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# EFFECTS OF PRICE AND BRAND NAME IN PERCEPTIONS OF QUALITY, VALUE AND WILLINGNESS TO BUY ON CONSUMERS' PRODUCT EVALUATIONS

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## ABSTRACT

*The principal objective of this study was to find out how the prices and brand name affect the product evaluation of the consumers. Purposive sampling was done and the questionnaires were distributed to 337 respondents at PUP Sta. Mesa Campus to find the relationship between the variables, interpreted using the Pearson correlation method and were analyzed using SPSS. The study revealed a relative effect of price and brand name to the respondents perceive quality and value as well as their willingness to buy. Also, the findings showed a positive relationship between perceived quality, perceived value and willingness to buy as well as its relationship to their income or allowance monthly and to the frequency of purchase. In conclusion, the study showed that the price and brand name have a relative effect on the perception of quality and value as well as to the willingness to buy.*

**Keywords:** Price; Brand; Perceptions of Quality; Perception of Value; Willingness to Buy; Product Evaluations; McDonalds; Consumers. Buying Decision

## INTRODUCTION

Product evaluation is the process that consumers carry out in their purchasing decision. Price and brand name are some of the variables which have an effect to their perception of the product's quality, value and their willingness to buy. Price for the consumers is the product's monetary value and some may prefer purchasing a product because of its price, many other consumers still consider the price relative to its quality and it have a greater importance. Furthermore, consumers having prior knowledge about the brand mediate the price effects on their evaluations. The main problem of this study is to determine what effects do price and brand name impose towards consumer's perception in the product evaluation. McDonald's is the brand name used in the study and it is specified to have an accurate and relevant information from the respondents. McDonalds is one of the leading fast food chains not only in the Philippines but worldwide for its affordable products and patronage. Numerous studies have been conducted concerning the price-value, price-quality relationships and the like. This study aims to discover the correlation between the effects of McDonalds' brand name and product prices in the perception of quality, value and willingness to buy of PUP CBA students in their product evaluation. The researchers aim to determine three specific objectives in this study (1) the customer's perception of quality and value of the brand; (2) the influence of the products' price to the customer's perception and their willingness to buy; and (3) the implication of brand name and price in the consumers' perception of quality, value and their willingness to buy.

Dodds, Monroe and Grewal (1991) concluded in their research that the consumers' perception of quality is affected by the price and brand names. According to McCormick (2015), one of the nine factors that affects customer's willingness to pay for a certain product depends on the quality. Ultimately, higher price should have higher quality,

leading to the perception of value on how much are they willing to pay for. There is a strong relationship between perceived relative price and perceived product value, and between the perceived product value and willingness-to-buy. The findings of their study indicate that the establishment of value perception is vital in the buying process (Beneke, Flynn, Greig, & Mukaiwa 2013). Moreover, perceived price is involved in the consumer's value judgments. Quareshi (2017) suggest that to improve the perceptions of consumer value, counter-balancing price and product offerings should be considered. According to Bhasin (2017), the price is a strong psychological component that manipulates the perception and expectation of a consumer towards a product. This affects their decision making and willingness to buy for the purpose of wanting to receive the value for their money. Several researches reveals that if price is too high or too low, the customer might not see the value of the product. In line with that, Dodds, Monroe and Grewal. (1991) described an acceptable price range concept wherein consumers tend to set a price range which they are willing to sacrifice for a certain product. Prices that are too high or below this concept negatively affect the consumers' perception of quality and value. A study of Quareshi (2017) showed that consumers are kingpins and only they can determine the value in the transaction. If there is a perceived significant value, they tend to pay a higher price for the products and services. Consumers perceived value they are receiving for their money. Furthermore, it is important to sell value not just lower price product associated to value. Value has a negative relation with price. This is because in the consumers' mindset, it is not only a monetary sacrifice but as well as a time sacrifice. In addition, there is a study that found out the perceived relation of price and the income of the consumers. The study conducted by Gebresilassie and Mariam (2011) found that 87% of respondents were willing to buy a product with a price proportional to their income. The meta-analysis of Volckner and Hofmann (2007) found out that the effect of price decreased on perceived quality but the moderately strong and highly significant average effect size show that price is still an important indicator of quality that consumers used. They suggest that it is a must to be aware that inferences in price-quality is still an important aspect of consumers' behavior in the product evaluation and keep them in consideration in setting prices. On the other hand, a study on the effects of brand names on consumer behavior of Jordanians found that customers consider the product brand name as an important cue while making their buying decision and the level of brand name significance has been founded. Customers are appreciating the product with strong brand names and are worth the price it is carrying. Customers agreed that it is more trustworthy and have better quality than other products without brand names or with unknown brand names. (Khasawneh & Hasoneh, 2010).

