How Cue Congruity Affects Consumer Perceptions

Anne Roggeveen, Babson College, USA
Dhruv Grewal, Babson College, USA

Drawing from the cue diagnosticity and level of congruence paradigms, this research examines how a low-scope cue such as a price-matching guarantee (PMG) differentially impacts perceptions and intentions as a function of the level of congruence with and valence of the high-scope cue such as the retailer’s reputation. A PMG is congruent with a retailer whose reputation is based on price, and can be moderately incongruent with a retailer whose reputation is not based on price (e.g., service reputation).

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EXTENDED ABSTRACT

Consumers are exposed to a barrage of information cues about and from retailers. These cues can be categorized as being either high-scope or low-scope. A high-scope cue is one that is enduring such as a retail reputation. Whereas a low-scope cue is more easily changed such as a retailer offering or not offering a price matching guarantee (PMG) (Purohit and Srivastava 2001). The focus of this research is how consumers use the low-scope cue in forming evaluations as a function of the congruity with and valence of the high-scope cue.

Previous research offers conflicting evidence as to the use of high and low-scope cues in evaluations. Purohit and Srivastava (2001) demonstrate that high-scope cues are used in evaluations regardless of the valence of other cues, but low-scope cues are used only when the valence of the high-scope cue is positive. In contrast, research into the impact of PMGs (a low-scope cue) demonstrates that that a low-scope cue is only used when a retailer is not price-competitive (a negative high-scope cue) (Biswas et al. 2002; Lurie and Srivastava 2005). Thus, one research stream indicates that the low-scope cue will be used when the high-scope cue is positive, and the other indicates that it will only be used when the high-scope cue is negative.

This research seeks to resolve the apparent discrepancy by understanding how the level of congruity between the high and low-scope cues impacts evaluations. Consider, for example, the association between the type of retailer reputation and a PMG. A PMG is more congruent with a retailer with a reputation based on price; and less with a retailer with a reputation based on service. Previous research has shown that the level of congruity between a stimulus (e.g., the low scope cue) and an evoked schemas (e.g., schema based on the high-scope cue) influences both processing and evaluation of the stimulus (Campbell and Goodstein 2001, Mandler 1982, Meyers-Levy and Tybout 1989). Thus, we expect that the level of congruity between the cues will impact when the PMG is considered diagnostic and hence used in evaluations. Cue diagnosticity and level of congruency serve as underlying frameworks for this research.

Considering the impact of both congruence and the valence of the high-scope cue, we expect that when the low-scope cue (PMG) is congruent with the high scope cue (price reputation), the low-scope cue will not impact evaluations of the retailer if the high-scope cue is positive, but will if the high-scope cue is negative. The reasoning for this follows from the fact that if the two cues are congruent they both evoke a schema related to price resulting in consumers viewing the PMG as relevant additional information to update their existing schema. If the high-scope cue is positive (retailer is price competitive), the low-scope congruent cue (PMG) is not necessary to further improve perceptions. But if the high-scope cue is negative (retailer is not price competitive), the low-scope congruent cue (PMG) will enhance consumer evaluations of the retailer. The PMG partially offsets the negative impression caused by the high-scope cue because it is congruent, and hence, relevant information to that evoked schema. Thus, we hypothesize:

**H1:** When the high and low-scope cues are congruent (PMG provided and retailer’s reputation based on price competitiveness) there will be an interaction such that:

- The low-scope PMG cue enhances perceptions about the retailer when the high-scope reputation cue is negative.
- The low-scope PMG cue has no impact on perceptions about the retailer when the high-scope reputation cue is positive.

If the two cues are moderately incongruent they evoke different schemas related to the retailer. Cues which are moderately incongruent can both still indicate positive information. For example a retailer that provides excellent service can also offer competitive prices. If the high-scope cue is positive (excellent service reputation), consumers will consider other information about the retailer even if it is not related to the high-scope cue. Thus, the low-scope moderately incongruent cue is expected to impact evaluations when the high-scope cue is positive.

But if the high-scope cue is negative (poor service reputation), impressions of the retailer will be more heavily influenced by the negative information (Ahluwalia 2002; Skowronske and Carlson 1987). A moderately incongruent cue is not directly associated with and hence relevant to the schema evoked by the high-scope cue and is unlikely to offset the negative impact of the high-scope cue. Thus, we expect that:

**H1b:** When the high and low-scope cues are moderately incongruent (PMG offered and retailer’s reputation is not based on price) there will be an interaction such that:

- The low-scope PMG cue enhances perceptions about the retailer when the high-scope reputation cue is positive.
- The low-scope PMG cue has no impact on perceptions about the retailer when the high-scope reputation cue is negative.

These hypotheses are tested in three experiments. Experiment 1 uses a retailer with a reputation based on price, and experiment 2 uses retailer with a reputation based on service. Hence, the PMG is congruent with reputation in experiment 1 and is moderately incongruent with reputation in experiment 2. Finally, experiment 3 provides evidence to support the congruency and process arguments used in the development of hypotheses 1 and 2.

Experiment 1 utilized a 2 x 2 between subjects design which manipulated reputation of the retailer (positive/negative) and the presence of a PMG (present/absent). The retailer’s reputation was based on price. Experiment 2 utilized the same design but the retailer’s reputation was based on service. Finally experiment 3 utilized a 2 x 2 between subjects design in which the valence of the retailer’s reputation (positive/negative) and the type of retailer’s
reputation (service/price) were manipulated. Results support the hypotheses.

REFERENCES


