

THE ROLE OF EGO-EXPRESSIVE FACTORS IN THE  
CONSUMER'S SATISFACTION WITH PRICE

Robert M. Schindler, University of Chicago

ABSTRACT

Price satisfaction has been a neglected area of consumer satisfaction research. This paper draws a distinction between the utilitarian and ego-expressive consequences of price. Then the paper describes an exploratory study which provides some evidence consistent with the role of ego-expressive factors in determining price satisfaction.

INTRODUCTION

There has been a lot of attention to the factors behind consumer satisfaction with product quality, but there has been very little research on the factors involved in the consumer's satisfaction with a product's price. Price satisfaction is important for at least two reasons. First, it is a major component of general satisfaction, especially in the more expensive product categories. For example, a good new car salesperson knows that it is virtually impossible to create a satisfied customer without having that customer leave with the feeling that he or she has received a good price.

Second, the anticipation of price satisfaction feelings may increase the likelihood that the consumer makes the purchase at all. If this is so, then understanding the factors causing satisfaction with price can be applied to guiding the marketing manager's use of price to increase sales. In particular, price promotions may be an especially effective way to use the anticipation of price satisfaction to influence the consumer's decision process.

EGO-EXPRESSIVE VS. UTILITARIAN CONSEQUENCES OF PRICE

The price a consumer pays for an item can have two general types of consequences. The utilitarian consequences of a price concerns the value of the money itself. More precisely, utilitarian consequences involve the utility of the alternative items which could be acquired for the money which was spent. If the purchase price is a discount price, then one utilitarian consequence of the price is the utility of the items which could be purchased with the savings. The ego-expressive consequences of a price concern the effects that paying a price has on the consumer's self-concept. For example, paying a price which a consumer perceives as a large discount may give the consumer a feeling of pride and lead him or her to feel like a "smart-shopper." On the other hand, paying more than the going rate for an item may make a consumer feel dumb, like a "sucker."

It seems quite plausible that each of these two types of price consequences would be factors influencing the consumer's satisfaction with price. However, most considerations of price focus on the utilitarian consequences alone. For example, the standard economic theory of the consumer views the individual as trying to allocate expenditures so as to maximize the marginal utilities of the portfolio of items purchased (e.g., McGowan 1978, p. 52). Even the recent work on framing and the consumer's use of reference prices (Thaler 1983; 1985) does not, in itself, provide evidence for any factors other than

those connected with utilitarian consequences. Thaler's "transaction utility" is defined as simply the value of paying a certain price given the existence of a reference price. This value could be due to the consumer anticipating the utility of what can be purchased with the perceived savings or what must be forgone due to the perceived over-payment. Or, the transaction utility could result from the reference price causing the inference that the item being considered is of better quality, and thus will result in higher utility (Monroe & Chapman 1987).

The issue then, is whether the ego-expressive consequences of a price play a significant role in the consumer's satisfaction with the price or whether price satisfaction is due to utilitarian consequences alone. Certainly, casual observation suggests that ego-expressive consequences are important. Many people appear to enjoy telling us about the low prices they were able to find. And retailers have often noticed that the excitement generated by a price promotion seems to far exceed anything which would be caused by simply lowering the price (e.g., K-mart's "blue light specials," Guiles 1987).

Recently, there has been some discussion in the academic literature of the role of ego-expressive factors in choice. Kahneman and Tversky (1982) and Shefrin and Statman (1984) argue that when actions are considered under conditions where the individual feels responsibility for the outcome, the anticipation of regret may influence the decision process and discourage the decision. When the individual does not feel responsible for the outcome, then regret or other ego-expressive emotions, will not be a factor in the decision process.

There has also been some empirical work concerning the ego-expressive aspect of price. Schimp and Kavas (1984) surveyed consumers and found that "feelings of being a thrifty and smart shopper as a result of using coupons" was seen as a salient consequence of coupon use. Schindler (1987) developed a game which simulated supermarket shopping. He found that consumer's were more likely to choose a brand when it was couponed than the same brand at the equivalent low price. Further, this effect persisted even when the informational aspects of the coupon were added to the low price. The effect disappeared only in the condition where it was necessary to take some action to get the equivalent low price. Since taking an action enhances the sense of responsibility, these results suggest that the resulting pride or other ego-expressive consequence was playing a role in the shopper's response to this laboratory version of a price promotion.

