

## Effective factors on price acceptance ( in buying social magazine in Iran)

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### Key words

Price acceptance, Price perception, Buying behavior, Consumer value, Magazine

### Abstract

*Consumers' perception of price and their future expectation will influence buying behavior and price acceptance. Considering increasing number of magazines, their prices, and also consumer's wants, this study was aimed to identify effective variables of consumer perceptions that extracted from previous researches.*

*Then we investigated the impact of factors such; demographical characteristics, quality, quantity, advertisings, brand name, credibility, services, discounts, consumer loyalty and time and place upon the price acceptance.*

*At last, we collected necessary information by distributing questionnaire between 120 persons of the population and assessed answer sheets by SPSS software and analytical and statistical methods. Finally, we concluded the results to priority and categorize effective factors in price acceptance and buying social magazines in Tehran.*

## 1. Introduction

The consumer's perceived value of a good or service is the worth that a product or service has in the mind of the consumer. It affects the price that he or she is willing to pay for it. Price is normally an "objective" figure in that price is a certain amount of dollars and cents. Marketers, going by perception, treat price as much as a subjective as an objective measure.

To better understand customer perceived value, you need to know about value proposition. A value proposition is a comparison of the benefits offered by a company's product to its customers relative to the price it asks customers to pay. Companies can generally influence the value proposition in one of two ways. They can use long-term brand building advertising to emphasize key traits of the brand and products. They can also offer a relatively low cost to enhance value. Ultimately, the key is that customers perceive that the product's merits exceedingly justify its price. The paper is organized as follows. First, we review relevant literature on price perception and buying behavior. Next we develop the conceptual link between the two constructs and make predictions.

## 2. Literature review

### 2.1 Magazine

Magazines, periodicals, glossies or serials are publications that are printed with ink on paper, generally published on a regular schedule and contain a variety of content. They are generally financed by advertising, by a purchase price, by pre-paid magazine subscriptions, or all three.[1] At its root the word magazine refers to a collection or storage location. In the case of written publication it is a collection of written articles.

**value**

There is an importance to understand philosophy of value for the business. And as it is of importance should be sensible in advance of wants of the future which means the wants and needs of customers. There is an importance of the degree of that sensibility. It should be difficult. Anxiety about future necessities should be powerful as the passion with which the companies give away before the urgent feelings of the moment. If future satisfaction of want were represented in present valuation, not at their full future value but at only a small fraction probably would be occurred. Then business life must in the end fall to pieces, just as though they were not represented at all. It is evidence that consumers possess the capacity of acting in consideration of future feeling of want, but observation of human nature makes it very obvious that they will act with less energy than when they are under the influence of present feelings. The future wants, whether it comes into the domain of the present, is preceded by a psychical reflection, and this reflection is of a totally different nature from the want itself. It is far finer, more inner side, and, even in the case of purely bodily wants, is always mental. Value change is developing process, which can be accelerated by; technological changes, conflict between existing values, dramatics events, uncovering of other culture's values. [6]

Sheth et al. developed and empirically tested a theory of consumption values, which was operationalized by identifying five consumption values effecting consumer choice behavior (Erdem,1999) these are; functional, social, emotional, epistemic, conditional. These values are for consumer choice before buying the goods/ services. But after usage there is much more an importance of physical, emotional and conditional. This is very effective way to resale the goods and services. [6]

Processes should be check out of the tasks which have to be achieved in order to create and deliver customer value. Here in any business the core processes need to be managed with cross-functional dialogues and decisions. Basic implications such as brand development (research & development, sales marketing production, advertising), consumer development (marketing, human resources, finance, sales, and production), and consumer management (logistic systems and relationships with intermediaries, human resources and ...), supplier development (more concentration for up-stream relationship) and supply chain management which should be included the order fulfillment processes. [6]

**Perceived value**

First, Value is what is good for you, it is what my kids will drink little containers because then there is no waste, it is what is convenient. Second, Value is the quality I get for the price I pay. (Value is; price first and quality second, lowest price for a quality brand, the same as quality. No-value is affordable quality). It is what I get for what I give. (value is; how many drinks you can get out of a certain package, how many gallons you get out of it for what the price is, whatever makes the most for the least money, which juice is more economical, value is what you are paying for what you are getting and price and having single portions so that there is no waste). At last, value is low price. It is price- which one is on sale. When I can use coupons, I feel that the juice is a value. It is whatever is on special this week. Value is whatever I want in a product. [8]

**Perceived quality**

Quality can be defined broadly as superiority or excellence. By extension, perceived quality can be defined as the consumers' judgment about a product's overall excellence or superiority.