The limitations from the reviews of literature includes respondents being limited in a specific geographic region and demographic grouping. Findings may therefore not be generalized, particularly with respect to other countries. Furthermore, the data provided which supported the perceived quality, perceived price and customer value relation, and uses convenient sampling which sometimes limit the generalizability of the findings. Students were also not given specific model or attribute/feature information. It suggested that future researchers should check the role of brand name on value judgement of a product, conduct studies using an appropriate sampling technique in terms of marketing and possibly extend the study by including service offers by the brand.

The researchers will address the following limitations and knowledge gap of the past studies by taking into considerations the respondents relevant the current study, the brand present in the local region and appropriate demographic grouping. The objective of the current study is to determine the effects of price and brand name in the perception of quality, value and willingness to buy of the College of Business students of the Polytechnic University of the Philippines in their product evaluation. The hypotheses of this study are (H<sub>1</sub>) relationship between income/allowance monthly and frequency of purchase is positive, (H<sub>2</sub>) relationship between consumers' perception of value and their perception of quality is positive, (H<sub>3</sub>) relationship between consumers' perception of value to willingness to buy is positive, (H<sub>4</sub>) relationship between the consumers' perception of quality to willingness to buy is positive, (H<sub>5</sub>) relationship between frequency of purchase to perceived quality, perceived value and willingness to buy, and is positive (H<sub>6</sub>) relationship between income or allowance monthly to perceived quality, perceived value and willingness to buy is positive. The study uses a survey questionnaire to gather relevant information that will be used in a Pearson correlation coefficient analysis to determine the relation between the variables. The results from the analysis will be used to come up to the conclusion and recommendation of the study.

## Methods and Materials

This study used correlation method with the aim of finding out the effects of price and brand name on the perception and evaluation of the sample towards the McDonalds products. The target populations were students from each of the departments of Business Administration of PUP Sta. Mesa Manila. Using Slovincs formula, a sample size of 337 was derived from a total population of 2,702 with 102 respondents from Marketing Management, 101 from Human Resource Management, 78 from Office Administration, and 56 from Entrepreneurship. The sampling technique used is purposive sampling. It was the strategic technique considering that the constructed questionnaires were intended to specific samples that are directly relevant to the research.

In order to attain the purpose of the study, survey questionnaires were constructed for the respondents. The research instrument of the study is a survey questionnaire adapted and improved from a study conducted by Dodds, Monroe and Grewal (1991). The survey questionnaires distributed were designed and separated into 3 parts. Part 1 included the demographic profile of the respondents namely gender, age, course, year-level, religion, source of income, and allowance/income monthly. Part 2 was a 1 item question to determine the frequency of consuming the McDonald's product. Part 3 included 5 questions for the following indicator; perceived quality, perceived value and willingness to buy. Lastly, for the purpose of conducting this research, it used three different five-point Likert scales from "Never" (1) to "Always" (5), "Strongly disagree" (1) to "Strongly agree" (5), and "Very low" (1) to "Very high" (5).

To gather the necessary data, a total of 337 survey questionnaires were distributed among 102 Marketing Management students, 101 from Human Resource Development Management, 56 students from Entrepreneurship and 78 students from Office Administration. Prior to the data collection procedure, the researchers began to acquire representatives from each department to inquire about the convenient schedule to implement the procedure. The survey questionnaires were distributed to the respondents and answered at their own desired time with the guidance of the researchers. The instrument was immediately retrieved after the respondents answered it. It took one week to be completed wherein 357 survey questionnaires were distributed. Five (5) more survey questionnaires were added for each department to allot necessary adjustments in case of an annulled survey questionnaires. The calculations and analysis of this study were conducted using Microsoft Excel and SPSS statistics with Pearson correlation coefficient method.

