

# A STUDY ON THE EFFECTS OF LOWER PRICE ON THE PERCEPTION OF BRAND QUALITY TO GENERATION Y: A SELECTION TASK PERSPECTIVE

<sup>1</sup> Dr. K. Arul Rajan, <sup>2</sup> S. Vaishnavi,

1. Dr. K Arul Rajan, Associate Professor & Head of Marketing, PSG Institute of Management, Coimbatore,
2. S Vaishnavi, Marketing Student, PSG Institute of Management, Coimbatore.

*Abstract* : This study investigates the impact of lower price products and its perceived brand quality, which has been demonstrated in the selection task of brand choice context. The effects of lower price on perceived quality are assessed via generation Y. This paper aims at analyzing the influence of the lower price perceptions of brand quality on buying behavior of generation Y and specifically on brand choice behavior

## I. INTRODUCTION

This study helps to understand the lower price perception of a product and its brand quality. And critical factors influence the purchase decision of Generation Y consumers in Grocery markets. The various factors rated by the respondents are critically analysed to better understand the potential customers. The findings from the study can be used by the retailers in their Research and Development to come out with innovative strategies that best satisfy the Generation Y customers. It can also be used by the manufactures to promote their product by adopting various schemes for consumers of Generation Y. The paper's findings may guide both managerial practice and future research on the effects of lower prices, particularly those in the form of a discounts. If consumer perception does not align with the company's intent, expensive investments in tactics such as coupons will be undercut. Other techniques, such as signage and clear communication, may cost less and help consumers understand a brand's position in the price-value equation. Lower-cost alternatives often do a similar or better job of improving perception than the tactic of reducing the actual list price. The attractiveness of lower prices is evident in the use of price discounts. Discounts have increased steadily over the past two decades to the point that consumer packaged goods manufacturers now spend 10 percent-30 percent of their gross sales revenue on such promotions. Price signaling theory contends that consumers believe that there is a positive correlation between price, be it a discounted price or a regular one, and quality. Thus, when exposed to a lower price, consumers may attribute the low price to substandard quality. While the price-quality heuristic employed in the context of selection task predicts negative effects of lower prices on perceived quality, when consumers are engaged in a choice task, an alternative mechanism may be at work that could lead to lower prices having a positive effect on perceived quality of the focal brand.

## I. BRAND PREFERENCES

Strategies for building consumer brand preference. The study found that, the principles of market is typically to build a relationship with buyer. The relationship should be based on strong bond between the buyer and the brand. The choice of an individual strategy or combination depends mainly on the nature of the branded product or service. The success of the strategy depends heavily on the marketers understanding of the preference building and bonding process.

## II. PERCEIVED PRICE

Consumers may perceive the objective price as high, while others may perceive it as low. Consumers' perceptions of product quality and monetary sacrifice are derived from consumers' perceptions of price. Consumers infer that a higher price signals a higher quality, but at the same time, the higher price indicates a greater monetary sacrifice in purchasing the product.

## III. MILLENNIAL GENERATION

The Millennial Generation is a new generation—the children of the boomers. With 75% of this generation are still single, demographers and scholars have noted that perhaps other goals and priorities have out-shined the focus of older generations on the family and home. 88% of Gen Y are using internet for collecting information. Millennial (Gen Y) Consumer Behavior, Their Shopping Preferences and Perceptual Maps Associated with Brand Loyalty. While other generations also experienced major events, from my perspective, millennials are different because they grew up in an era of technology, with access to unlimited amounts of information. This access gave events like these more publicity, created heightened awareness, spawned conspiracy theories and distrust, and, in my opinion, resulted in nonstop messages of doom, gloom and anxiety.

## 2. RESEARCH METHODOLOGY

The methodology section outlines the plan and method that how the study is conducted. This includes Universe of the study, sample of the study, Data and Sources of Data, study's variables and analytical framework. The details are as follows;

**2.1 Population and Sample**

Sample size of this study is 200, data is collected from various age categories of generation Y. The sample size is an important feature of any research study in which the goal is to make inferences about a population from a sample. Element: Generation Y consumers. Sampling Units: Students, Working Professionals, Home makers, Social works and Business Professionals. Extent: Coimbatore Time: December,2018 – March,2019.