Perceived quality is (1) different from objective or actual quality; (2) a higher level abstraction rather than a specific attribute of a product, (3) a global assessment that in some resembles attitude and (4) a judgment usually made within a consumer's evoked set. Some researchers have emphasized the difference between objective and perceived quality. [8]

Zeithaml, 1988 in his studies shown; brand name and level of advertising affect on reputation, intrinsic attribute affect on abstract dimensions, objective price affect on perceived monetary price; at last 3 factors (1) reputation(2) abstract dimensions (3) perceived monetary price influence "perceived quality". All of them were named the perceived quality component. [8]

In this study, we limit our scope to consider the priors of perceptions and expectations, not their consequences (impact upon economic behavior).

## Price

Price is unquestionably one of the most important marketable cues. The pervasive influence of prices is due, in part, to the fact that price cue is present in all purchase situations and at a minimum represents to all consumers the amount of economic outlay that must be sacrificed in order to engage in a given purchase transaction. [1]

Price represents the amount of money that must be given up, and therefore higher prices negatively affect purchase probabilities. However, several researchers have noted that price is a complex stimulus and many consumers perceive price more broadly than strictly in its "negative role" as an outlay of economic resources. Numerous studies have provided evidence that many consumers use the price cue as a signal to indicate product quality. To the degree price is perceived in this "positive role" higher prices positively affect purchase probabilities (Erickson and Johansson 1985; Lichtenstein, Bloch, and Black 1988; Tellis and Gaeth 1990; Zeithaml 1988). [1]

Pricing is perhaps the oldest research area in marketing. Interestingly, a review of three classic pricing books (Nagle and Holden 1995, Monroe 1990, Devinney 1991), and Rao's (1993) pricing review indicates no specific references relevant to the topic of multi-dimensional pricing. However, what seems to exist in the current literature is evidence on consumer difficulty in evaluating complex prices. This evidence can be found in the works of Greenleaf, Morwitz and Johnson (1994), Gourville (1994) [2]

Erickson and Johansson in 1985 modeled the dual role of price cue within a single study and found that price-level perceptions had a direct negative effect on purchase intentions and an indirect positive effect on purchase intentions via product quality perceptions. Negative roles of price are; value consciousness, price consciousness, coupon proneness, sale proneness, price mavenism and positive roles of price are; price-quality schema, prestige sensitivity. [1]

Since the objective value of the price is not affected by its division into different parts, from the perspective of classical economic theory, consumers should be indifferent to divided prices. Using a series of simulated shopping experiments, the authors demonstrated that divided prices are perceived as significantly less expensive, and produce stronger purchase intentions. Gourville (1994) has also found evidence for consumers' inability in dealing with complex prices. [2]

## price perception

It is generally accepted that consumers compare a market price to an internal reference price when judging the attractiveness of the market price. Theler in 1985 states "the measure of transaction utility depends on price an individual pays compared to some reference price". [3]

Perceptions of price changes, economic forecasts and social amplification of forecasts inform individual's expectations for future levels of inflation, with people generally assuming that past price trends will continue. Patterns of influence do not, however, only flow from the present to future. Expectation for the current time period, formed at some previous time, can in some cases bias perceptions of the current situation, as demonstrated by the work of Traut- Mattausch in 2004, while the attitudes the individual has formed from previous experience of inflation levels can also influence their current perceptions (Joung, 1981). [7]

Price perceptions and expectations for the future will influence that individual's financial behavior. Judgments of expected inflation are especially important for economic decisions with consequences beyond the immediate present (such as saving, investing and borrowing) that require consumers to take into account the expected inflation rate. A similar link between consumer's current evaluations and their future behavior has been established, for example, by the work Katona's in 1975 index of consumer sentiment (ICS) that could predict general trends in expenditure. Furthermore, the behavioral consequences of expectations themselves cause changes in the economy. [7]

### **price acceptance**

Latitude of acceptance is based on assai construct theory (Sherif, Taub, Hovla Serif, 1963). This theory suggests that a new encountered by an individual is judged again ground of previous experience in the category past experience forms an individual's reference and a preferred category within this scale the "anchor". [5]

Zeithmal, Berry and Parasuaman in 1996 suggested that evidence of impact should be detectable by relating products quality to retention of customers. Consumer's purchasing behavior can be viewed as a signal of retention or defection towards the products. When there is no re-purchasing from consumers, the acquiring cost of getting new customers, will be costly, rather than retaining the satisfied current customers because their attraction involves advertising and promoting and other promotional costs. [4]

