# CHAPTER – 3

# LITERATURE REVIEW

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## 3.1 INTRODUCTION

This chapter is an endeavour to present a brief idea of some of the relevant studies. These research studies published in some of the most recognized journals in the world, do have significance for the present study as they provide meaningful guidance and important insights that were considered in the present study.

## 3.2 RELEVANT RESEARCH STUDIES

According to Chris Janiszewski, Tim Silk, Alan D. J. Cooke, in their research paper "Different Scales for different frames The role of subjective Scales & Experience in explaining Attribute-framing effects", (Journal of Consumer Research, December 2003) Consumers respond more favourably to positively framed attribute information than to negatively framed attribute information This finding has been attributed to the affective associations evoked by each frame. Consumer evaluations are largely affected by the framing of attributes From a series of four experiments they have concluded that attribute framing depends on both, the level of the framed attribute and on the experience that the consumer has with similarly framed products. They proposed that attribute frames naturally evoke a reference set relative to which individual stimuli are evaluated and that different frames can evoke different reference sets When reference sets evoked by alternative frames differ in range, they produce systematic differences in the effects of the

framed attributes. Experience with a particular frame tends to reduce the range of reference set for that frame but leaves the evoked reference set for the alternative frame relatively unchanged Thus reference sets play an important role in the direction and magnitude of framing effects.

Levin, Irvin P. and Gary J. Gaeth in their article "How consumers are affected by the framing of attributes information before and after consuming the product", (Journal of Consumer Research, 15th December 1988, p.p 374-378) propose that attribute framing effects occur because information is encoded relative to its descriptive valence, thus causing valence consistent evaluation shifts. They further argue that the attribute positive or negative labeling act as prime and not peripheral to the description of the target object of event. The positive labeling of an attribute encourages the recruitment of positive information from memory and vice-e-versa. Consumers are unaware of this recruited information and hence cannot control for its bias on judgments about the stimulus

According to Niedrich, Ronald W., Subhash Sharma and Douglas H. Wedell, in their paper "Reference price and price perception; A comparison of different models", (Journal of Consumer Research, 28th December 2001, p.p. 339-354) in many purchasing environments consumers have both internal and external referents available. It's not clear how consumers deal with such situations. One possibility is that the local stimulus context will override any reference set evoked from memory, producing effects of the available product context but little effect of framing Another possibility is that consumers will merge the local and evoked sets to form a more complete set of

reference. If so, consumers will be influenced by both local context and by the frame

According to Alexander Chernev, in his article 'Feature complementary and assortment in choice', Journal of consumer research, Vol 31, No 4, March-2005, University of Chicago press, p.p 748-759, the purchase probability from a given choice set is contingent on the complementary of the features differentiating its options. In particular two types of features are distinguished: 1) Complementary features, which are characterized by the additivity of their utilities and 2) Non-complementary features, which are characterized by non-additive utilities In this context it is argued that, assortments in which options are differentiated by non-complementary features are likely to be associated with a greater probability of purchase than assortments with options differentiated by complementary features. This prediction is supported by data from 3 experiment studies. In marketing sense complementarity is often defined relative to product specific utilities and the corresponding consumer needs, rather than through product's cross-price elasticity in microeconomics. So complementary products are defined as those chosen to fill different aspects of a consumer's composite need and hence usually consumed jointly, whereas substitute products are defined as those chosen to fill the same aspect of a consumer's need In this context, product complementarity has been measured by the degree to which products tend to be consumed jointly, so that the consumption of one product enhances the consumption of the other. Here complementarity is product feature specific that describe choice alternatives. Here complementarity measures the addivity of

feature specific utilities, particularly the marginal utility that one feature adds in the presence of the other Thus the addition of a complementary feature (e g tartar protection in a toothpaste) that already has a similar feature (e g. cavity prevention) tends to make the overall product more attractive. In contrast, adding a non-complementary feature (e.g mint flavour to a toothpaste that already has banana flavour does not increase the overall product attractiveness) This research demonstrates for the first time that the probability of purchase from a given assortment is contingent on the complementarity of the features differentiating its options In particular, non-complementary choice sets were shown to be associated with a greater probability of purchase compared with complementary sets. This effect was attributed to the fact that adding options differentiated by the complementary features to a given choice set tends to decrease the overall attractiveness of the options in the set by highlighting the deficiencies of the options on the attribute defined by that feature.

According to Wlifred Amaldoss and Sanjay Jain, in their article, 'Pricing of conspicuous goods, a competitive analysis of social effects', Journal of Marketing Research, February 2005, American Marketing Association, Chicago, Vol. XL II, p.p. 30-42, Social needs play an important role in the purchase of conspicuous goods. Here authors extend the traditional economic models to accommodate social needs, such as desire for uniqueness (that is their perception that less number of other consumers own the same product/brand) and conformism (their tendency and perception to conform on the basis of how many more other consumers own the same

product/brand) and examine their implications for pricing conspicuous goods First, in the context of duopoly, the authors identify the conditions under which the desire for uniqueness can increase demand among some consumer as the price of a product increases. Second, the authors show that though the desire for uniqueness leads to higher prices and form profits, a desire for conformity leads to lower prices and profits. Third, the authors find that consumer purchase high quality products not because of the desire for uniqueness but despite it Finally marketers of conspicuous goods may find it beneficial not to emphasize the functional differences among their products when the need for uniqueness is high In a laboratory, the authors find support for the claim that demand for product among consumers who desire uniqueness may increase as its price increases