**2.2 Data and Sources of Data**

A Survey method was used for data collection from the target respondents who were Students, Working Professionals, Home makers, Social works and Business Professionals. A Google form was created and sent across through E-mail, WhatsApp and Facebook to all the respondents for filling up the survey. The Sampling technique used in selection of the target respondents was Convenience Sampling. The Google form was floated to 250 respondents.

**2.3 Theoretical Framework**

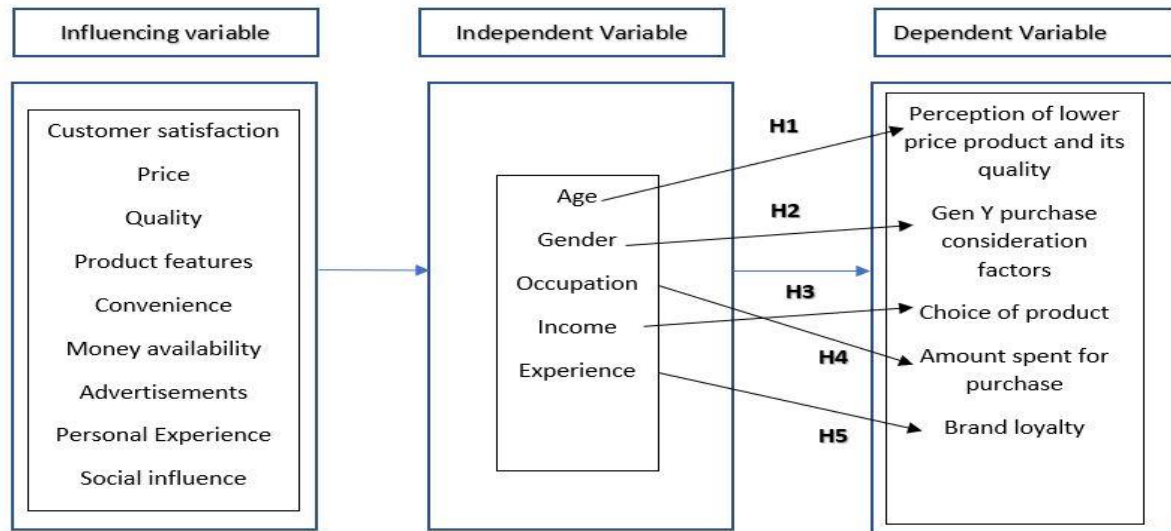


Figure 1: Theoretical Framework

**2.4 Demographic Table**

Table 1: Demographic characteristics of respondents

S. No	Characteristics	Category	Total	Percentage
1.	Age	22-25	140	69.7
2.		26-28	25	12.5
3.		29-31	16	8
4.		32-34	16	8
5.		35-38	4	2
6.	Occupation	Student	70	34.8
7.		Business	16	8
8.		Working Professionals	80	39.8
9.		Home maker	13	6.5
10.		Social Worker	2	1
11.		Unemployed	20	10
12.	Education	10 <sup>th</sup>	5	2.5
13.		12 <sup>th</sup>	10	5
14.		Diploma	15	7.5
15.		UG Student	92	45.8
16.		PG Student	79	39.3
17.		Below 10000	22	10.9

18.	Income	10000-20000	27	13.4
19.		20000-30000	36	17.9
20.		30000-50000	24	11.9
21.		Above 50000	21	10
22.		None	71	35.3
23.	Gender	Male	93	46.3
24.		Female	108	53.7

## 2.5 Research Hypothesis

H1: Perceptions of generation Y consumers has significant relation on low price product and its quality.

H2: Age of Generation Y consumers has significant relation with several factors.

H3: Education level of Gen Y has significant relation on selection of lower price product.

H4: Occupation of Gen Y has significant relation with the amount spend for purchasing.

H5: Experience of Gen Y consumers has significant relation with Brand loyalty

## 3. ANALYSIS

### 3.1 Statistical software

SPSS predictive analytics software, you can predict with confidence what will happen next so that you can make smarter decisions, solve problems and improve outcomes. The software name originally stood for Statistical Package for the Social Sciences (SPSS), reflecting the original market, although the software is now popular in other fields as well, including the health sciences and marketing.

