3 - 4GB Memory - 500GB Hard Drive. In the process of searching for this laptop you come up with a store ad for Deals-R-Us which is selling the laptop for **\$427.99**.

**The store's ad reads as follows:**

### **Don't Get Ripped Off**

*Deals-R-Us offers **Low Price Guarantee**, i.e. if you find the same model for a lower price elsewhere then Deals-R-Us will honor the low price you found.*

You decide to buy the above laptop from **Deals-R-Us** for **\$427.99**. You are happy with your purchase because friends have said that this is an excellent laptop and CNET, a leading tech product reviewer, has recently come out with an excellent review on this laptop model.

After buying the laptop from Deals-R-Us for **\$427.99**, in a week or so you find out from your friend that the same laptop that you had bought from Deals-R-Us is being sold at **Electro-Mart** - another well-known electronics store in the city for **\$363.99**. You drive down to Deals-R-Us, show your purchase receipt and ask for a refund (as per their promise to honor the low price). After confirming the lower price at Electro-Mart over phone, the customer service associate at the counter immediately gives you the (promised) refund for the price difference.

A. Please respond to the following based on your opinion.

1. If you need an electronics product in the future, how likely are you to try Deals-R-Us?

Not At All  
Likely

1

2

3

4

5

6

7

Extremely  
Likely

2. If you ever purchase a laptop again, how likely are you to buy it from Deals-R-Us?

Not At All  
Likely

1

2

3

4

5

6

7

Extremely  
Likely

3. How likely are you to revisit Deals-R-Us for your shopping needs?

Not At All  
Likely

1

2

3

4

5

6

7

Extremely  
Likely

**B. Please respond to the following questions based on your feelings.**

**1. You feel sorry for choosing to buy the laptop from Deals-R-Us.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

**2. You regret choosing Deals-R-Us for your purchase.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

**3. You regret not looking around before purchase for a better price for the laptop than that offered by Deals-R-Us.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

**4. You wish you had checked more stores before buying from Deals-R-Us.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

**C. Please respond to the following questions based on your experience and opinion.**

**1. How likely are you to say negative things to others about Deals-R-Us?**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

**2. You would recommend to your friends that they avoid going to Deals-R-Us for their electronic supply needs.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

**3. If your friends were looking for an electronic product, you would tell them NOT to go to Deals-R-Us.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

D. Please respond to the following questions based on how you felt about finding the same laptop for lower prices at another store after you purchased them from Deals-R-Us.

1. I felt that the trust I had placed on Deals-R-Us was violated.						
Strongly Disagree						Strongly Agree
1	2	3	4	5	6	7
2. I felt "let down" by Deals-R-Us.						
Strongly Disagree						Strongly Agree
1	2	3	4	5	6	7
3. I felt that Deals-R-Us took advantage of the trust I had placed in their Low Price Guarantee.						
Strongly Disagree						Strongly Agree
1	2	3	4	5	6	7

Please provide the following information for classification purposes only:

1. What is your Gender? (Circle one only)                      Male                      Female
2. What is your age?                      \_\_\_\_\_ Years
3. You are a (circle one only):

Freshman / Sophomore / Junior / Senior / Graduate Student

Please answer this question *without looking back at the Survey*

What kind of Price Guarantee does Deals-R-Us offers? (Please circle only one)

1. **Low Price** Guarantee
2. **Price Matching** Guarantee
3. **Does not offer** any Price Guarantees

THANK YOU FOR PARTICIATING IN THE SURVEY

**APPENDIX N: STUDY 3 STIMULUS (PREVENTION FOCUSED PMG CONDITION)****RESEARCH ON CONSUMER BEHAVIOR**

*There are no right answers or wrong answers; we are only interested in your opinion.*

The purpose of this research is to better understand certain aspects of consumer behavior. In Part I you will read a short scenario, followed by some questions related to the scenario. Please read the scenario very carefully and answer the questions that follow.

In Part II you will read a continuation of the same scenario, followed by some additional questions. Again, please read the scenario carefully and answer the questions that follow.

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At any point during this research session if you have any question please ask the person conducting this study and he or she will answer your question personally.

Part I  
SCENARIO

Imagine that after years of hard work in college, you are about to graduate and have been interviewing for jobs at several companies.

Today, a phone call informs you the good news. You got a job that you feel you cannot refuse—the one that you know you needed. This is the job your parents always thought you should do ever since you were a child.

In addition to your parents' expectation that you ought to have a stable job, this is a job you know you will feel secure and comfortable in doing. You need to be financially responsible to support yourself and will no longer be a financial burden for your parents.

The job also provides comprehensive medical insurance, as you may need it at times. At the same time, the stability of the job allows you to pay back your tuition loans and credit card bills.

