

# The Effect of Prestige Sensitivity on Price Acceptance in Vietnam's Mobile Phone Market

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## **Abstract**

*The purpose of this study is to examine the effect of prestige sensitivity on mobile phone customer's price acceptance in Vietnam and the mediating role of product knowledge and price mavenism on this relationship. We used the convenience sampling method for data collection via questionnaires with a sample of 605 consumers who purchased mobile phones. The collected data was analysed by applying a structural equation modelling method. The result indicates that prestige sensitivity has both direct and indirect effects on price acceptance via product knowledge and price mavenism. The findings suggest that prestige sensitivity can be used as a market segmentation criterion for mobile phones when making price decisions and providing customers with adequate information could improve price acceptance.*

**Keywords:** Mobile phone; prestige sensitivity; price acceptance; price mavenism; product knowledge.

**JEL code:** D12.

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## 1. Introduction

Monroe (1990) defines price acceptance as the level of willingness to pay for a product, reflecting responses of customers to product prices. The existing research indicates the mechanism through which individual differences affect price acceptance. Lichtenstein et al. (1988) found effects of product involvement and price consciousness on variation in the encoding of price (representing price-quality inferences) and price acceptance. They assumed that customers' knowledge is low, so they focused on price-quality inference to explain the indirect effect of the individual differences on price acceptance. However, this assumption is not always in line with reality. Besides, prestige sensitivity is also a salient construct representing an individual difference and is related to the benefits and social significance that customers are expected to get from buying and using the product. Prestige-sensitive customers believe price is an indicator of prestige (Lichtenstein et al., 1993). Therefore, prestige sensitivity may affect price acceptance. Until now, the impact of prestige sensitivity on price acceptance has not been examined.

In addition, the comprehensive risk-taking theory by Taylor (1974) indicates that risk-reducing strategies such as information searches play a central role in the relationships between individual psychological factors and consumers' decision under uncertainty. Prestige sensitivity, an individual psychological factor, is related to perceived social risk that was defined as the extent to which the consumer thinks that other people judge him on the basis of the product/brand he uses (Richard J. Lutz and Reilly, 1974). This risk generates strong internal mo-

tives to enhance the consumers' knowledge on product and price also in order to make the best decision. This effect is even stronger in the case of the Vietnamese mobile phone market where a great number of alternatives in the consideration set exist. Besides, psychophysical judgment theories by Helson (1964) and Sherif and Hovland (1961) stated that customers' knowledge has an important role in forming the basis for comparisons and evaluations. Consequently, this knowledge may affect the customer's price acceptance. Kalyanaram and Little (1994) and Cox (1986) implied that customers' price knowledge affects price acceptance. These authors argued that customers often compare particular product prices with internal and/or external reference prices to determine if the price is too high, too low or about right; while Rai and Sieben (1992) found a positive effect of a consumer's product knowledge on their willingness to pay for the product. These arguments may imply that there is a mediating effect of customers' knowledge in the relationship between prestige sensitivity and price acceptance. However, to date, researchers have not paid much attention to this effect.

To narrow the above gaps, we apply the theory of risk-taking in consumer behavior by Taylor (1974) i.e.: individual psychological factors – risk reducing strategies – decision to build on a research model. This study aims at answering two research questions: (1) Is there a direct linkage between prestige sensitivity and price acceptance? (2) Do product knowledge and price mavenism play the mediating role in the relationship between prestige sensitivity and price acceptance in the context of the mobile phone market in Vietnam?

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## 2. Theoretical background

### 2.1. Price acceptance

Price acceptance (price acceptability) is one of the cognitive responses (Berkowitz and Walton, 1980). The change in price acceptance depends on a person's appreciation of products. Fair price theory proposed the existence of a standard price or fair price in consumer memory. Any price higher than the standard price is considered unreasonable and not acceptable by consumers and vice versa (Berkowitz and Walton, 1980). Based on this approach, definitions of price acceptance were developed or adopted by Fry (1974), Berkowitz and Walton (1980). According to Zeithaml (1984), price acceptance was defined as the results of customers' evaluation of a price, usually on criteria such as truthfulness of fairness. If the price that sellers offer is true or fair, it is acceptable.

However, Lichtenstein et al. (1988) argued that the assessment of a true and fair price does not fully capture the price acceptance construct because customers' price judgment is not only based on the truth or fairness of price. Lichtenstein et al. (1988, p.244) redefined price acceptance as "a judgment of price based on a comparison of the price cue to a range of acceptable prices stored in memory".