AN EXPLORATORY STUDY

The goal of this study was to determine if the reported levels of satisfaction with the prices of real purchases are consistent with the ego-expressive consequences of price being a factor in causing the satisfaction.

The logic of the study was as follows. A group of consumers were asked to focus on their most recent substantial purchase and rate their satisfaction with the price they paid. They then were asked to report

the price they paid and their reference price for the item. It was expected that the difference between the reference price and the price paid would be strongly related to price satisfaction, perceived discounts leading to greater price satisfaction and perceived over-payments leading to lower levels of price satisfaction. However, this was not the main hypothesis of the study, because this relation could be due entirely to utilitarian factors.

Sometimes a price is paid under conditions which lead the consumer to feel responsible for the price and other times a price is paid under conditions which lead the consumer to not feel responsible for the price. The degree to which the consumer felt responsible for the price was measured by having the consumer rate the importance of a series of statements expressing either internal causes (i.e., causes having to do with the self) and external causes (i.e., causes which are external to the self) for having paid that particular price. The measure of perceived responsibility constructed from these statements should strongly affect the ego-expressive consequences of the price but should not, in itself, affect the utilitarian consequences. If the measure of perceived responsibility is related to price satisfaction, even after the variation due to utilitarian factors (difference between reference price and price paid) has been removed, then the study will have provided evidence consistent with the role of ego-expressive factors in causing price satisfaction.

Thus, the main hypothesis of this study that there will be a linear relation between the consumer's perceived responsibility for a price and the degree of price satisfaction, even after the variation due to the difference between the reference price and the price paid has been removed.

## METHODS

### Questionnaire.

An eight-page questionnaire was developed from a series of depth interviews with consumers. The first page asked the respondent to "think of your most recent purchase of a single item which cost over \$20," and explained that all further questions would concern that item. The second page included questions about the consumer's satisfaction with price and quality of that item. The questions which directly asked the respondents' satisfaction with price and quality used Westbrook's (1980) Delighted-Terrible scale. Satisfaction was also assessed by questions using two less direct measures of satisfaction: (1) Telling other people about the quality or price of the purchase, and (2) likelihood of future purchases of that brand and at that store. The wording of these satisfaction questions can be seen in Appendix 1.

Following these questions were three price measurement questions: The first asked the price paid, the second asked for the reference price ("the price that most stores usually charge for this item"), and the third asked the respondent how surprised she was at the price the store charged. The wording of these questions can be seen in Appendix 2.

Next were 28 statements, each of which expressed a possible reason why the respondent may have paid the price which she reported paying. The respondents rated each of the 28 statements on a scale with four points ranging from "not an important reason" to "very important reason." Fourteen of the 28 statements expressed internal reasons for a price (all of these began with the pronoun "I") and fourteen ex-

pressed external reasons. Half of each set of 14 statements were possible reasons for receiving a discount, and the other half of each set were possible reasons for paying a price which was the same as or higher than the reference price (a "nondiscount"). Each of the resulting seven-item groups can be considered a separate scale. Appendix 3 contains the 28 statements grouped by each of these four scales.

The questionnaire concluded with five questions concerning the respondent's personality and seven questions on demographics.

### Respondents.

The questionnaires were administered to the members of women's groups of churches in middle-income Chicago suburbs. One hundred and fifteen women were given the questionnaire. However, five respondents had to be discarded for failing to follow instructions, thus yielding a sample size of 111. The modal responses to the demographic questions are as follows: 43% were 35-54 years old, 67% had attended or completed college, 50% were full-time homemakers, 85% were married, 53% had one or more children under 18 living at home, 82% lived in a house they owned, and 53% indicated a household income of \$20,000-\$40,000.