### 3.2 Descriptive Statistics

The shopping behavior and consumer behavior at the current time period alone is studied. descriptive studies are used to describe various aspects of the phenomenon. In its popular format, descriptive research is used to describe characteristics and/or behavior of sample population. An important characteristic of descriptive research relates to the fact that while descriptive research can employ a number of variables, only one variable is required to conduct a descriptive study. Three main purposes of descriptive studies can be explained as describing, explaining and validating research findings. It describes characteristics of object, people, groups, organization or environment. It tries to paint a picture of given situation. It addresses who, what, why, when, where and how question. It helps to describe market segment. Accuracy is critically important in descriptive research.

### 3.3 Statistical tests

1. Chi square

2. ANOVA

#### H1: Chi Square Test

A statistical package for social science (SPSS) tool was used for analysis of data. Chi-square test was employed for analyzing the relationship between Consumer's age and their perceptions on lower price product.

Table 2: H1-Chi square

Statistics	Value	Asymp.Sig.(2 tailed)
Pearson Chi-Square	20.53	.001
Likelihood Ratio	21.09	.000
N of Valid cases	200	

Here the value  $0.01 < 0.05$ , There is a significant relationship between Gen Y- Age consumers and their perceptions on lower price product and its quality.

#### H2: One-way ANOVA

ANOVA was used to understand the variance with respect to the factors which influence the shopping behavior of the consumers. Dependent variables – brand, convenience, package look, past experience, advertisement, product quality and lower price and Independent variable – Age of Generation Y buyers.

Table 3: H2-ANOVA TEST

Parameters		Mean square	F	Sig
Brand	Between groups	20.10	3.90	0.078
	Within groups	5.67		
	Total			
Convenience	Between groups	1.48	4.59	0.664
	Within groups	2.46		
	Total			

Package design	Between groups	9.84	2.68	0.033
	Within groups	3.67		
	Total			
Past experience	Between groups	10.79	3.32	0.012
	Within groups	3.25		
	Total			
Advertisements	Between groups	17.54	2.72	0.001
	Within groups	3.82		
	Total			
Product quality	Between groups	10.79	2.18	0.012
	Within groups	3.25		
	Total			
Lower price range	Between groups	10.53	3.21	0.002
	Within groups	2.30		
	Total			

The freedom in this case the F value to be considered comes under the purview of analysis. The f value of 3.62 is degree of freedom that is considered in this case. The value for convenience was  $3.90 > 3.62$ , there is no significant relationship between Brand and Gen Y- Age consumers.  $4.59 > 3.62$ , this shows there is no significant relationship between Convenience and Gen Y- Age consumers.  $H_1 - 0.033 < 0.05$ ,  $0.001 < 0.05$ ,  $H_1 - 0.012 < 0.05$ ,  $H_1 - 0.02 < 0.05$ , this shows there is a significant relationship between Gen Y- Age consumers and package look, Past experience, product quality and lower price range.

### H3: Chi square test

A statistical package for social science (SPSS) tool was used for analysis of data. Chi-square test was employed for analyzing the relationship between Consumer's income and their selection of the product.

#### Product 1- Honey

P1- Rs. 135/-

P2- Rs. 199/-

Table 4: H3-Chi Square-Honey

Statistics	Value	Asymp.Sig.(2 tailed)
Pearson Chi-Square	13.80	0.017
Likelihood Ratio	13.32	0.021
N of Valid cases	200	

**H1:  $0.017 < 0.05$** , There is a significant relationship between income and selection of Honey brand based on price.

#### Product 2 – Basmati Rice

P1- Rs.158/- per Kg

P2- Rs.205/- per Kg

Table 5: H1-Chi Square-Basmati Rice

Statistics	Value	Asymp.Sig.(2 tailed)
Pearson Chi-Square	11.03	0.047
Likelihood Ratio	11.92	0.036
N of Valid cases	200	

**H0:  $0.047 < 0.05$** , There is a significant relationship between income and selection of Basmati rice based on price.

#### Product 3 – Cooking Oil

P1-Rs.116/- per liter

P2- Rs. 124/- per liter

P3- Rs.155/-per liter

Table 6: H1-Chi Square- Cooking oil

Statistics	Value	Asymp.Sig.(2 tailed)
Pearson Chi-Square	13.16	0.022
Likelihood Ratio	14.52	0.013
N of Valid cases	200	

**H1:  $0.022 < 0.05$** , There is a significant relationship between income and selection of cooking oil based on price.