In sum, price acceptance reflects customer cognitive responses to a particular product price in the market based on judgements of fairness and range of price stored in their memory.

### 2.2. Prestige sensitivity

Prestige sensitivity is related to favourable perceptions of the price cue based on feelings of prominence and status that higher prices signal to others (Lichtenstein et al., 1993). In

other words, prestige sensitive buyers focus on purchasing a product that signifies prominence and status. They believe price is an indicator of prestige; a higher price means a higher perceived status (Keillor, 2007, 74). A customer was willing to pay higher price for a mobile phone not because of its quality, but because of his/her perception that other people will make a socially positive judgment about him/her because of the high-price mobile phone he/she bought.

In the literature, that prestige-seeking consumers are relatively equated with status-consumed consumers was recently expanded beyond the idea of conspicuous consumption (Truong et al., 2008). Status consumption was defined as "the motivational process by which individuals strive to improve their social standing through the conspicuous consumption of consumer products that confer and symbolize status both for the individual and surrounding significant others" (Eastman et al., 1999, p.42). Status relates to consumers being motivated by internal reasons (i.e. self-esteem) and/or external reasons (i.e. others' approval and envy), while conspicuousness relates to purely external reasons (Eastman and Eastman, 2011; Truong et al., 2008). All of them also represent individual difference variables and were much studied to partly explain the consumers' decision-making process.

### 2.3. Price mavenism

Price mavenism is a term that Lichtenstein et al. (1993) adapted from the concept of market mavens introduced by Feick and Price (1987). Market mavens were redefined as "individuals who have information about many kinds of products, places to shop and others facets of

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markets and initiate discussion with consumers and respond to requests from consumers for market information” (Feick and Price, 1987, p.85). This definition includes both market knowledge gathered by interacting with sales people, seeking shopping information from many other sources and influencing other consumers when they share the information they have gathered.

Similarly, Lichtenstein et al. (1993) defined price mavenism as “the degree to which an individual is a source for price information for many kinds of products and places to shop for the lowest price, initiate discussion with consumers and respond to requests from consumers for price information” (Lichtenstein et al., 1988, p.235). This construct expresses a desire to be a “price maven”, a source of low price for other people, so the aspiring price maven had to be informed about price information in order to transmit this to others. However, Byun and Sternquist (2010) indicated that there is no link between her definition and measure. They said that Lichtenstein et al. (1993)’s definition was limited to the lowest price, but the measure mentioned all price information for different types of products. Price mavenism becomes more complex than Lichtenstein et al. (1993) introduced. Consequently, Byun and Sternquist (2010) modified the definition of price mavenism in order to be consistent with the measure. Accordingly, price mavenism is defined as “the degree to which an individual is a source of information about a broad range of prices for many kinds of products and places to shop and enjoy sharing information with others and responding to requests from consumers for market place price information” (Byun and

Sternquist, 2010, p.281).

In this current study, we adopt the approach introduced by Byun and Sternquist (2010), associating price mavenism with knowledge about product prices and behaviour sharing of that knowledge. We imply that consumers who scored higher on price mavenism have more knowledge of product prices.

#### **2.4. Product knowledge**

Brucks (1985) describes three categories of consumer knowledge: subjective knowledge, objective knowledge and product experience. Subjective knowledge is a consumer’s familiarity with a product and shows what the consumer thinks he or she knows about a product category (Brucks, 1985; Chan-Wook and Moon, 2003; Nugroho et al., 2014; Park and Lessig, 1981; Suri and Monroe, 2001; Zaichkowsky, 1985). Objective knowledge is related to the schema stored in the long-term memory (Brucks, 1985; Chan-Wook and Moon, 2003; Nugroho et al., 2014; Park and Lessig, 1981; Rai and Sieben, 1992; Raju et al., 1995; Rao and Monroe, 1988; Zaichkowsky, 1985). Objective knowledge refers to the actual knowledge that consumers have of a product. Product experience is usually operationalized by product possession, product-use experience and information-search experience (Brucks, 1985; Chan-Wook and Moon, 2003; Park and Lessig, 1981).

Product experience is less directly linked to behaviour than other types of knowledge because as different individuals differ in learning things from similar experiences, their behaviours are also different (Brucks, 1985). Subjective knowledge is related to a consumer’s self-confidence regarding consumer deci-

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sion making (Brucks, 1985). It has been shown to be a stronger motivation of purchase-related behaviours than objective knowledge (Chan-Wook and Moon, 2003; Flynn and Goldsmith, 1999; Selnes, 1986). Furthermore, subjective measures are based on a consumer's interpretation of what she/he knows, while objective measures are based on another person's evaluation of this knowledge. Researchers have had to develop an inventory to measure objective knowledge (such as Brucks, 1986; Rao and Monroe, 1988;...). It is rather difficult.