### Procedure.

The questionnaires were administered to the respondents in groups of 17-49 women. The researcher introduced the study as concerning "recent purchases" and then read the initial instructions out loud. The researcher also answered individual questions when they arose. After each of the respondents had completed her questionnaire, the purpose of the study was explained to the group.

## RESULTS

### Relation Between Reference Price and Price Paid.

The first analysis performed on these data was to compute the correlation coefficient between the difference between the reference price and the price paid and the direct question concerning the respondent's satisfaction with the price paid. It turned out that there was no statistically significant correlation between these two quantities ( $r[109] = .08, p > .20$ ). However, if the simple difference between the reference price and the price paid is transformed into the percent difference from the reference price, then the correlation with price satisfaction becomes quite pronounced ( $r[109] = .49, p < .001$ ). The greater the perceived discount (or smaller the perceived over-payment), the greater was the rated satisfaction with the price paid.

Although this correlation does not bear on the role of ego-expressive factors in price satisfaction, it can be considered a check on the sensitivity of the measures. In other words, it would certainly have been disturbing if this correlation had not been obtained. Also, the finding that price satisfaction was strongly related to the percent difference between the price paid and the reference price supports the often-proposed idea (e.g., Monroe & Petroshius 1981) that the consumer's sensitivity to a price difference of a given size decreases as the price level of the product increases (analogous to the Weber-Fechner law of psychophysics).

### Effect of Perceived Responsibility on Price Satisfaction.

Before the perceived responsibility scale was constructed, the reliability of each of the four component scales was computed. Coefficient alpha for

the seven statements of the internal-discount scale was .73; for the external-discount scale it was .36; for the internal-nondiscount scale it was .43; for the external-nondiscount scale it was -.74. This analysis indicates that the internal-discount scale had satisfactory internal consistency, but that the seven items in each of the other three scales may not have all been measuring the same quantity.

A second check on the quality of the 28 responsibility statements was to determine whether they can reveal in the present data the well-documented tendency for people to judge successes as due to internal causes and failures as due to external causes (Bradley 1978, Zuckerman 1979). A two-way analysis of variance was performed on the responsibility ratings with scale (internal vs. external) as a within-subjects factor and perceived discount (discount vs. non-discount) as a between-subjects factor. The interaction between these two variables was highly significant ( $F[1,108] = 31.13, p < .001$ ). Planned contrasts indicated that the respondents rated their "successes," the perceived discounts, as being due more to internal factors than to external factors ( $F[1,108] = 112.08, p < .001$ ), but there was a tendency (albeit a nonsignificant one) to rate their "failures," the nondiscounts, as being more due to external than internal factors ( $F[1,108], p < 1$ ). While these results seem to constitute only a partial validation of the statements, it is a little better than that; a review of research has found that people's tendency to take credit for successes is more pronounced than their tendency to deny responsibility for failures (Miller & Ross 1975).

The perceived responsibility scale was constructed by subtracting the score on the external scale from the score on the internal scale for the respondents who perceived a discount and subtracting the score on the internal scale from the score on the external scale for the respondents who reported paying as much as or more than the reference price. Thus, the score on the perceived responsibility scale can be interpreted as the degree to which the respondent's perception of responsibility for the price should enhance her satisfaction with the price paid. And, indeed, there was a positive correlation between perceived responsibility and price satisfaction ( $r[108] = .26, p < .005$ ). However, this correlation alone is not evidence for the role of ego-expressive factors in price satisfaction; it could be simply a result of the correlation between perceived responsibility and percent perceived discount ( $r[108] = .24, p < .01$ ). It is, rather, the partial correlation of perceived responsibility and price satisfaction with percent perceived discount controlled (partial  $r[107] = -.17, p < .05$ ) which provides support for the main hypothesis of this study. Perceived responsibility does seem to account for variation in price satisfaction even after the variation due to the relation of the price paid to the reference price has been taken into account.

