

## **Effect of perceived Price, Brand Image, perceived Quality and Trust on Consumer's buying Preferences**

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### **Abstract**

The study investigates the effect of factors such as perceived price, brand image, perceived quality and trust on consumers' evaluative judgments for beautification products. Results showed that brand image has positive and significant impact on consumer trust. Increase in perceived quality and trust depicted increase in a particular brand preference. Decrease in perceived price showed significant and positive impact on brand preference. This study measured the effect of brand image, price, quality and consumer trust information on how individuals subjectively evaluate a brand.

**Keywords:** brand image, brand preference, perceived price, perceived quality

### **Introduction**

Beautification products are those that clean and perfume the body, change appearance, correct body odor, protect skin and give us a feeling of freshness and neatness (Chidambaram & Devi, 2000). Such products are more important for women. In Pakistan, majority of the cosmetics and beauty products are used by women. The commonly used beautification products in Pakistan are: fairness cream, talcum powder, body lotion, lip liner, shampoo, lipstick, face wash, eyeliner, perfume, hair removing cream, conditioners and so on. Some beautification

products are used daily and some occasionally. These products were used in earlier times as well and our literature is full of the consciousness of the earlier princesses in particular and women in general for using natural ways to increase beauty. Today's varied cosmetics are the result of scientific processing of natural items.

There are two possible ways for consumers to use brand image in their product evaluation. In the first, rational way, brand image is a construct that consumer use to simplify their product knowledge about a specific brand (Meenaghan, 1995). Thus, consumers will often refer to brand image prior to their product attitude formation process. In the second, emotional way, consumers are assumed to seek a match between their self-concept and brand image (Heath & Scott, 1998). Perceived value is the perceived utility relative to its monetary and non-monetary costs, assessed by the consumer and based on simultaneous considerations of what is received and what is given up to received it (Ladebo, 2006). Clearly, quality of product/service is a logical driver of perceived value. In instances where the core of what the e-vendor offers to the customers is a digitized product/service (e.g., online banking, content aggregators and online stock trading), there is no tangible product and, as such, it is difficult for consumers to differentiate product quality, service quality, and Web site quality. The main effects of price appear to be more clearly associated with quality perception of a brand. Perceived price is a good proxy variable for perceived quality. Price conveys information to the consumer about product quality (Erikson & Johansson, 1985). The importance of price as a function of perceived quality has been extensively studied more than any other factors in this sphere (Dodds et al., 1991; Swan, 1974; Wheatley & Chiu, 1977; Zeithaml, 1988). Quality is the best indicator of the product's durability, reliability, precision and other valued attributes. It provides added value and constructive perception on a brand to affect consumers' brand evaluation. The high quality perception often depends on consumers' distinct liking and beliefs toward the brand. Thus, a brand may contain quality attributes but it may not satisfy consumers' preference if it does not fit with their perceptions and beliefs of high quality. Typically, consumers recognize the quality levels of different brands through categorical information as well as experience with the brand and they form positive or negative perceptions about the quality of a specific brand. When consumers are convinced with quality of a brand, they evaluate a brand positively. Recent research has focused on the

antecedent of the country-of-origin effect (Hung, 1989; Roth & Romeo, 1992) and assessing the relative importance of country of origin as one of many possible cues (Thorelli). The perceived quality construct has received considerable attention in the marketing literature (Chowdhury & Islam, 2003; Holbrook & Corfman, 1985; Jacobson & Aaker, 1987; Olshavsky, 1985). Quality is the ability of a product to satisfy a consumer's needs and requirements (McCarthy & William, 1991). Perceived quality can be defined as the perception of a consumer about the overall excellence and superiority of a brand, which is directly related to his/her satisfaction.