In this current study, product knowledge is viewed from a subjective knowledge approach. This approach describes what a consumer perceives that he knows about mobile phones and shows his perceived self-confidence about his mobile phone knowledge.

### **3. Hypothesis development**

#### ***3.1. Conceptual framework***

We apply the logic of Taylor's (1974) risk-taking theory in consumer behavior to propose a research model. Taylor (1974) stated that when consumers face a risk decision, influenced by individual psychological factors (such as self-esteem), they develop risk-reducing strategies (acquiring and handling information) to subsequently make a decision.

In this paper, prestige sensitivity presents individual psychological factors that are related to social risk. Product knowledge and price mavenism present consumer knowledge of products, as a result of acquiring and handling information. Price acceptance is considered as consumer attitude/decision to price. According to the theory of risk-taking in consumer behavior by Taylor (1974): individual psychological factors – risk reducing strategies – decisions,

we argue that prestige sensitivity affects product knowledge and price mavenism and then affects price acceptance.

Besides, to be more precise, we use the framework of the assimilation-contrast theory by Sherif and Hovland (1961) to further explain the effect of consumer knowledge on price acceptance. In the next section we will specify this conceptual framework into research hypotheses and synthesize these hypotheses into the research model.

#### ***3.2. Prestige sensitivity, product knowledge and price mavenism***

Consumers will have higher motivation to search for information if they have perceived risk and the consequences are more serious (Hoyer et al., 2012). When consumers face riskier decisions, they feel uncertain regarding the consequences of behaviour, thus they engage in more external search activities as a way to reduce this uncertainty (Hoyer et al., 2012). This is consistent with the risk taking theory by Taylor (1974), which suggested that consumers develop risk-reducing strategies, such as information acquisition and handling, when they perceive risks. In other words, improving consumers' knowledge was considered as a risk-reducing strategy which is influenced by psychological factors.

As mentioned before, prestige-sensitive consumers perceive very high levels of social risk when purchasing a product, especially a prestigious product. For this reason, consistent with the above argument, prestige sensitivity will generate an internal energizing force to search product-related information as much as possible to minimize the purchase risks and make sure to choose the best prestigious product

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for their status. Vigneron and Johnson (1999) said that prestige-sensitive consumers require a higher level of interest and knowledge about products. Especially with the mobile phone market, where a consideration set exists with a great number of alternatives; thus, consumers should enhance their product knowledge to decide which alternative signal to convey to others. Hence, the hypothesis was proposed:

*H1a: Prestige sensitivity has a positive effect on a consumer's knowledge of mobile phones*

Similar to product knowledge, price mavenism was considered as a type of consumer knowledge that also may affect price acceptance. In addition, prestige-sensitive consumers pay their attention more to price, so they will collect price information as much as possible to choose the best product. That means their price mavenism may be higher. Byun and Sternquist (2010) provided evidence supporting the argument on the positive impact of prestige sensitivity on price mavenism. So we proposed:

*H1b: Prestige sensitivity has a positive effect on the price mavenism of mobile phones*

### **3.3. Product knowledge, price mavenism and price acceptance**

According to the comprehensive risk-taking theory by Taylor (1974), consumers improve their knowledge to reduce risk and make the best decision. In the evaluation process, through consumers' knowledge, they acquire beliefs and attitudes, develop action tendencies toward a product, which in turn influences buying behaviour (Kotler and Keller, 2016). To be more precise, consumers' knowledge helps to form an internal range of reference prices which is used as a basis for comparing and assessing. According to the assimilation-contrast theory

by Sherif and Hovland (1961), any price within the range is assimilated and is easier to accept. On the contrary, any price outside the range is contrasted and obviously, more difficult to accept. Certainly, the range should reflect and correspond with the prevailing market price range of the product (Rai and Sieben, 1992). As a consequence, the assimilation effect will probably occur. In addition, enhancements in consumer knowledge about products will help the assessment of product quality more accurately (Rao and Monroe, 1988) and so correctly reflect the perceived quality and value (Rai and Sieben, 1992), resulting in the consumer's confidence in their decision making. All these things make it easier for customers to accept the offered price.