Since the company offers good vacation days per year, you will still be able to spend time on duties and obligations in your personal life.

Finally, many of your close friends will also be working in the city, and you are expected to maintain close ties with them after graduation. You are ready to move on to the next phase of your life.

Please respond to the following statement:

**1. This is a job you really need; something that you cannot afford to refuse.**

Agree        \_\_\_\_\_

Disagree    \_\_\_\_\_

Now speaking of friends we would like you to respond to the next question.

1. "When you think about strategies for friendship, which THREE of the following strategies would you choose? (Please circle only THREE.)

- (a) "Be generous and willing to give of yourself";
- (b) "Be supportive to your friends. Be emotionally supportive";
- (c) "Be loving and attentive";
- (d) "Stay in touch. Don't lose contact with friends";
- (e) "Try to make time for your friends and not neglect them";
- (f) "Keep the secrets friends have told you and don't gossip about friends."

**Go to next page for Part II**

## Part II

So now that you have the job you have always dreamed of ever since you were a child (as described earlier), you decide to celebrate your recent graduation by buying a Laptop. You plan to buy HP - Wavilion 15.6" Touch-Screen Laptop - Intel Core i3 - 4GB Memory - 500GB Hard Drive. In the process of searching for this laptop you come up with a store ad for Deals-R-Us which is selling the laptop for **\$427.99**.

**The store's ad reads as follows:**

### **Don't Get Ripped Off**

*Deals-R-Us offers **Price Matching Guarantee**, i.e. if you find the same model for a lower price elsewhere then Deals-R-Us will match the price.*

You decide to buy the above laptop from **Deals-R-Us** for **\$427.99**. You are happy with your purchase because friends have said that this is an excellent laptop and CNET, a leading tech product reviewer, has recently come out with an excellent review on this laptop model.

After buying the laptop from Deals-R-Us for **\$427.99**, in a week or so you find out from your friend that the same laptop that you had bought from Deals-R-Us is being sold at **Electro-Mart** - another well-known electronics store in the city for **\$363.99**. You drive down to Deals-R-Us, show your purchase receipt and ask for a refund (as per their promise to match the price). After confirming the lower price at Electro-Mart over phone, the customer service associate at the counter immediately gives you the (promised) refund for the price difference.

A. Please respond to the following based on your opinion.

1. If you need an electronics product in the future, how likely are you to try Deals-R-Us?

Not At All  
Likely

1

2

3

4

5

6

7

Extremely  
Likely

2. If you ever purchase a laptop again, how likely are you to buy it from Deals-R-Us?

Not At All  
Likely

1

2

3

4

5

6

7

Extremely  
Likely

3. How likely are you to revisit Deals-R-Us for your shopping needs?

Not At All  
Likely

1

2

3

4

5

6

7

Extremely  
Likely

B. Please respond to the following questions based on your feelings.

**1. You feel sorry for choosing to buy the laptop from Deals-R-Us.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

**2. You regret choosing Deals-R-Us for your purchase.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

**3. You regret not looking around before purchase for a better price for the laptop than that offered by Deals-R-Us.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

**4. You wish you had checked more stores before buying from Deals-R-Us.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

C. Please respond to the following questions based on your experience and opinion.

**1. How likely are you to say negative things to others about Deals-R-Us?**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

**2. You would recommend to your friends that they avoid going to Deals-R-Us for their electronic supply needs.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

**3. If your friends were looking for an electronic product, you would tell them NOT to go to Deals-R-Us.**

Strongly  
Disagree

Strongly  
Agree

1                      2                      3                      4                      5                      6                      7

D. Please respond to the following questions based on how you felt about finding the same laptop for lower prices at another store after you purchased them from Deals-R-Us.

1. I felt that the trust I had placed on Deals-R-Us was violated.						
Strongly Disagree						Strongly Agree
1	2	3	4	5	6	7
2. I felt "let down" by Deals-R-Us.						
Strongly Disagree						Strongly Agree
1	2	3	4	5	6	7
3. I felt that Deals-R-Us took advantage of the trust I had placed in their Price Matching Guarantee.						
Strongly Disagree						Strongly Agree
1	2	3	4	5	6	7

Please provide the following information for classification purposes only:

1. What is your Gender? (Circle one only)                      Male                      Female
2. What is your age?                      \_\_\_\_\_ Years
3. You are a (circle one only):

Freshman / Sophomore / Junior / Senior / Graduate Student

Please answer this question *without looking back at the Survey*

What kind of Price Guarantee does Deals-R-Us offers? (Please circle only one)

1. **Low Price** Guarantee
2. **Price Matching** Guarantee
3. **Does not offer** any Price Guarantees