## RESULTS AND ANALYSES

**Table 1**  
*Frequency, Percentage, Mean and Standard Deviation of Perceived Quality, Perceived Value and Willingness to Buy*

INDICATORS	5		4		3		2		1		ME AN	Weighted Mean	SD
	Fre	%	Fre	%	Fre	%	Fre	%	Fre	%			
	q.		q.		q.		q.		q.				
McDonalds Products are reliable	47	13.95	15	47.18	11	33.2	16	5	3	89	3.69		0.80
McDonalds Products are presentable	53	15.73	18	55.79	23	33.78	15	5	3	89	3.81		0.78
McDonalds Products are dependable	30	8.9	13	40.13	14	43.14	20	5.9	2	59	3.52		0.76
McDonalds Products are high quality	41	12.17	16	49.16	10	32.9	20	5.9	1	30	3.67		0.78
McDonalds Products are appetizing	54	16.16	17	52.17	26	38.26	13	3.8	4	19	3.79	<b>3.69</b>	0.80
McDonalds Products offers value for the money	61	18.10	15	44.51	10	30.2	16	4.7	8	37	3.71		0.90
At the price shown, McDonalds price is considered to be economical	44	13.06	13	39.13	13	39.13	25	7.4	3	89	3.56	<b>3.60</b>	0.84

McDonalds Products are considered to be a good buy	43	12. 76	16 3	48. 37	11 1	32. 94	17	5.0 4	0. 3	3.6 89	0. 7	80
McDonalds price shown for the product is acceptable	47	13. 95	16 5	48. 96	10 4	30. 86	14	4.1 5	2. 7	3.6 08	0. 9	84
McDonalds Products appear to be a bargain	26	7.7 2	12 1	35. 91	14 3	42. 43	38	11. 28	2. 9	3.3 67	0. 5	88
The likelihood that I would purchase McDonalds Products	68	20. 18	13 2	39. 17	11 1	32. 94	23	6.8 2	0. 3	3.7 89	0. 1	90
The probability that I would consider buying McDonalds Products	79	23. 44	13 5	40. 06	10 0	29. 67	19	5.6 4	1. 4	3.7 19	0. 9	91
My willingness to buy McDonalds Products	77	22. 85	13 1	38. 87	10 3	30. 56	23	6.8 2	0. 3	3.7 89	0. 6	91
I would buy a certain McDonalds Product at the price set	43	12. 76	16 2	48. 07	10 9	32. 34	19	5.6 4	1. 4	3.6 19	0. 6	82
I would consider buying McDonalds Products at the set price	56	16. 62	15 3	45. 40	10 6	31. 45	17	5.0 4	1. 5	3.7 48	0. 1	86
											<b>3.72</b>	

There were 5 indicators under Perceived Quality, Perceived Value and Perceived willingness to buy. All items position the brand name of McDonalds in the minds of the respondents. The table above represents the frequency, percentage, mean and the standard deviation of the responses. The highest frequency of the respondents agreed that McDonalds products are reliable, presentable, dependable, high quality and appetizing which had an overall weighted Mean of 3.69. Majority of the respondents also agreed that McDonalds Products offers value for the money, consider it to be a good buy and with an acceptable price. Also, a large percentage answered neutral in indicators that perceived this brand's price as economical and a bargain. The overall weighted mean for the respondents' perception of value is 3.60. The largest percentage of responses that indicated the respondents' willingness to buy McDonalds' Products fall under the scale of 4 and an overall weighted mean of 3.72. The results implied that the respondents are willing to buy products from McDonalds.

**Table 2**  
*Correlation of Income or Allowance Monthly and Frequency of Purchase*

		Income/Allowance	Frequency of Purchase
Income/Allowance Monthly	Pearson Correlation	1	<b>.029</b>
	Sig. (2-tailed)		.595
	N	337	337
Frequency of Purchase	Pearson Correlation	<b>.029</b>	1
	Sig. (2-tailed)	.595	
	N	337	337

The table above represent the correlation of the respondents' income/ allowance monthly and the frequency of purchase in McDonalds. It showed a weak positive relationship between income/allowance monthly and frequency of purchase ( $r = .029$ ) with statistical significance of .595. The changes that occurred to the income/allowance monthly toward the frequency of purchase have weak effects. It showed positive relationship between each variable and have supported the hypotheses.



**Table 3**  
*Correlation of Perceived Quality, Perceived Value and Willingness to Buy*

		Perception of Quality	Perception of Value	Willingness to Buy
Perception of Quality	Pearson Correlation	1	<b>.691**</b>	<b>.694**</b>
	Sig. (2-tailed)		.000	.000
	N	337	337	337
Perception of Value	Pearson Correlation	<b>.691**</b>	1	<b>.755**</b>
	Sig. (2-tailed)	.000		.000
	N	337	337	337
Willingness to Buy	Pearson Correlation	<b>.694**</b>	<b>.755**</b>	1
	Sig. (2-tailed)	.000	.000	
	N	337	337	337

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The table above presents the correlation of the respondents' perceived quality, perceived value and willingness to buy.