According to Christian Homburg, Nicole Koschate, Wayne D Hoyer, in their article, 'Do satisfied customers really pay more- a study of the relationship between customer satisfaction and willingness to pay', Journal of Marketing Research, February 2005, American Marketing Association, Chicago, Vol. XL II, p.p. 84-96, two experimental studies (a lab experiment and a study involving a real usage experience overtime) reveal the existence of a strong, positive impact of customer satisfaction on willingness to pay, and they provide support for a nonlinear, functional structure based on disappointment theory (i.e in inverse S- shaped form). In addition, the second study examines dynamic aspect of the relationship and provides evidence for the stronger impact of cumulative satisfaction rather than of the transaction-specific satisfaction on willingness to pay

Kristine R. Enrich & Julie R. Erwin in their article 'Willful ignorance in the request for product attributes information', Journal of Marketing Research, August 2005, American Marketing Association, University of Chicago Press, Vol XL II, p.p. 266-277, mention that attribute information is not always available to consumers This is especially true for ethical attribute information, such as labour practices, environmental friendliness etc Intuitively it might be expected that consumers who would use an attribute in their buying decision-making should seek attribute information especially if it is easily obtainable. In three studies, the authors measure discrepancies between requests for available ethical attributes information and actual use of the same attribute in a conjoint task In both between-subjects and within-subjects design, the authors show that consumers, 1) underrequest ethical attribute information, and 2) are especially likely to show request/use inconsistency if they care about the underlying ethical issue. According to the authors the main reason for this willful ignorance is the Negative emotions, especially avoidance of anger. The results derived by their study add to the present literature on avoidance mechanisms and consumer decision-making and may shed light on when ethical attributes do (and do not) play a role in actual purchase behaviour.

According to Alexander Chernev, in his article 'Context effects without context Attribute balance as a reason for choice', Journal of consumer research, Vol. 32, September 2005, p p 213-223, University of Chicago press, the notion of context effects is extended beyond the r- ational properties of choice alternatives to include attribute balance as a reason for choice The data reported in two

experiments demonstrates that attribute balance has a significant impact on extremeness-aversion (a principle that says that all else being equal, an option with relatively more extreme values tends to be viewed as less attractive than an otherwise equivalent option with moderate values i e if a consumer is uncertain about which of the two attributes is more important, the selection of a compromise that combines both attributes might be easiest to justify) and trade-off-contrast effects (a principle that argues that a consumer preference for a given alternative is a function of the other trade-off within the decision set This shows that adding an asymmetrically dominated alternative increases the probability of choosing the dominant one) According to them a common feature of extremeness aversion and trade-off contrast is that both are defined through relative position of the alternatives in the multiattribute space The proposition that consumers use attribute balance, as a reason for choice is further supported by the finding that attribute balance moderates the impact of justification on the strength of extremeness aversion and trade-off contrast These findings offer a new perspective on the decision processes underlying context effects in choice.

Elizabeth G Miller and Barbara Kahn, in their article, 'Shades of meaning. the effect of color and flavor names on consumer choice', Journal of Consumer Research, University of Chicago Press, Vol 32, No 1, Jan. 2005, p p 86-92 mention that building on Grice and H Paul (1975) theory of Conversational implicature, the consumers will react favourably to unusual color or flavor names (e g Blue haze, Alpine snow etc.) because they expect marketing messages to convey useful information If message is not informative or does not

conform to expectations, consumers search for the reasons for the deviation. This search results in additional (positive) attributions about the products and thus a more favourable response.

Catherine W. M Yeung and Dilip Soman, in their article, 'Attribute evaluability and the range effect', Journal of Consumer Research, University of Chicago Press, Vol 32, No. 3, Dec 2005, p p 363-369, examined situations first in which consumers choose between options that vary on two attributes that are different in their evaluability and second when the ranges for both attributes change simultaneously As the ranges widen, the range effect makes perceptual differences on both attributes look smaller Their framework suggested that the attributes' evaluability influences the strength of the range effect and that perceptual judgments of the two attributes are affected to different degrees This changes the relative preference between the options They found that when the range is wide, preference shifts toward the option having a greater amount of the high evaluability attribute

According to Deobora Viana Thompson, Rebecca W. Hamilton & Roland T Rust, JMR, University of Chicago Press, XLII, Nov.2005, p.p. 431-442, A Feature Fatigue develops when consumers choose products giving more importance to capability and less to usability before use than after use, and they tend to choose complex products that do not maximize satisfaction after use. Because of the technological advancement companies offer products with variety of features which consumers perceive useful. But the fact is that too many of features can be overwhelming and difficult to use for

consumers Three studies undertaken by the authors examined how consumers balance their desires for capability and usability when they evaluate products and how these desires shift overtime An analytical model based on three studies provided additional insights into the feature fatigue effect that showed that choosing a number of features that maximize the initial choice result in the inclusion of too many features, potentially decreasing consumer lifetime value As emphasis on future sales increases, the optimal number of features decreases. The results suggested that firms should consider having a large number of more specialized products with a limited number of features rather than loading all possible features into one product.

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