An extensive theory of consumer's perceived (CPV) value was developed by Sheth, Newman and Gross in 1991, who study on how to measuring consumers perceived value by observing consumer choice as a "function of multiple 'consumption value' dimensions and that these dimensions make varying contributions in different choice situations". They search whether consumer have the decision to buy level (buy or not buy), choosing the product level (product type A or product type B) through the identified values. [4]

Next, Sweeney in 1996 investigates the measurement of perceived value construct through method named as PERVAL model, emphasize not only on multidimensional construct, but more on non-physical value, a situation in which perceived value is critical to choice in the buying process. [4]

Wahyu Adhi Nugroho & Luki Safitri Wihandoyo in 2009 proposed framework that composed of different types of values that buyers experience in the buying process. 27 sub-values of six major value structures are proposed based on the prior major researches on CPV and buying behavior measurement models from theory of consumption value by Sheth, Newman and Gross in 1991, buying model by Zeithmal, Berry and Parasuaman in 1997, to development of PERVAL measurement models by Sweeney and Soutar in 2001. Six major values were; involvement, loyalty, familiarity, quality, price, risk. [4]

Though consumer perceptions of price, quality, and value are considered pivotal determinants of shopping behavior and product choice (Bishop 1984; Doyle 1984; Jacoby and

Olson 1985, Sawyer and Dickson 1984, Schlechter 1984), research on these concepts and their linkages has provided few conclusive findings. [8]

### 3. Methodology

Research method is as a systematic process for finding answer of a question or solution of a problem. Reliability and provision value of each science is based on recognition method that served it.

The research method is a systematic process of finding answers to a question or solutions for a problem. This research has a practical application in price perception and consumer behavior. Also it is a descriptive - survey research that has been done as a case study in a special period. The following sections describe the investigated hypothesis and the statistical features in this research.

#### Question

**What are the most effective factors of price perception in buying magazines?**

#### Population

It is sum of people or units that have minimum one common attribute. In this thesis, statistics society is educated people that have above 20 years old in Tehran in Iran that studies social magazines. According to sampling theories for large society, formula of determining sample volume is:

$$(1)n = (z = \frac{\alpha^2}{2} pq) / d^2$$

$\alpha$ : The level of error in the results

$d$ : The difference between asked people and total people which is 0.09. The amount of  $d$  value was gained by trial & error method and it will be approximately less than 0.1.

$p$ : Possibility of success

$q$ : possibility of weakness. (Since there is no recognition to the population, so  $p=q=0.5$  is assumed)

$Z$ : The area under the normal distribution curve with  $\alpha = 0.5$

The error level ( $\alpha$ ) equal to 0.05,  $Z_{0.0025}=1$ ,  $p=q=0.5$  (maximum variance),  $d \approx 0.09$  in equation (1). Consequently,  $n=116$  was obtained.

In this research, sampling was random including the observed population framework, selecting the agents in the population, and the generable information in the population. Also, sampling was performed among the people who dominate the issue soundly.

#### Research tools

In this research, necessary information was gathered using a questionnaire. The questionnaire was distributed among the target population.

##### 3.3.1. Mean value analysis

In this research has purpose to observe the tendency of respondents' responses in filling the questionnaire 11 questions of price perception and buying magazine. Likert scales in the questionnaire were based on values of 1 "Strongly Disagree", 2 "Disagree", 3 "Neutral", 4 "Agree", 5 "Strongly Agree".

##### 3.3.2. Reliability analysis



Reliability can reflect the internal consistency of indicators measuring a given factor. Reliability for all constructs exceeds or close 0.7 will be interpreted as a satisfying general requirement of reliability for research instruments.

The questions were judged by supervisors and several experts in pilot level. Then, necessary corrections were made in the questionnaire and ambiguous terms were edited. For perpetuity of questionnaire, different methods can be used. A well-known method called "Alpha Cronbach" was used in this study. This index value is calculated using the following formula:

$$(2)r_a = \frac{j}{j-1} \left(1 - \frac{\sum S_{j^2}}{S^2}\right)$$

Where:

j: The number of subsets of the questions or tests

$S_{j^2}$ : Variance of the subtest j

$s^2$ : Variance of the total test

Based on 20 of the presented questionnaires in the pilot level, alpha Cronbach's index was obtained as 0.953 which is very suitable. The number of used items in calculating alpha cronbach index would be arranged by the type of question. In pilot level, cronbach alpha was calculated for each question except for qualitative and descriptive questions.

Therefore, 11 questions were assessed by this method and the index was gained index with reliability of 0.953.