Besides, the literature on missing information also provides an explanation for the influencing of consumers' knowledge on acceptable prices for products (Ford and Smith, 1987; Rai and Sieben, 1992). The influence of missing information in inference formation indicates that when consumers are faced with a product in which they have a lack of information, they have a tendency to infer a lower than average attribute value (Ford and Smith, 1987; Rai and Sieben, 1992). At this point, consumers behave in a risk-averse and conservative manner and protect themselves by assuming that the seller is providing low-quality products. As a result, they tend to buy the product at a below-average price as the best way to avoid disappointment if the product turns out to be of poor quality (Rai and Sieben, 1992). Similarly, a consumer's lack of information is similar to that of a low-knowledge consumer (Rai and Sieben, 1992). In other words, low-knowledge consum-

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ers behave very similarly to uncertain consumers and have a lower level of price acceptance than customers with more product knowledge. As a consequence, Rai and Sieben (1992) found a positive effect of consumer's product knowledge on their willingness to pay for the product (price acceptability). Accordingly, we hypothesize that:

*H2a: Product knowledge has positive effects on customer's price acceptance of mobile phones.*

With the effect of price mavenism on price acceptance, previous researchers have not paid much attention to this relationship. Therefore, there exists little direct evidence for it. In relevant studies, there were many differences between views of perception of price and previous researches and price mavenism as indicated before. Lichtenstein et al. (1993) viewed price mavenism as a dimension of the negative role of price, and believed that a price maven considers price as the amount of money that must be sacrificed in order to engage in a given purchase transaction. With this in mind, such customers will not be willing to pay much for a product, and as a result, their price acceptance is not high. However, Sternquist et al. (2004) and Byun and Sternquist (2010) found that price mavenism represents the positive role of price. That means a price maven uses the price cue as a signal to indicate their prestige and product quality. Accordingly, they are in favour of high prices and find it easy to accept the price offered.

Beside, according to the assimilation-contrast theory by Sherif and Hovland (1961), in the same way with product knowledge as discussed above, a price maven is knowledgeable

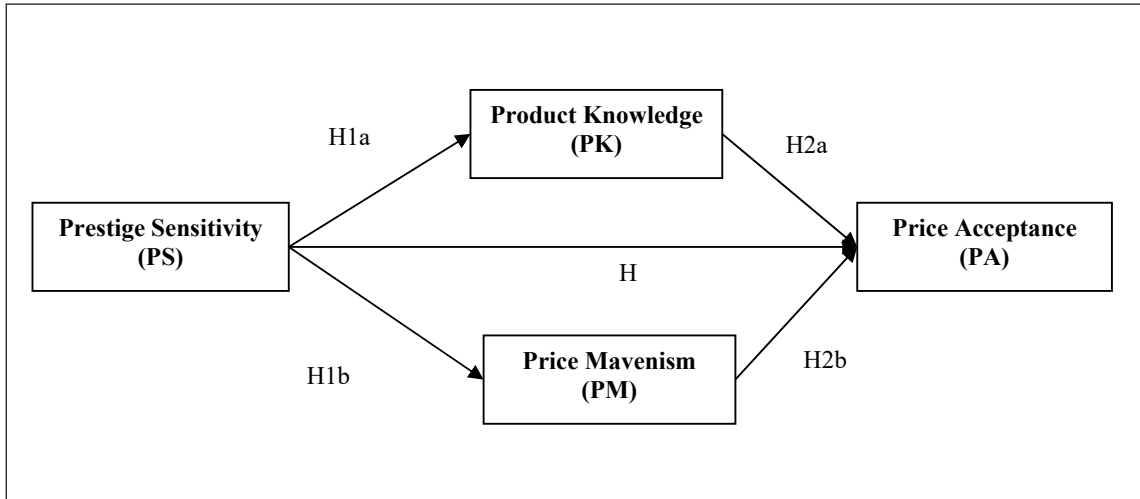
of product prices, and consequently consumers develop a range of reference prices to be a basis for evaluation. As a result, they acquire an attitude to a product price (representing price acceptance). Furthermore, in the conditions of strong competition in the mobile phone market in Viet Nam, manufacturers are quite considerate and often offer relatively competitive prices. In this case, customers who are more knowledgeable about prices are less suspicious about prices offered than others. For these reasons, price mavenism is expected to have a positive effect on price acceptance. So, we proposed:

*H2b: Price mavenism has positive effects on customers' price acceptance of mobile phones.*