### **Perceived Quality and Perceived Value**

There is a strong positive relationship between perceived value and perceived quality ( $r = .691$ ,  $p < .001$ ). The result of the survey supported the hypothesis that there is a positive relationship between the variables. As the perceived value increases, the perceived quality of the respondents also increases.

### **Perceived Value and Willingness to Buy**

There is a strong positive relationship between perceived value and willingness to buy ( $r = .755$ ,  $p < .001$ ). The perceived value and willingness to buy have strong effects to each other as changes with each of them occurred. This result, in turn, supported the researcher's hypothesis.

### **Perceived Quality and Willingness to Buy**

There is a strong positive relationship between perceived quality and willingness to buy ( $r = .694$ ,  $p < .001$ ). The result showed that as changes occurred in the perceived quality of the respondents, their willingness to buy the product also changes and this supported the hypotheses of the study.

**Table 4**  
*Correlation of Frequency of Purchase, Perceived Quality, Perceived Value, and Willingness to Buy*

		Frequency of Purchase	Perception of Quality	Perception of Value	Willingness to Buy
Frequency of Purchase	Pearson Correlation	1	<b>.364**</b>	<b>.322**</b>	<b>.404**</b>
	Sig. (2-tailed)		.000	.000	.000
	N	337	337	337	337
Perception of Quality	Pearson Correlation	<b>.364**</b>	1	<b>.691**</b>	<b>.694**</b>
	Sig. (2-tailed)	.000		.000	.000
	N	337	337	337	337
Perception of Value	Pearson Correlation	<b>.322**</b>	<b>.691**</b>	1	<b>.755**</b>
	Sig. (2-tailed)	.000	.000		.000
	N	337	337	337	337
Willingness to Buy	Pearson Correlation	<b>.404**</b>	<b>.694**</b>	<b>.755**</b>	1
	Sig. (2-tailed)	.000	.000	.000	
	N	337	337	337	337

\*\* . Correlation is significant at the 0.01 level (2-tailed).

As frequency of purchase increases, the perception of quality, value and willingness to buy of respondents also increases. The results showed moderate effect between each variable. The results supported the hypotheses H5 a, b and c where there is a positive relationship ( $r = .364$ ,  $r = .322$ , and  $r = .404$  respectively) between the aforementioned variables.

**Table 5**  
*Correlation of Income or Allowance Monthly, Perceived Quality, Perceived Value, and Willingness to Buy*

		Income/Allowance Monthly	Perception of Quality	Perception of Value	Willingness to Buy
Income/Allowance Monthly	Pearson Correlation	1	<b>-.003</b>	<b>-.05</b>	<b>-.018</b>
	Sig. (2-tailed)		.951	.36	.74
	N	337	337	337	337
Perception of Quality	Pearson Correlation	<b>-.003</b>	1	<b>.691**</b>	<b>.694**</b>
	Sig. (2-tailed)	.951		.000	.000
	N	337	337	337	337
Perception of Value	Pearson Correlation	<b>-.05</b>	<b>.691**</b>	1	<b>.755**</b>
	Sig. (2-tailed)	.36	.000		.000
	N	337	337	337	337
Willingness to Buy	Pearson Correlation	<b>-.018</b>	<b>.694**</b>	<b>.755**</b>	1
	Sig. (2-tailed)	.74	.000	.000	
	N	337	337	337	337

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Contrary to the hypothesis, the result showed a negative relationship between the variables whereas the income/allowance monthly increases, the perception of quality, value and willingness to buy of respondents decreases and vice versa. The results also showed a weak correlation and high statistical significance: income/allowance monthly and quality ( $r = -.003$ ), p-value of .951, while with value ( $r = -.05$ ), p-value of .36 and with willingness to buy ( $r = -.018$ ) with a statistical significance of .74.

## DISCUSSION

This study aims to determine the relationships between the price and brand name of a product and the perceived quality, value and willingness to buy of consumers for their product evaluation through the Pearson correlation analysis on SPSS.

### *Price, Brand Name, Perceived Value, Perceived Quality and Willingness to Buy*

Overall, when price and brand name are intrinsic cues available for the students, they perceive value to be related positively to their perceived quality and willingness to buy for the brand. The hypothesized positive relationship is supported in the results. The frequency and percentage of majority of responses shows a high positive perception towards the brand's quality, value and willingness to buy.