THANK YOU FOR PARTICIPIATING IN THE SURVEY

**APPENDIX O: STUDY 4 STIMULUS (LPG CONDITION)**

*There are no right answers or wrong answers; we are only interested in your opinion.*

***There are two studies in this study packet – a Personality Study and a Retail Study. Please read all the questions carefully and then mark your responses. Some of the questions in these two studies may appear similar, but your careful and complete responses are very important to us.***

*We support the practice of protection of personal information for individuals participating in research. Your name will not be released or identified in any way with the research findings. Your responses will be kept strictly confidential. Your participation in this survey is completely voluntary and involves no serious physical or mental risk, and you may withdraw at any point during this survey. Your responses are very important*

**PERSONALITY STUDY**

**Please respond to the following questions:**

**1. Please think of a course that you are taking in the current semester, and list two positive academic outcomes that you would like to achieve in that course.**

a) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

b) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**2. Now, please describe the strategies that you would adopt to successfully promote (i.e. successfully achieve) these positive academic outcomes.**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Please circle your responses to the next question:**

**1. "When you think about strategies for friendship, which THREE of the following strategies would you choose? (Please circle only THREE.)**

- (a) "Stay in touch. Don't lose contact with friends";
- (b) "Try to make time for your friends and not neglect them";
- (c) "Keep the secrets friends have told you and don't gossip about friends";
- (d) "Be generous and willing to give of yourself";
- (e) "Be supportive to your friends. Be emotionally supportive";
- (f) "Be loving and attentive."

**RETAIL STUDY – Part 1**

**Now please read the scenario and then answer the question that follows the scenario.**

Imagine that you have been thinking of buying an electronic item from a store. While searching for the item you came across a well-known retailer that has many stores in the US. The retailer also claims that **they offer a low price guarantee**, i.e., if you find the same model for a lower price elsewhere, then the retailer will honor the lower price, i.e., refund you the difference.

**Based on the above scenario please answer the following questions-**

Circle the option that best reflects your opinion

<b>1. The likelihood that I would buy an electronic item from this store is</b>						
Very low						Very high
1	2	3	4	5	6	7
<b>2. The probability that I would consider buying an electronic item from this store is</b>						
Very low						Very high
1	2	3	4	5	6	7
<b>3. My willingness to buy an electronic item from this store is</b>						
Very low						Very high
1	2	3	4	5	6	7

## RETAIL STUDY – Part 2

You buy the electronic item from this retailer who offers a **Low Price Guarantee**. You are happy with your purchase because friends have said that this is an excellent purchase. Also, leading tech product reviewers have recently come out with excellent reviews on this product.

After buying the item, in a week or so you find out from your friend that the same item that you had bought is being sold at another well-known retailer in the city for a lower price. You drive down to the retailer you bought the item from, show your purchase receipt and ask for a refund (as per their promise to match the price). After confirming the lower price, the customer service associate at the counter immediately gives you the (promised) refund for the price difference.

### Based on the above scenario please answer the following questions-

1. The likelihood that I would buy an electronic item *again* from this store is

Very low							Very high
1	2	3	4	5	6	7	

2. The probability that I would consider buying an electronic item from this store in *future* is

Very low							Very high
1	2	3	4	5	6	7	

3. My willingness to buy an electronic item *again* from this store is

Very low							Very high
1	2	3	4	5	6	7	



**APPENDIX P: STUDY 4 STIMULUS (PMG CONDITION)**

*There are no right answers or wrong answers; we are only interested in your opinion.*

***There are two studies in this study packet – a Personality Study and a Retail Study. Please read all the questions carefully and then mark your responses. Some of the questions in these two studies may appear similar, but your careful and complete responses are very important to us.***

*We support the practice of protection of personal information for individuals participating in research. Your name will not be released or identified in any way with the research findings. Your responses will be kept strictly confidential. Your participation in this survey is completely voluntary and involves no serious physical or mental risk, and you may withdraw at any point during this survey. Your responses are very important*

**PERSONALITY STUDY**

**Please respond to the following questions:**

**1. Please think of a course that you are taking in the current semester, and list two positive academic outcomes that you would like to achieve in that course.**

a) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

b) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**2. Now, please describe the strategies that you would adopt to successfully promote (i.e. successfully achieve) these positive academic outcomes.**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Please circle your responses to the next question:**

**1. "When you think about strategies for friendship, which THREE of the following strategies would you choose? (Please circle only THREE.)**

- (a) "Stay in touch. Don't lose contact with friends";
- (b) "Try to make time for your friends and not neglect them";
- (c) "Keep the secrets friends have told you and don't gossip about friends";
- (d) "Be generous and willing to give of yourself";
- (e) "Be supportive to your friends. Be emotionally supportive";
- (f) "Be loving and attentive."