### **3.4. Prestige sensitivity and price acceptance**

As mentioned, prestige sensitivity represents a positive perception of the price cue and is based on the perception of what it signals to others in social appearance (Lichtenstein et al., 1993). In simpler terms, prestige-conscious consumers believe that high price operates as a surrogate indicator of prestige. In line with this view, such consumers would prefer high-priced products to low-priced ones. Prestige-seeking people tend to purchase expensive brands which may display their wealth and power and lead to a perception of higher prestige (Byun and Sternquist, 2010; Vigneron and Johnson, 1999). Furthermore, Lambert (1972) suggested that if a consumer believes that his product choice affects how others view him, he prefers to purchase a high-priced item to maintain and enhance his social image. Therefore, prestige-sensitive customers are willing to pay more for prestige products to impress others. Accordingly, in the case of mobile phones,

Figure 1: The research model



prestige sensitivity is also expected to have positive effects on price acceptance. Hence, we proposed:

*H3: Prestige sensitivity has a positive affect on price acceptance by mobile phone consumers.*

The research hypotheses were synthesized in Figure 1, in which, customers' response to price is partially dependant on the information acquired and the feelings they have of the product.

## 4. Methodology

### 4.1. Measurement of variables

There are 4 variables in this study. All the variables were measured through a five-point Likert scale ranging from "strongly disagree" to "strongly agree". For product knowledge, we used a 3-item scale adopted from Chan-Wook and Moon (2003). We also used 2 scales adopted from Lichtenstein et al. (1993): a 9-item scale for Prestige Sensitivity and a 6-item scale for Price Mavenism. Finally, to measure price

acceptance, we used a scale of 4 items adopted from David Martín-Consuegra et al. (2007). All scales were translated into Vietnamese and back-translated into English to ensure linguistic and conceptual equivalence between the Vietnamese and English versions.

### 4.2. Stages of research

In order to test the proposed model, a quantitative method was used. Because of the new research context, we conducted a quantitative pilot study to preliminarily assess all scales before carrying out the quantitative main study.

#### 4.2.1. The pilot study

In the quantitative pilot study, we collected 150 questionnaires. Most respondents came from Quang Ngai province and had different jobs and their ages ranged from 24 to 38 years old.

Measurement scales used in this current study were empirically validated in previous studies. However, because this current study was conducted in a new research context, an



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exploratory factor analysis (EFA) for each scale was conducted by applying varimax rotation, and then, its results were used in Cronbach Alpha for each scale to filter and remove garbage items. The result showed all scales were as expected (loaded on only one factor). Then, all 22 items were ready for the next stage: the quantitative main study. All the below contents present the information and results of the quantitative main study.

#### *4.2.2. The main study*

##### *Data collection and sample characteristics*

The data comes from the survey of consumers who purchased mobile phones, who were above 18 years old and were representatives for the regions of Vietnam. In our survey, 1000 questionnaires were sent out, and 823 questionnaires were received, resulting in a response rate of 82,3%. Dropping uncompleted responses and outliers from the data set, leaving only a usable completed sample of 605 respondents, resulted in a usable rate of 73.51%.

In our sample, the age mean of respondents was 27—most ranged from 18 to 38 years old. Respondents' monthly income ranged from less than VND 3 million to more than VND 15 million. The income mean of respondents was VND 4.2 million/per month. In terms of gender, women accounted for 66.1% of the respondents and men for 33.9%. Most of the respondents had bachelor degrees (74%), and 26% had some college or lower education. About 78.7% of the respondents owned a smartphone.

##### *Data analysis*

All 22 items remaining after the quantitative pilot study were continued to be used in exploratory factor analysis (EFA) for all items

to facilitate for a confirmatory factor analysis (CFA) in the next step. Finally, the validated measurement model tested by CFA was used to test the causal relationship by applying structural equation modelling (SEM).

## **5. Results**

### *5.1. Exploratory factor analysis (EFA)*

The results of the EFA showed that three of the four scales were as expected (highly loaded on the respective factor), including product knowledge, price mavenism and price acceptance. However, unlike the results of the quantitative pilot study, the EFA shows that 9 items from the prestige sensitivity scale split into 2 factors. While this scale was modelled as a unidirectional scale (Lichtenstein et al., 1993). That may be due to the research context, because the scale is unidirectional in this research context but can be multidimensional in other research contexts (Tho, 2011). Vietnamese consumers may be rather more sensitive to the statements in this scale than others. Consequently, the first 4 items of this scale were concerned more with their self-perceived feelings when she/he buys a product (i.e. “feel good”, “feel classy”, “enjoy the prestige”) for meda factor, while others were concerned more with the feelings the consumer thinks of others making judgments about her/him when she/he buys a product (i.e. “your friend will think you are cheap”, “other people would notice”, “others make judgments about me”) formed another factor.