### **Literature Review**

Brand image can be positive, as well as negative. On the basis of the characteristics which the consumer associates with the brand, a competitive advantage for a brand can be build. People can form images about many different entities, such as products, brands and organizations. Images help individuals to think about an entity and will influence their subsequent actions towards the object (Dowling 1994). There are two aspects of customers' brand evaluations that have often been examined in the literature. They are trust in the brand and feelings or affect elicited by the brand (Chaudhuri and Holbrook 2001). Brand trust is defined as the willingness of the average consumer to rely on the ability of the brand to perform its stated function. Brand affect is defined as a brand's potential to elicit a positive emotional response in the average consumer as a result of its use. (Lim, & Jongsuk, 1989; Tse & Gorn, 1993)

Brand image inhibits the learning of other attribute information too. Moreover, it provides specific information about product quality, reputation, performance, credibility, prestige and so on, about a brand. Hence, high image brands have significant and dominating influence in evaluating a brand. A well-known brand also reduces the consumers' risk perception and increases positive evaluation towards the brand. Sometimes, brand image is used as a symbol of social status and it forces the consumer to own that brand.

Honesty is the belief that a partner stands by his word, while benevolence is the belief that the partner is interested in the customer's welfare and will not take actions with negative impact on the customer (Afsar Bilal, 2010).

Chaudhuri and Holbrook (2002) define brand trust as the customer's willingness to rely on the ability of the brand to perform its stated function. Trust causes dedication because it reduces the costs of negotiating agreements (Bendapudi and Berry, 1997) and lessens customers' fear of opportunistic behavior by the service provider (Bendapudi and Berry, 1997). In social psychology, trust is considered to consist of two elements: trust in the partner's honesty and trust in the partner's benevolence (Zineldin, 2006). Price plays a pivotal role in a consumer's choice of brand. Many consumers organize their products category knowledge in terms of the price bands of different products (Keller, 1998).

According to a study named "The Dual Role of Price in Consumer's Value Judgments" by Manoj Thomas, Vicki G., Leonard M. Lodish; first, as a product attribute, price affects the perceived similarity of the target product to the mental prototype of a higher or lower quality product. For a brand, different consumers hold different perception vis-à-vis brand quality. A brand might be coded as "high quality" by some consumers, and "medium quality" or "low quality" by others. Again, product quality perceptions are also varied based on the product class.

According to Pennanen and Luomala (2004), consumers prefer those brands and products which have high quality and brand image. Brand image creates trust among consumers for the products as well as services. In case of beauty products, most often it is the brand which ultimately decides the course of action for the consumers. In Pakistan, beauty products are mostly used by women. A large number of women in Pakistan choose brands on the basis of price. Price is quite an important factor which influences the decision and purchasing patterns of the consumers. The researches showed that increase in price decrease preference for a particular brand. Quality of a beauty product also describes the results that consumers expect by using a particular product. There are so many brands in Pakistan. Some are local, and majorities are foreign. Though there are so many other factors which also influence a consumer while deciding about using a brand, but the factors mentioned are the most pivotal and are supported heavily by the literature. Image of a brand is the perception and expectations from a product or service (Liebermann and Stashevsky, 2002). Since we are discussing about products which relate more to women, brand image and recognition are mostly related to females. As females attach

emotions to buying decisions and loyalty for them is relationship management and retention in the longer run. They commit to brands, make them focused on a brand and if satisfied advertises it through positive word of mouth. They convince others to use that particular brand. Now as it is a matter of beauty and females usually do not compromise about it, they consider quality as an imperative determinant. Quality is the combination of expected result and actual results. How much satisfaction after using a product depends on quality? If consumers become beautiful, they stick to a brand. So the expectations of consumers and the actual targets define the quality. (Brown and Dacin, 1997; Sen and Bhattacharya, 2001). The Corporations strategize their market share on the basis of sustained competitive advantage and distinctive competence. The brands with qualities that can not be imitated easily by the competitors are successful and earn more profits. Bredahl et al. (1998) demonstrate that expected and experienced quality diverge widely and are not closely related to objective characteristics. It is therefore clear that the understanding of the relationships between expected and organoleptic characteristics through intrinsic quality cues is the key to a better understanding of how consumers form expectations.