### Statistics tests in inferential analysis

The tests used in this research for analysis are stated as follows:

#### 3.4.1. Binominalnon-parametrictest

Test statistics were built based on numeration of observations in one group. According to the used test in this survey, ratio of observations in a special group (P) is less than the forecasted amount (P0). This test was used for examining the hypothesis which will be explained later.

#### 3.4.2. Friedman non-parametrictest

This test was used for prioritizing the ingredient of a survey questions. The research questions were analyzed by this method. In each row, the variable rank from 1 to k. R is the rank of the observations in the row (i). This ranking was repeated in all of the rows. The sum of the ranks of each variable is obtained as  $R_j = \sum R(X_{ji})$

$j=1 \dots k$ . k-variable is set to be examined for every variable by repeating n special sizes.

### Kolmogrov-Smirnov test

In order to analyze and test the research hypothesis, and according to the nature of data and type of the test, normality of the data must be checked. The Asymp .Sig. (2-tailed) value was checked to be less than or equal to 0.5. This value is an indicator of hypothesis. That condition was checked for each item.

According to the assessments of questions in the questionnaire, a total of 120 subjects were studied. The asked people were classified based on marital status, age, education level, job experience, and gender. Authors obtained considerable results.

## 4. demographical characteristics

Demographical results from 120 persons of sample who answered questionnaire are below; 54.2 % were female and 45.5 % were male.

49.2% were single and 50.8% were married.

43% of them were in 20-30 and 48% of them were in 30-40 years old.

More than 39 % of them had bachelor degree and 40% of them had master degree.

Their job in more of 60 % of them was employee and 20% of them were student in university.

40 % of income rate was about 5000,000 Rials to 10,000,000 Rials and 31% of income rate was about 10,000,000-20,000,000 Rials.

## 5. Analysis of hypothesis

H1. Thames's quality of magazine doesn't affect price perception.

H2. Thames's quantity of magazine doesn't affect price perception.

H3. Advertising and reference groups' suggestion doesn't affect price perception.

H4. Exterior traits of magazine such; exciting title, color, design doesn't affect price perception.

H5. Supplement and lateral stimulus's such; coupons, awards, competition, lottery and... doesn't affect price perception.

H6. Reliability and Reputation of Magazine's Brand doesn't affect price perception.

H7. Thoughts accuracy and redactor honesty doesn't affect price perception.

H8. Decreasing price by discounts, special sale and subscriptions doesn't affect price perception.

H9. Consumer loyalty and tendency to buy a certain magazine doesn't affect price perception.

H10. Place of sale and services such online buying, delivery doesn't affect price perception.

H11. Novelty information and update news doesn't affect price perception.

### 5.1. normality test

In order to analyze the research hypothesizes, and according to the nature of data and type of the test, normality of the data must be checked. Kolmogorov-Smirnov test was used for this purpose. The results of this test are shown in Table 1:

		x4	x5	x6	x7	x8	x9	x10	x11	x12	x13	x14
<b>N</b>		118	120	120	120	120	120	120	120	120	120	120
Normal Parameter s <sup>a,b</sup>	Mean	3.52	2.82	2.98	2.88	2.53	3.11	3.64	3.09	3.34	3.33	3.58
	Std. Devia tion	1.027	1.053	1.069	1.039	1.053	1.019	.977	1.14 5	1.081	1.169	1.097
Most Extre me Diffe rence s	Abso lute	.274	.219	.204	.203	.188	.209	.251	.193	.237	.241	.284
	Positi ve	.192	.173	.155	.164	.177	.209	.182	.149	.155	.143	.174
	Negat ive	-.274	-.219	-.204	-.203	-.188	-.199	-.251	- .193	-.237	-.241	-.284
Kolmogorov- Smirnov Z		2.978	2.400	2.237	2.224	2.058	2.289	2.75 4	2.11 5	2.598	2.637	3.112
Asymp. Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000

TABLE 1. ONE-SAMPLE KOLMOGOROV-SMIRNOV TEST

Regarding the results of the aforementioned test and the amount of meaningful level (sig.), the indicators of the research hypothesis does not have a normal distribution. Therefore, a non-parametric binominal test was used to test the hypothesis.