#### Product 4 – Ghee

P1- Rs. 562 per liter

P2- Rs. 620 per liter

Table 7: H1-Chi Square-Ghee

Statistics	Value	Asymp.Sig.(2 tailed)
Pearson Chi-Square	13.39	0.020

Likelihood Ratio	13.89	0.016
N of Valid cases	200	

**H1:  $0.020 < 0.05$** , There is a significant relationship between income and selection of Ghee based on price.

**Product 5 – Noodles**

P1- Rs.12 per packet

P2- Rs. 10 per packet

Table 8: H1-Chi Square-Noodles

Statistics	Value	Asymp.Sig.(2 tailed)
Pearson Chi-Square	9.17	0.103
Likelihood Ratio	8.91	0.113
N of Valid cases	200	

**H0:  $0.103 > 0.05$** , There is no significant relationship between income of a consumer and selection of noodles based on price.

**H4: Chi square test**

A statistical package for social science (SPSS) tool was used for analysis of data. Chi-square test was employed for analyzing the relationship between Consumer's occupation and amount spent for purchasing the products.

Table 9: H4-Chi square

Statistics	Value	Asymp.Sig.(2 tailed)
Chi-Square	33.42	0.030
Likelihood Ratio	38.43	0.008
N of Valid cases	200	

**H1:  $0.030 < 0.05$** , There is significant relationship between occupation of a consumer and amount spent every month for purchasing.

**H5: Chi square test**

A statistical package for social science (SPSS) tool was used for analysis of data. Chi-square test was employed for analyzing the relationship between Consumer's experience and brand loyalty.

Table 10: H5-Chi square

Statistics	Value	Asymp.Sig.(2 tailed)
Pearson Chi-Square	4.94	0.176
Likelihood Ratio	5.14	0.162
N of Valid cases	200	

**H0:  $0.176 > 0.05$** , There is no significant relationship between consumer's experience and brand loyalty.

#### 4. RESULTS AND DISCUSSION

A statistical package for social science (SPSS) tool was used for analysis of data. For Hypothesis 1, Chi-square test was employed for analyzing the relationship between Consumer's age and their perceptions on lower price product. result value is 0.01, which is lesser than 0.05, This shows there is a significant relationship between Gen Y- Age consumers and their perceptions on lower price product and its quality. For Hypothesis 2, ANOVA is used to understand the variance with respect to the factors which influence the shopping behavior of the consumers. Dependent variables – brand, convenience, package look, past experience, advertisement, product quality and lower price and Independent variable – Age of Generation Y buyers. The freedom in this case the F value to be considered comes under the purview of analysis. The f value of 3.62 is degree of freedom that is considered in this case. The value for convenience was  $3.90 > 3.62$ , this shows there is no significant relationship between Brand and Gen Y- Age consumers.  $4.59 > 3.62$ , this shows there is no significant relationship between Convenience and Gen Y- Age consumers.  $H1-0.033 < 0.05$ ,  $0.001 < 0.05$ ,  $H1-0.012 < 0.05$ ,  $H1-0.02 < 0.05$ , this shows there is a significant relationship between Gen Y- Age consumers and package look, Past experience, product quality and lower price range. For Hypothesis 3, Chi-square test was employed for analyzing the relationship between Consumer's income and their selection of the product. There are 5 major products, Honey, Basmati rice, Cooking oil, Ghee and Noodles. For Honey,  $0.017 < 0.05$ , This shows there is a significant relationship between income and selection of Honey brand based on price. For Basmati Rice,  $0.047 < 0.05$ , This shows there is a significant relationship between income and selection of Basmati rice based on price. For Cooking Oil,  $0.022 < 0.05$ , This shows there is a significant relationship between income and selection of cooking oil based on price. For Ghee,  $0.020 < 0.05$ , This shows there is a significant relationship between income and selection of Ghee based on price. And finally, for Noodles,  $0.103 > 0.05$ , This shows there is no significant relationship between income of a consumer and selection of noodles based on price. For Hypothesis 4, Chi-square test was employed for analyzing the relationship between Consumer's occupation and amount spent for purchasing the products. The result value is  $0.030 < 0.05$ , This shows there is significant relationship between occupation of a consumer and amount spent every month for purchasing. For Hypothesis 5, Chi-square test was employed for analyzing the relationship between Consumer's experience and brand loyalty. The result value is  $0.176 > 0.05$ , This means there is no significant relationship between consumer's experience and brand loyalty.



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