Perceived brand image (i.e., higher brand image perception) is associated with more favorable evaluations toward a beautification item. Perceived price (higher vs. lower) has a direct positive effect on the evaluation of a beautification item. High quality perceptions toward a brand achieve consumers' preferences and satisfactions rapidly. When consumers' perceptions of quality are more favorable, their evaluation of a beautification brand is positive.

Consumers evaluate a brand as unique, prestigious and reliable for its superior quality. If the product is associated with high-perceived quality, the consumers' trust of a brand is increased and thus a brand's preference is also increased. Moreover, consumers use the brand's quality to differentiate a brand from the other brands. Researchers generally have postulated that there are many different ways to differentiate products; superior quality is one of the most effective (Porter, 1980). Consumer trust is defined here as "the expectations held by the consumer that the service provider is dependable and can be relied on to deliver on its promises" (Sirdeshmukh, Singh, & Sabol, 2002, p. 17). Conceptual (Nooteboom *et al.*, 1997) and empirical (Garbarino & Johnson, 1999; Morgan & Hunt, 1994; Tax, Brown, &

Chandrashekar, 1998) studies have pointed to **trust** as a fundamental ingredient for the development of strong and long-term relationships between consumers and organizations.

Trust offers a guarantee as to the consistent and competent performance of the company, assuring that the consumer will continue to gain value from future dealings with the same provider (Sirdeshmukh *et al.*, 2002). In reducing the risk involved in exchanges, trust contributes to giving continuity to the relationship and to creating feelings of loyalty. Thus, the greater the consumer's trust in the company and its employees, the greater the probability of his/her engaging in future dealings and keeping a long-term relationship with it. Likewise, consumers will make comments and recommend companies in which they have a great deal of trust to friends and relatives.

Trust is a central construct in the value chain that leads to consumer commitment toward the firm (Guibert, 1999). Most research works in marketing adopt a bi-dimensional conceptualization of trust: objective *credibility* of the partner groups' competency and honesty attributions whereas *benevolence* attribution corresponds to the good and caring intentions of the partner. Benevolence dimension is not considered here for two reasons: honesty and benevolence are difficult to distinguish (Larzelere and Huston, 1980, p. 596) and the benevolence dimension raises many theoretical, methodological and managerial difficulties (Gurviez and Korchia, 2002).

### **Research Hypotheses and Theoretical Framework**

The hypotheses on the basis of literature are as follows:

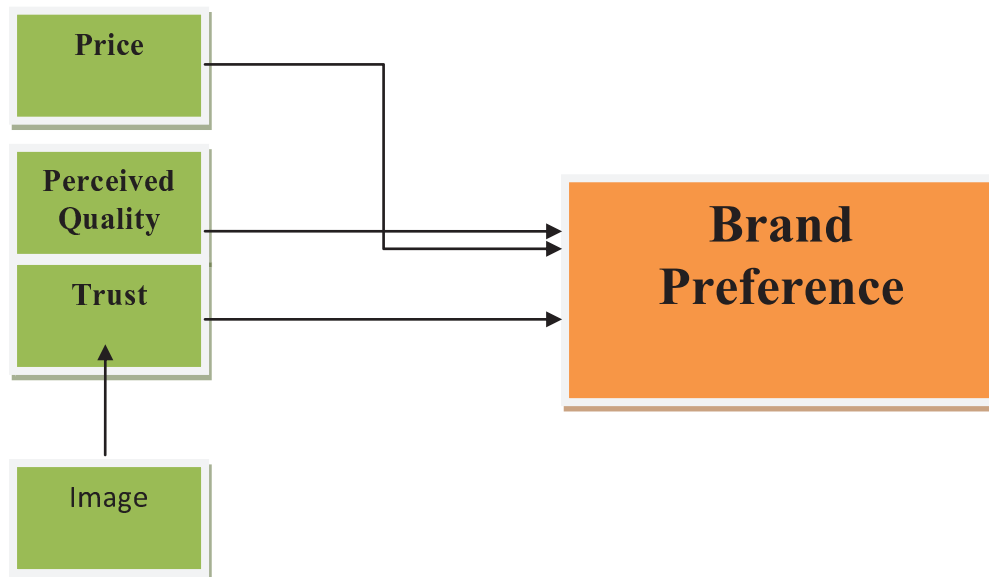
H1: Brand Image influence Consumer Trust.