### *Income or Allowance and Frequency of Purchase*

The income/allowance in the demographics is an indicator of a consumer's purchasing power. It also predicts how optimistic respondents are in spending monetary assets. In most cases, lower purchasing power leads to low frequency of purchase intentions. However, in this study, results show that the income/allowance has a weak correlation with the frequency of purchase with a high statistical significance. This reveals that the relationship between the students' consuming McDonalds Products is not highly affected by their income/allowance monthly. It

is concluded by the researchers that this is affected by the source of income in which 94% of the student's allowances are family-based therefore show lesser importance for saving money.

#### ***Perceived Quality, Perceived Value and Willingness to Buy***

Quality is the degree of standard that is acceptable to the consumer. All brands aim to prove their quality to the market in order to achieve success. The perception of quality of the consumers highly affects the brands' positioning and status in the business arena. Value is also an important cue for it has to meet the quality in terms of monetary value. Moreover, it has to be relevant for the customers to see the importance of the products to support its products or services leading to purchase intentions. The perception of value and quality influences the willingness of a customer to buy from a brand. These 3 variables are important in order to support the brand's success however, these are not always proportional. A brand may be perceived high quality and high value but no willingness to buy. Other reciprocities may apply.

In this study, the correlation of the perceptions of quality and value displayed a strong positive relationship with a high statistical significance. This implies that if the perception of quality is high, so is the perception of value, therefore high willingness of purchase. This is supported by numerous works done beforehand.

#### ***Frequency of Purchase, Perceived Quality, Perceived Value and Willingness to Buy***

The analysis of the relationship between these variables shows that there is a moderate positive relationship among them. When the perceived value and perceived quality of the brand's product is high then the frequency of purchase of the students is also high. As well as their willingness to buy increases. However, when the perceived value and perceived quality is low then their willingness to buy is also low resulting to the decreased in the frequency of purchase.

#### ***Income or Allowance, Perceived Quality, Perceived Value and Willingness to Buy***

In the analysis, the relationship between the students' income or allowance and their perceived quality; perceived value and willingness to buy toward the product show a weak and negative correlation. When the consumers have more money, they perceived that the quality and value of the brand's product is low then their willingness to buy decreases. On the other hand, when they have less income or allowance, they perceived the brand to have high value and quality.

## **CONCLUSION**

This study found out that price and brand name have effects on the consumers' perception of quality and value as well as their willingness to buy. As the price and brand name are recognized by the consumers, they perceived it to be high quality and with high value therefore there is a high willingness to buy. Customers consider the product brand name as an important cue while making their buying decision and the level of brand name significance has been founded.

Findings also suggest that income or allowance of the respondents does not affect their frequency of purchase simply because their source of income is from their families. Furthermore, the relationship between the perceived quality, perceived value and their willingness to buy is high. This study suggests that the frequency of their purchase is directly related to their perceived quality and perceived value of the brand and its products' price that affects their willingness to buy. For instance, if they have perceived high value and quality in McDonalds products then they have a high purchase intention.

On the other hand, the findings also show that the higher the income or allowance of the respondents, the lower the perceived value and perceived quality for the brand and therefore, lower purchase intentions. This relationship, although weak, revealed a strong statistical significance that lead to the conclusion that students with lower income/allowance perceives these variables higher than those with high income/allowance.

In conducting the study, it is limited to the effects of price and brand name to the consumers perception in the product evaluations of a specific brand and that respondents are consumers of a specific demographic grouping so the findings may not be generalized, particularly for other groups, places and countries. The findings of the study show that the price and brand name have a relative effect on the perception of quality and value as well as to the willingness to buy. However, there is still a need for additional research to fully determine the effects of these variables on a larger scale.

It should be noted that the results from this study are based on two determinants, price and brand name. Future research should conduct further studies to address value judgment of the brand focused on this study with, for instance, their services offered. This study is also limited to a specified group of respondents. This study may be used by other brands to formulate a better strategy to improve the consumers' perception. Business Administration students may also gather relevant information in practice to formulate future strategies or apply importance of these variables in studies. On the other hand, this study needs further improvement. It is recommended for future researchers to collect data across diverse respondents to help generalize the findings. Further research may proceed to other research designs and include other determinants to help enhance the validity of the current findings. With the limitations of this study, it is recommended that the effects of price and brand name towards consumers product evaluation need to be examined further in various settings to validate the arguments, hence the researchers leave it to future studies.

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