

Abstract

This study examines whether the effects of reference-price advertisements on consumers' perceptions and behavioral intentions differ between online and offline price-based promotional offers. By using an experiment with a three-by-two factorial design, this study finds that the inclusion of an advertised reference price in a promotional offer results in a higher internal reference price, a lower price search intention, and a more favorable attitude toward the promotional offer in both online and offline retailing environments. When comparing these effects on the two types of retailing channels, they are greater for the online shopping channel. In addition, an exaggerated advertised reference price produces a greater effect on consumers' perceptions than does a plausible advertised reference price in both shopping channels and, again, this effect is larger for shopping online than for shopping in offline (traditional) channels.

Keywords: Online Pricing, Online Shopping, Reference-Price Advertisement, Exaggerated Advertised Reference Price, Internet Commerce