This result is consistent with the theory of Fenigstein et al. (1975). Fenigstein et al. (1975) recognized two types of self-conscious people: publicly self-conscious persons are particularly concerned about how they appear to others and privately self-conscious persons are more

**Table 1: CFA and scale reliability**

<b>Construct</b>	<b>Name</b>	<b>Item description</b>	<b>Standardized estimate</b>
		<b>Private Dimension</b>	<b>0.736</b>
Prestige sensitivity (PS) CR=0.864 AVE=0.764	NCVT1	People notice when you buy the most expensive brand of mobile phone.	0.773
	NCVT2	Buying a high priced mobile phone brand makes me feel good about myself.	0.843
	NCVT3	Buying the most expensive brand of mobile phone makes me feel classy.	0.908
	NCVT4	I enjoy the prestige of buying a high priced mobile phone brand.	0.886
		<b>Public Dimension</b>	<b>0.993</b>
	NCVT5	It says something to people when you buy the high priced version of mobile phone.	0.710
	NCVT6	Your friends will think you are cheap if you consistently buy the lowest priced version of mobile phone.	0.744
	NCVT7	I have purchased the most expensive brand of mobile phone just because I knew other people would notice.	0.855
	NCVT8	I think others make judgments about me by the kinds of mobile phone categories and brands I buy.	0.781
	NCVT9	Even for a relatively inexpensive mobile phone, I think that buying a costly brand is impressive.	0.604
Product Knowledge (PK) CR=0.753 AVE=0.509	KT1	Compared to other consumers, how familiar do you think you are with mobile phones? (not at all familiar-very familiar)	0.751
	KT2	Do you know precisely what attributes of a mobile phone decide the function of the mobile phone (entirely don't know-know very precisely)	0.809
	KT3	Do you think you can make a satisfactory purchase of a mobile phone based on only your own knowledge, without another person's help (absolutely not-absolutely yes)	0.556
Price Mavenism (PM) CR=0.931 AVE=0.694	AHG1	People ask me for information about prices for different types of mobile phones.	0.666
	AHG2	I'm considered somewhat of an expert when it comes to knowing the prices of mobile phones.	0.878
	AHG3	For many kinds of mobile phones, I would be better able than most people to tell someone where to shop to get the best buy.	0.908
	AHG4	I like helping people by providing them with price information about many types of mobile phones.	0.835
	AHG5	My friends think of me as a good source of price information formobile phones.	0.891
	AHG6	I enjoy telling people how much they might expect to pay for different kinds of mobile phones	0.797
Price acceptance (PA) CR=0.801 AVE=0.505	CNG1	Sometimes, I am willing to pay more for a mobile phone	0.611
	CNG2	I know the reference price level of mobile phones	0.683
	CNG3	I usually accept changes in the price of mobile phones	0.834
	CNG4	I have a good knowledge of price distribution in mobile phones	0.695
CR: Composite Reliability, AVE: Average Variance Extracted.			

focused on their inner thoughts and feelings. According to this, the first factor is representative for private prestige and the other is representative for public prestige.

### 5.2. Confirmatory factor analysis (CFA)

The full measurement model composed of all items after EFA was tested by CFA. In the first measurement model, we had a fitted model with:  $X^2(201) = 600.494$ ,  $X^2/df = 2.988 < 3$ ,  $GFI = 0.917$ ,  $TLI = 0.946$ ,  $CFI = 0.953$ ,  $RMSEA = 0.057$  (Byrne, 2016). All detailed results of CFA for all constructs were presented in Table 1.

As seen in Table 1, standardized loading estimates ranged from 0.604 to 0.908, and all were greater than 0.5. All composite reliability (CR) (ranging from 0.753 to 0.931) was above 0.7; and the Average Variance Extracted (AVE) of all constructs (ranging from 0.505 to 0.764) was higher than the cut-off value of 0.5. These results showed that convergent validity is ensured (Hair et al., 2010). To examine the discriminant validity, Table 2 demonstrated Maximum shared squared variance (MSV) and Average shared squared variance (ASV) were less than AVE for all constructs. Simultaneously, Table 2 demonstrated all the square roots of

AVE were higher than the inter-construct correlations. These results showed the evidence of discriminant validity (Fornell and Larcker, 1981).

### 5.3. Hypotheses testing

We used structural equation modelling (SEM) to simultaneously test the proposed hypotheses. The results of SEM indicated that the model achieved an acceptable fit:  $X^2(202) = 760.357$ ,  $p = 0.000$ ,  $X^2/df = 3.764$ ,  $GFI = 0.898 > 0.8$  (Baumgartner and Homburg, 1996),  $TLI = 0.924$ ,  $CFI = 0.934$ ,  $RMSEA = 0.068 < 0.08$  (Baumgartner and Homburg, 1996).