#### Measurement Issues.

The concepts this study was designed to investigate have not been extensively studied in the past, and thus there are no well-developed procedures for measuring them. The limitations of the responsibility scale used in this study have already been mentioned. There is also a question of the best way to measure price satisfaction itself. The direct question, using the Delighted-Terrible scale, was used as the measure of price satisfaction in all of the above analyses. However, the respondents were also asked how many people they told about the price they paid in order to investigate the possibility that this measure of price satisfaction may be one which is more

sensitive to ego-expressive factors. It turned out that this measure was not only poorly correlated with the direct measure of price satisfaction ( $r[108] = .16, p < .20$ ), but was also weakly correlate with perceived responsibility ( $r[108] = .14, p < .10$ ). These results indicate that the number of people told about the price paid may not be a sensitive measure of satisfaction with price. But they do point to an interesting area for future research: What are the important factors behind "price word of mouth?"

Price satisfaction could also be measured by the respondent's likelihood of purchasing again at that store or her likelihood of repurchasing that brand. While these measures showed moderately strong correlations with the direct measure of price satisfaction ( $r[106] = .40, p < .001$  and  $r[106] = .29, p < .001$  respectively), these correlations may have been due to the fact that there was also a moderately strong correlation between the direct measure of price satisfaction and the direct measure of quality satisfaction ( $r[109] = .38, p < .001$ ). In fact, if the respondent's satisfaction with the purchased item's quality is partialled out, the correlations between price satisfaction and likelihood of purchasing again at that store and likelihood of repurchasing that brand do decrease considerably, though not entirely (partial  $r[105] = .30, p < .001$  and partial  $r[105] = .15, p < .10$  respectively).

There is also some question about how reference price should be measured. The measure used in this study, "the price that most stores usually charge for this item," produced a high correlation with price satisfaction. Would it have been equivalent to have measured reference price by asking the respondent the price she had expected to pay? Since the respondents in this study were also asked how surprised they were by the price the store was charging, it is possible to get a tentative look at what might be the relation between the usual-price measure of reference price used in this study and an expected-price measure. Considering only the purchases where the respondent reported paying less than the reference price (interestingly, this constituted 83 out of 111 respondents, or 75%), the percent below reference price was correlated with price satisfaction even when expectations (i.e., degree of surprise) were controlled (partial  $r[80] = .26, p < .01$ ). But also, surprise had a positive effect on price satisfaction when percent below reference price was controlled (partial  $r[80] = .24, p < .02$ ). This indicates that "usual price" may not be the same thing as "expected price" (e.g., many consumers may expect to pay less than the usual price), and suggests that further research into the psychological nature of reference prices would be quite interesting.

#### CONCLUSIONS

This study provides evidence that consumers feel better about the price they pay for an item to the extent that they perceive that price as being favorable related to a reference price. Further, they feel even better about the price if they perceive themselves as being responsible for paying less than the reference price and not responsible for paying the same as or more than the reference price.

This latter result clearly supports the role of ego-expressive factors in price satisfaction. However, given the non-experimental nature of this study, this result does not prove that perceived responsibility is itself a causal factor in price satisfaction. The correlational evidence presented here is merely consistent with that hypothesis and

suggest that further, more definitive research on the role of ego-expressive factors in price satisfaction is warranted.

This study also constitutes a first attempt at the difficult task of developing procedures for measuring price satisfaction, reference price, and perceived responsibility for the price paid. The measures used in this study for each of these quantities were quite limited. However, the fact that this study produced some support for the role of ego-expressive factors in price satisfaction despite the crudeness of these measures suggests that the effect may be quite robust. Furthermore, this first attempt at measuring these quantities points to some interesting new research directions, some of which may have implications far beyond their value in facilitating research on the role of ego-expressive factors in the consumer's satisfaction with price.