H2: Perceived Quality influences brand Preference.

H3: Consumer Trust influences Brand Preference.

H4: Perceived Price is negatively associated with Brand Preference.

So, on the basis of the hypotheses developed, the theoretical framework of the study is as follows:



### Methodology

The gathering of data may range from a simple observation at one location to an extravagant survey of multinational corporations at sites in different parts of the world. The method of research can determine how the data are collected. Questionnaires, standardized tests, observational forms, laboratory notes and instrument calibration logs are among the devices used to recover raw data (Cooper and Schindler, 2003). The survey approach was used for this study and a questionnaire was developed which was also validated. The questionnaire was distributed among 450 respondents and response rate was 85%. The above opinions were measured by requesting respondents to indicate, on a five-point Likert-type scales, anchored on "1 = to a very little extent" through "5 = to a very great extent", their agreement or disagreement with a series of statements that characterize the factors for brand preference of beauty products in Pakistan. The questions measuring different variables are as under:

### Brand Image

1. This brand is more advanced than any other brand of this kind.
2. This brand belongs to a socially responsible company.
3. This brand has distinctive competence that no other brand can imitate.

4. It is always comes with unique functions that distinguishes it from the others.
5. It is more concerned about customers.
6. It is a sophisticated brand.

The following table (table no.1) shows the standard deviations and means of the questions which were answered by the customers.

**Tabel no.1.** Brand Image Mean and Std. Deviation Result

	Mean	Std. Deviation
<b>BI1</b>	3.59	.74
<b>BI2</b>	3.47	.79
<b>BI3</b>	3.63	.89
<b>BI4</b>	3.85	.75
<b>BI5</b>	3.92	.71
<b>BI6</b>	3.12	.88

#### **Perceived Price**

1. The price of the product is always very high.
2. The price of the product is always reasonable.
3. The price of the product exceeds my needs and desires.
4. The price of the product is always under priced.
5. The price compared to its quality is always acceptable.

The mean and standard deviation of each question is shown in table nr. 2.

**Tabel no. 2** Perceived Price Mean and Std. Deviation

	Mean	Std. Deviation
<b>PP1</b>	3.78	.95
<b>PP2</b>	3.56	1.15
<b>PP3</b>	3.08	1.10
<b>PP4</b>	3.06	.90
<b>PP5</b>	3.52	.78



### Perceived Quality

1. This product has something new that cannot be found in other products.
2. This product is very friendly to my body.
3. This product is friendly to my skin.
4. This product has improved my personality.
5. This product improves my social status.
6. This product is always a good quality product.
7. I always feel impressed by using this product.
8. This product always does its basic job very consistently.

Table no. 3 shows the mean and the variance of the questions which are answered by the customer.

**Tabel no. 3.** Perceived Quality Mean and Std. Deviation Result

	Mean	Std. Deviation
PQ1	3.74	.78
PQ2	3.25	1.05
PQ3	3.78	.98
PQ4	3.95	.73
PQ5	3.52	1.04
PQ6	2.85	.59
PQ7	2.89	.65
PQ8	2.99	1.04

### Consumer Trust

1. My preference for this brand would not willingly change.
2. It would be difficult to change my beliefs about this brand.
3. Even if close friends recommended another brand, I would not change my preference for this brand.
4. To change my preference from this brand would require major rethinking?

5. I feel secure when I use products of this brand because I know that the brand will never let me down and will never cheat me.
6. The brand provides me with reliable and worthwhile (value for money) products?