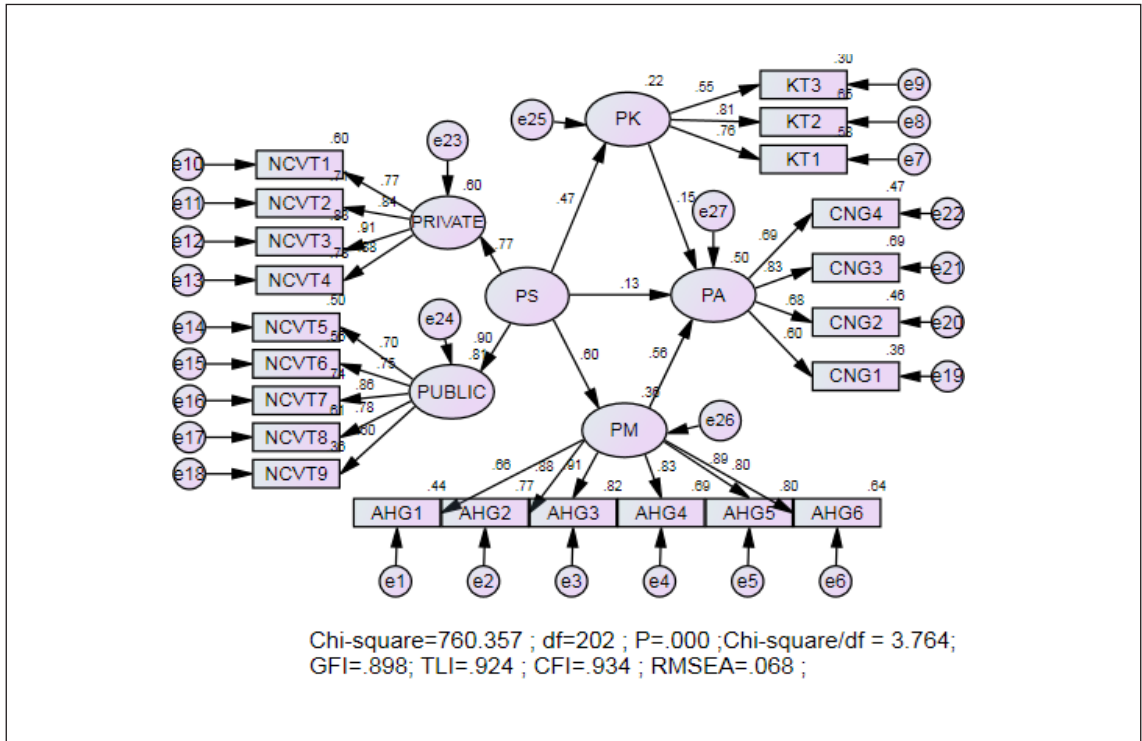
The results of all hypotheses testing in Table 3 show that all of them were statistically significant and supported. As expected, the results supported H1a and H1b. Prestige sensitivity has positive effects on product knowledge and price mavenism (with the respective  $\gamma$  of 0.453 and 0.609 at  $p = 0.000$ ). Consistent with H2a and H2b, product knowledge and price mavenism were found to have a positive effect on price acceptance (with the respective  $\gamma$  of 0.126 and 0.454 at  $p = 0.002$  and  $p = 0.000$ ), they are supported. Besides, if the model had no product knowledge and price mavenism variables, the unstandardized coefficient of the relation be-

**Table 2: Discriminant validity**

	CR	AVE	MSV	ASV	PM	PK	PA	PS
PM	0.931	0.694	0.498	0.405	<b>0.833</b>			
PK	0.753	0.509	0.440	0.286	0.663	<b>0.714</b>		
PA	0.801	0.505	0.498	0.338	0.706	0.550	<b>0.710</b>	
PS	0.864	0.764	0.278	0.202	0.527	0.339	0.461	<b>0.874</b>

Notes: Bold values in the diagonal represent the square roots of AVE and share variance represented by all other entries. All variables are ready to test the research hypotheses.

Figure 2: Results with SEM (standardized estimates)



tween prestige sensitivity and price acceptance is 0.406 ( $>0.105$ ). These results indicated the mediating role of product knowledge and price mavenism in the relationship between prestige sensitivity and price acceptance (Tho, 2011). The data also supports H3. Prestige sensitivity had a significant positive effect on price accep-

tance ( $\gamma = 0.105$  at  $p = 0.036$ ).