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APPENDIX 1

Satisfaction Measurement Questions

1. How do you feel about the quality of this product? I feel:

|                 |                |                                      |   |                                   |                |                  |
|-----------------|----------------|--------------------------------------|---|-----------------------------------|----------------|------------------|
| <u>Terrible</u> | <u>Unhappy</u> | <u>Mostly<br/>dissat-<br/>isfied</u> | <u>Mixed<br/>(About<br/>equally<br/>satisfied &amp;<br/>dissatisfied)</u> | <u>Mostly<br/>satis-<br/>fied</u> | <u>Pleased</u> | <u>Delighted</u> |
|-----------------|----------------|--------------------------------------|---|-----------------------------------|----------------|------------------|

2. How do you feel about the price you paid for this product? I feel:

|                 |                |                                      |   |                                   |                |                  |
|-----------------|----------------|--------------------------------------|---|-----------------------------------|----------------|------------------|
| <u>Terrible</u> | <u>Unhappy</u> | <u>Mostly<br/>dissat-<br/>isfied</u> | <u>Mixed<br/>(About<br/>equally<br/>satisfied &amp;<br/>dissatisfied)</u> | <u>Mostly<br/>satis-<br/>fied</u> | <u>Pleased</u> | <u>Delighted</u> |
|-----------------|----------------|--------------------------------------|---|-----------------------------------|----------------|------------------|

3. (a) Did you tell anyone about the quality or features of this item? \_\_\_\_\_

(b) If so, how many people did you tell? \_\_\_\_\_

4. (a) Did you tell anyone about the price you paid of this item? \_\_\_\_\_

(b) If so, how many people did you tell? \_\_\_\_\_

5. (a) If you were going to buy an item like this again, would you go to the same store?

|                           |                         |                           |                             |
|---------------------------|-------------------------|---------------------------|-----------------------------|
| <u>Definitely<br/>not</u> | <u>Probably<br/>not</u> | <u>Probably<br/>would</u> | <u>Definitely<br/>would</u> |
|---------------------------|-------------------------|---------------------------|-----------------------------|

(b) If you were going to buy an item like this again, would you buy this brand again?

|                           |                         |                           |                             |
|---------------------------|-------------------------|---------------------------|-----------------------------|
| <u>Definitely<br/>not</u> | <u>Probably<br/>not</u> | <u>Probably<br/>would</u> | <u>Definitely<br/>would</u> |
|---------------------------|-------------------------|---------------------------|-----------------------------|

APPENDIX 2

Price Measurement Questions

1. How much did you pay for this item? (as exactly as you can remember)

\_\_\_\_\_

2. Please give your estimate of the price that most stores usually charge for this item.

\_\_\_\_\_

3. Were you surprised by the price the store charged for this item?

|                          |                             |                            |
|--------------------------|-----------------------------|----------------------------|
| <u>Not<br/>surprised</u> | <u>Mildly<br/>surprised</u> | <u>Quite<br/>surprised</u> |
|--------------------------|-----------------------------|----------------------------|

APPENDIX 3

The 28 Statements Expressing Possible Reasons for the Price Paid

Internal-discount scale

1. I was alert enough to notice it was on sale
2. I knew where to go to get a low price
3. I waited for it to be on sale
4. I looked around a lot and compared prices
5. I watched the ads until I saw it was on sale
6. I knew I should buy it right away because it usually sells for a lot more
7. I negotiated this price with the salesperson

External-discount scale

1. The store wanted to give shoppers a break
2. The item was an end-of-the season clearance
3. The store or salesperson wanted to get me to buy
4. The item was discounted or an odd lot
5. The store bought this item for a low price and passed on the savings
6. The item that I wanted just happened to be on sale
7. Not enough people were buying this item so they had to lower the price

Internal-nondiscount scale

1. I liked it so much I wanted it immediately
2. I didn't feel like shopping around
3. I didn't leave enough time to shop
4. I didn't know how much items like this usually sell for
5. I made an unwise purchase
6. I don't pay much attention to prices
7. I didn't bother to look at sale ads for this product

External-nondiscount scale

1. This store just doesn't give discounts
2. It was necessary to have this item right away
3. Only one store carried this item, so I had to buy it there
4. A person I was shopping with convinced me to buy it right away
5. This particular item was not on sale at the time
6. It was hard for me to travel to those stores which offer discounts
7. This store takes advantage of consumers