These means show the average response of all the respondents for a given question.

**Tabel no. 4.** Trust Mean and Std. Deviation

	Mean	Std. Deviation
CT1	3.45	.87
CT2	4.80	.83
CT3	4.26	.93
CT4	3.56	.93
CT5	4.56	.95
CT6	3.85	.96

#### **Brand Preference**

1. I always keep this brand in my consideration set.
2. This brand always outperforms other brands of this category.
3. This brand has unique features which cannot be found in other brands.
4. My intention to use the products of this brand would not be changed.
5. Would I always use this brand's products?
6. This brand has attractive attributes than other brands.
7. I am impressed by this brand's image.
8. Owning this brand make other people envious.

Table no. 5 shows the mean and standard deviation results.

**Tabel no. 5.** Brand Preference Mean and Standard Deviation Result

	Mean	Std. Deviation
<b>BP1</b>	3.22	.75
<b>BP2</b>	3.45	.80
<b>BP3</b>	4.30	.71
<b>BP6</b>	4.70	.73
<b>BP7</b>	4.27	.80
<b>BP8</b>	3.76	.71
<b>BP9</b>	3.12	.64
<b>BP10</b>	3.50	.85

**Tabel no. 6.** The correlation matrix

	PP	PQ	BI	CT	BP
<b>PP</b>	1.000	.493	.386	.607	-0.45
<b>PQ</b>	.493	1.000	.598	.531	.932
<b>BI</b>	.386	.598	1.000	.712	.347
<b>CT</b>	.607	.531	.712	1.000	.504
<b>BP</b>	-0.45	.932	.347	.504	1.000

The Lagrange-multiplier test was used to determine whether the specification of certain parameters as free rather than fixed would lead to a better represented model of the data. In our case, no parameter was indicated when released to provide a significantly better adjustment in the model. This signifies that the measurement model applied can be considered adequate for both types of services investigated. The goodness-of-fit indices for the model are: NFI = 0.86, NNFI = 0.81, CFI = 0.94 and RMSEA = 0.09, and therefore satisfactory.

Proceeding with the analysis of the measurement model, the convergent validity was supported, basically, by the fact that all the items, without exception, presented high and significant factorial coefficients in the constructs that they were supposed to measure (between 0.70 and 0.95 t-values over Cristiane Pizzutti dos Santos, Daniel Von der Heyde Fernandes). Additionally, there was significant correlation between items associated to the same construct. Therefore, the convergence of measurements, i.e., the existence of a high correlation between the measurements designed to measure the same construct was detected (Churchill, 1999).

Evidence of discriminant validity was found through the correlation levels existing between the constructs. Correlations of over 0.80 would indicate a lack of discriminant validity, i.e., constructs would be measuring the same phenomenon. The highest correlation found was between brand preference and perceived quality of brand (0.932). Closing the discussion of the measurement model, the measurements applied provided satisfactory levels of reliability and extracted variance. Reliability lay between 0.76 and 0.91 (procedural fairness and distributive fairness, respectively). Extracted variance lay between 0.58 and 0.87 (procedural fairness and word-of-mouth communication, respectively). Hypotheses H1 examines the path from brand image to trust. Brand Image ( $\beta = 0.429$ ,  $t\text{-value} = 6.592$ ,  $p < 0.001$ ) had a significant positive effect on Consumer Trust thus supporting H1. About 67 percent of the variance in trust was accounted for by brand image. H2 is also supported by the results as perceived quality ( $\beta = 0.399$ ,  $t\text{-value} = 5.431$ ,  $p < 0.001$ ) also suggested positive influence on Brand Preference and similar result was shown by H3 as Trust ( $\beta = 0.355$ ,  $t\text{-value} = 5.102$ ,  $p < 0.001$ ) had strong affect on Brand evaluation. However H4 showed that perceived price negative value of 0.45 showed a negative relation with brand preference. The result showed that it is the perceived quality which has the strongest influence over brand preference by consumers, in Pakistan.

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