The Bootstrap test was also performed with a resampling of 500 indicated that CR is less than 1.96 (see Table 4)  $\Rightarrow$  the deviation from 0 was not statistically significant at 95% confidence intervals. Thus, it can be concluded that the estimates in the model as in Table 3 are re-

Table 3: Results of hypotheses testing

Hypothesis	Causal Path	Estimate	Standard error	C.R.	P	Hypothesis supported
H1a	PK <--- PS	0.453	0.055	8.171	***	Yes
H1b	PM <--- PS	0.609	0.059	10.289	***	Yes
H2a	PA <--- PK	0.126	0.041	3.056	0.002	Yes
H2b	PA <--- PM	0.454	0.052	8.749	***	Yes
H3	PA <--- PS	0.105	0.05	2.095	0.036	Yes

**Table 4: Results of bootstrapping**

Parameter			SE	SE-SE	Mean	Bias	SE-Bias	CR
PK	<---	PS	0.079	0.003	0.470	0.004	0.004	1.000
PM	<---	PS	0.065	0.002	0.605	0.005	0.003	1.667
PA	<---	PS	0.073	0.002	0.132	0.004	0.003	1.333
PA	<---	PK	0.062	0.002	0.148	-0.001	0.003	-0.333
PA	<---	PM	0.015	0.000	0.833	-0.001	0.001	-1.000

liable. The model explained 50.3% of the variance of price acceptance.

These findings are discussed in detail in the next section.

## 6. Discussion and conclusions

### 6.1. Theoretical implications

The results of this study contribute to the explanation of customer attitude to price (price acceptance) in some points:

First, this is the first research that has explored prestige sensitivity as a significant antecedent of price acceptance. It affects price acceptance in both direct and indirect ways. This study finds that prestige sensitivity has a direct impact on price acceptance. Simultaneously, in the mobile phone market with a great number of alternatives in the consideration set, high prestige-sensitive customers perceive more social risks and uncertainty in purchasing, and so, the study creates motives to improve consumer's knowledge about a product and product prices in order to have the best choice. This information background helps the forming of an internal range of reference prices which are used as a basis for comparing and assessing, and then those affect their level of acceptable price. In addition to this, the mediating role of product knowledge and price mavenism in this relation-

ship was also demonstrated. In other words, the study indicated the mechanism through which prestige sensitivity influences price acceptance. These findings are expected to create a useful new explanation of price acceptance.

Moreover, these results confirm that prestige sensitivity is not only a motive for consumers to find information about products (as many previous researches mentioned (i.e. Bloch et al., 1986)), but also stimulates them to share information with others (price mavenism).

Besides, the results point out that price mavenism plays as a positive perception of mobile phone prices in the Viet Nam market. This finding conflicts with Lichtenstein et al.'s (1993) view, but as expected, it is consistent with Byun and Sternquist (2010) and Sternquist et al. (2004). This result asserts that customers with different cultural backgrounds will have different perceptions about the role of price mavenism.

Finally, relating to the prestige sensitivity scale, this study presented this scale which may be a multidimensional scale. We found two dimensions of prestige sensitivity: private and public dimensions that are in line with the theory of Fenigstein et al. (1975).

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## 6.2. Managerial implications

The study shows the vital role of consumer differences toward the change of price acceptance. The research findings from this study provide a better understanding of the relationship between prestige sensitivity and price acceptance for products and so provides managers with new knowledge on the mechanism through which prestige sensitivity affects customer's responses to price. This result suggests that managers may estimate target customers' response to product prices based on the prestige sensitivity of customers.

Second, the study also shows the vital role of customer knowledge (product knowledge and price mavenism) toward price acceptance. This result suggests that managers of mobile phone businesses could increase the price acceptance of customers by providing as much information as possible about the product and price to the target customers, especially in the case of high involvement mobile phones or high involvement market segments.

## 6.3. Limitations and future research directions

This study has achieved a certain success in examining the important relationship between prestige sensitivity and price acceptance in the relatively new research context of the mobile phone market in Vietnam. However, the study also has several limitations. First, relating to the sample, although we also tried to assure the representative nature of the sample by large-scale surveys with respondents coming from many regions throughout the country, the convenience sampling method is also a limitation of this study. In addition, the sample could not get a close-to-actual ratio between male and females (33.9%-66.1%) among the respondent's age groups. Moreover, there may be other mediating and moderating variables that have not been included in the model, so they could be added in future studies to explain further price acceptance. Finally, the results achieved may be only valid for the product analysed. Future research could overcome these limitations by applying a better sampling method or conducting comparative research across different products.

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