In the hypothesis, P equals to the ratio (percent) of people who believe that the role of senior managers in implementing the vision is important.

$$(3) \quad \begin{aligned} H_0: P &\leq P_0 \\ H_1: P &> P_0 \end{aligned}$$

The amount of tested ratio was assumed to be 0.5 (P0=0.5). Then this value was inserted in the following formula.

$$(4) Z = \frac{T - nP_0}{\sqrt{nP_0(1 - P_0)}}$$

Z: variable based on T, n, P0

P0: amount of tested ratio

T: number of people that agree with p (adverse of P0)

n: number of sampled people

factor	IDEAS	NUMB.	P	P-value	RESULT
H1	Less than mean	48	0.4	0	Effective
	more than mean	70			
H2	Less than mean	89	0.4	0.99	Non-Effective
	more than mean	31			
H3	Less than mean	75	0.4	0.74	Non-Effective
	more than mean	45			
H4	Less than mean	85	0.4	0.99	Non-Effective
	more than mean	35			
H5	Less than mean	95	0.4	1	Non- Effective
	more than mean	25			
H6	Less than mean	80	0.4	0.94	Non- Effective
	more than mean	40			
H7	Less than mean	47	0.4	0	Effective
	more than mean	73			
H8	Less than mean	74	0.4	0.68	Non- Effective
	more than mean	46			
H9	Less than mean	59	0.4	0.01	Effective
	more than mean	61			
H10	Less than mean	57	0.4	0.003	Effective
	more than mean	63			
H11	Less than mean	44	0.4	0	Effective
	more than mean	76			

TABLE 2. ANALYSIS OF HYPOTHESIS

Hi (i= 1, 2 ...11) with 95 % reliability will be rejected if P-value < 0.05

According binominal test, just hypothesizes are acceptable that p-value is more than 0.05 and others will be rejected with 95% reliability (Table 2). From the view point of this research results; hypothesizes that have been rejected are effective factors in buying. Then, effective factors are;

- Thames's Quality of magazine
- Thoughts accuracy and redactor honesty
- Consumer loyalty and tendency to buy a certain magazine
- Place of sale and services such online buying, delivery
- Novelty information and update news

## 6. analysis of question



Friedman test was used to find the most important factors in implementing the vision in this analysis. According to assessment of the questions, following results were obtained (Table 3);

Priority	Factors	Ave. rank
1	Thoughts accuracy and redactor honesty	7.42
2	Novelty information and update news	7.29
3	Thames's quality of magazine	6.93
4	Place of sale and services such online buying, delivery	6.62
5	Consumer loyalty and tendency to buy a certain magazine	6.50
6	Reliability and Reputation of Magazine's Brand	5.81
7	Decreasing price by discounts, special sale and subscriptions	5.81
8	Advertising and reference groups' suggestion	5.45
9	Exterior traits of magazine such; exciting title, color, design	5.16
10	Thames's quantity of magazine	4.88
11	Supplement and lateral stimulus such; coupons, awards, competition, lottery	4.14

TABLE 3. ANALYSIS OF QUESTION

From the above analysis, it is clear that 5 effective factors in order to priority are;

1. Thoughts accuracy and redactor honesty
2. Novelty information and update news
3. Thames's Quality of magazine
4. Place of sale and services such online buying, delivery
5. Consumer loyalty and tendency to buy a certain magazine.

### 7. how much to pay

Statistical results shown sample members had tendency to buy social magazine in below rates; 31.7% of them pay less 10,000 Rials, 50% pay about 10,000-20,000 Rials, 13.3% pay about 20,000-50,000 Rials and 4.2 % pay more than 50,000 Rials.

At last, we can find tendency to pay for social magazine about 10,000-20,000 Rials. It shown; people will buy social magazines with attention to price perception of product and their values.

### 8. Conclusion and suggestions

A top priority for marketers is finding which of the many extrinsic cues consumers use to signal quality. This process involves a careful look at situational factors surrounding the purchase and use of the product. Identifying the important quality signals from consumer's viewpoint, then communicating those signals rather than generalities, is likely to lead to more vivid perceptions of quality. Linking lower the level attributes with their higher level abstractions locates the "driving force" and "leverage point" for advertising strategy (Olson and Reynolds 1983).

Consumers' perceptions of quality will change over time as a result of added information, increased competition in a product category, and changing expectations. The dynamic nature of quality suggests that marketers must track perceptions over time and align product and promotion strategies with these changing views. Because products and perceptions change, marketers may be able to educate consumers on ways to evaluate quality. Advertising,

the information provided in packing and visible cues associated with products can be managed to evoke desired quality perceptions.

The consumer's perceived value of social magazine influence buying behavior. Effective factors that ranked by Friedman method are; Thoughts accuracy and redactor honesty, Novelty information and update news, Thames's quality of magazine, Place of sale and services such online buying, delivery and Consumer loyalty and tendency to buy a certain magazine. Tendency to pay in these consumers is about 10,000-20,000 Rials considering to their income rate that is about 5,000,000 to 10,000,000 Rials.

Publicists should attend to above items to pass competitors and gain potential consumers who buying social magazine by applying necessary changes in marketing strategies and their magazines' framework.

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