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The Role of Emotion in the Effect of Price Discount for Apparel Products

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**Introduction & Theoretical Framework.** Price promotion is a popular marketing strategy in the apparel industry due to the short product life cycle of fashion products. However, few studies have focused on customers’ perceptions towards price discount in the fashion product context. Such studies are needed to provide research-based information for apparel retailers to develop effective pricing strategies. In pricing literature, a popular model is the price-quality-value (P-Q-V) model (Monroe & Krishnan, 1985). According to this model, price increases both perceived quality and perceived sacrifice. The trade-off between perceived quality and perceived sacrifice impacts perceived value. The P-Q-V model focuses on the momentary effect of price and presumes that consumers only use the cognitive information process to respond to price. According to this model, price promotions are a double-edged sword. Although they increase perceived saving, they lower perceived product quality. However, price discount has an affective effect in addition to the monetary effect (Peine et al., 2009). Price discounts increase consumers’ positive emotions (Honea & Dahl, 2005), and positive emotions would increase consumers’ perceptions of product quality (Clore et al., 2001). Therefore, it is important to understand the role of emotion in the effect of price discount, especially for apparel products, a product category that consumers often use to fulfill their hedonic needs. The current study extends the P-Q-V model to investigate the role of emotion in the influences of price discount on customers’ perceptions of product saving, quality, value, and purchase intention in the fashion product context. In this study, emotion was incorporated as a mediator in the P-Q-V model.

Based on the P-Q-V model and previous research studies, a conceptual model was developed, and four main hypotheses were generated to test the proposed model.

**H1:** A price discount has (a) a positive influence on perceived savings, (b) a negative influence on perceived quality, and (c) a positive influence on emotions.

**H2:** Emotion mediate the relationships between (a) price discount and perceived savings, (b) price discount and perceived quality, and (c) price discount and perceived value. These indirect effects of price discount on the perceptions are all positive.

**H3:** Consumers’ perceived value increases as (a) perceived savings and (b) perceived quality increase.

**H4:** Consumers’ purchase intentions increase as their perceived value increases.

**Method.** We used a between-subject, experimental design with a manipulated factor of price discount (10%, 30%, 50%, and 70%). A pair of jeans was used as the product in the study. A mock online store was developed to show the following information: product picture, product descriptions, original price, randomly assigned price discount, and selling price after the discount. A questionnaire was developed based previous studies to measure the respondents’ perceived savings, perceived quality, emotions, perceived value, and purchase intention on 7-point Likert scales. Structural equation modeling (SEM) was used to analyze the data.
Results. The measurement model was assessed using confirmatory factor analysis. The goodness-of-fit statistics obtained indicated that the measurement model fit the data well: $\chi^2/df = 1.96$, CFI=.98, and RMSEA=.06. The convergent validity and discriminant validity were also confirmed. To test the proposed hypotheses, SEM was conducted with maximum likelihood extraction. The goodness of fit statistics were $\chi^2/df =1.59$, CFI=.98 and RMSEA=.05, indicating that the model fit the data well. These results supported all of the hypotheses proposed. The price discount had a positive influence on perceived savings (H1a: $\beta=.44$, $p<.001$), a negative influence on perceived quality (H1b: $\beta = -.24$, $p<.01$), and a positive influence on emotions (H1c: $\beta=.54$, $p<.001$). There were significant indirect effects of price discount on perceived savings (H2a: $\beta=.30$, $p<.01$) and perceived quality (H2b: $\beta=.28$, $p<.01$) through emotions. The standardized coefficient of the indirect effect of price discount on perceived value through emotions was significant (H2c: $\beta=.10$, $p=.05$), which was calculated as the product of coefficients of the direct effect of price discount on emotions and the direct effect of emotions on perceived value (Shrout & Bolger, 2002). Perceived value was affected positively by perceived savings (H3a: $\beta=.46$, $p<.001$) and perceived quality (H3b: $\beta=.42$, $p<.001$). Furthermore, perceived value had a positive influence on purchase intentions (H4: $\beta=.92$, $p<.001$).

Implications. The results suggest that the P-Q-V model cannot fully explain the effect of price discount on consumers’ perceptions of product quality because it only considers the momentary effect of price. This study offers a new perspective in pricing literature by incorporating emotion to the P-Q-V model and provides insights to better understand how price discount influences consumers’ evaluations of the quality of apparel products. As the P-Q-V model, the results showed that price discount had a negative, direct influence on perceived quality. However, emotion played a significantly positive role as a mediator between price discount and quality evacuation. If the price discount makes consumers feel happy and excited, these emotions facilitate a positive evaluation of the quality of apparel products. The findings suggest that when developing pricing and promotion strategies, retailers should make efforts to create pleasant affective experiences. For example, the timing and presentation of the price discount may play important roles in creating arousal. Further studies are needed to understand the ways of using price discount to create positive emotions.