**RETAIL STUDY – Part 1**

**Now please read the scenario and then answer the question that follows the scenario.**

Imagine that you have been thinking of buying an electronic item from a store. While searching for the item you came across a well-known retailer that has many stores in the US. The retailer also claims that **they offer a price matching guarantee**, i.e., if you find the same model for a lower price elsewhere, then the retailer will match the price, i.e., refund you the difference.

**Based on the above scenario please answer the following questions-**

Circle the option that best reflects your opinion

<b>1. The likelihood that I would buy an electronic item from this store is</b>						
Very low						Very high
1	2	3	4	5	6	7
<b>2. The probability that I would consider buying an electronic item from this store is</b>						
Very low						Very high
1	2	3	4	5	6	7
<b>3. My willingness to buy an electronic item from this store is</b>						
Very low						Very high
1	2	3	4	5	6	7

## RETAIL STUDY – Part 2

You buy the electronic item from this retailer who offers a **Price Matching Guarantee**. You are happy with your purchase because friends have said that this is an excellent purchase. Also, leading tech product reviewers have recently come out with excellent reviews on this product.

After buying the item, in a week or so you find out from your friend that the same item that you had bought is being sold at another well-known retailer in the city for a lower price. You drive down to the retailer you bought the item from, show your purchase receipt and ask for a refund (as per their promise to match the price). After confirming the lower price, the customer service associate at the counter immediately gives you the (promised) refund for the price difference.

### Based on the above scenario please answer the following questions-

1. The likelihood that I would buy an electronic item <i>again</i> from this store is						
Very low						Very high
1	2	3	4	5	6	7
2. The probability that I would consider buying an electronic item from this store in <i>future</i> is						
Very low						Very high
1	2	3	4	5	6	7
3. My willingness to buy an electronic item <i>again</i> from this store is						
Very low						Very high
1	2	3	4	5	6	7



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A Market Experiment Approach," *Journal of Retailing*, 87 (2) (2011), 182–193.

**ABSTRACT****ARE LOW PRICE GUARANTEES AND PRICE MATCHING GUARANTEES  
CREATED EQUAL?: EXAMINING THE EFFECTS OF DIFFERENT PRICE  
GUARANTEES ON CONSUMERS' EVALUATIONS**

by

**SWATI VERMA****May 2017****Advisor:** Dr. Abhijit Biswas**Major:** Business (Marketing)**Degree:** Doctor of Philosophy

Retailers offer one of Low Price Guarantees (LPGs) or Price Matching Guarantees (PMGs) to signal their price position in the marketplace. Past literature has assumed that both LPG and PMG work similarly as signals of low prices, and consequently, LPG and PMG have been used interchangeably in both research and practice. In my dissertation I posit that LPG and PMG send out different price signals, and therefore have different effects on consumers' evaluations. Across four studies, I show that LPGs signal lower prices than PMGs, and so LPGs lead to superior evaluations in pre-purchase scenarios, especially for promotion focused consumers actively seeking the lowest price. However, if post-purchase consumers identify a lower price in the marketplace, implying a signal default, then repurchase intentions are less in the case of LPGs, especially among promotion focused consumers. In initial studies, in pre-purchase scenarios, I show that purchase intentions are higher when LPGs (vs. PMGs) are used, with the effect stronger amongst promotion focused (vs. prevention focused) consumers. In a subsequent study, which examines post-purchase scenario, I show that upon signal default, consumers' repurchase

intentions are lower when LPGs (vs. PMGs) had been used, and that these effects are stronger amongst promotion focused (vs. prevention focused) consumers. Finally, I run a study wherein the (very) same participants go through a pre-purchase scenario and a post-purchase scenario in succession, and I replicate the above effects.

## **AUTOBIOGRAPHICAL STATEMENT**

Swat Verma joined the Ph.D. program at Wayne State University in August 2012. She is currently teaching at Lawrence Technological University in Southfield, Michigan, as a full time Marketing faculty. She received her Master degree in Business Administration (Marketing and Finance) from Indian Institute of Planning and Management (India) in August 2010. She also has a Bachelor's degree in Engineering from India. Her research interest lies in the area of behavioral pricing, advertising and branding.

### **Education:**

Ph.D. Candidate in Marketing, Wayne State University

MBA in Marketing and Finance, IIPM, New Delhi, India

B.E. in Electronics and Communication, MVJCE, Bangalore, India

### **Research Interest:**

Behavioral Pricing

Branding

Advertising

### **Teaching Experience:**

Quantitative Methods, Wayne State University

Marketing Management, Wayne State University

Principles of Advertising, Wayne State University

Strategic Marketing, Wayne State University

Principles of Marketing, Lawrence Technological University

Strategic Marketing Management, Lawrence Technological University