

THE RATIONAL CONSUMER: STUDYING THE IMPACT OF CONSUMER COGNITIVE MEASURES ON PURCHASE INTENTION THROUGH SOR MODEL

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Abstract

This study investigated the mediating role of price perception in the relationship of three brand related cognitive stimuli – Brand Familiarity, Perceived Value and Perceived quality on consumer purchase intentions for English language services. Grounded in stimulus-Organism-Response (SOR) theory, price perceptions are reconceptualized as mediator instead of external stimuli, addressing a theoretical gap on credence based educational service context. A survey experiment of between subject design was conducted to test high vs. low price perceptions of two language institutes on 173 qualified respondents consisting of GenY and Gen Z, living in major urban centers of Pakistan. Participants were randomly assigned to one of the four experimental conditions. After the manipulation checks, the analysis on Smartpls 4.0 revealed that cognitive factors had a significant impact on price perception and purchase intention. Specifically, high perceived quality, value, and familiarity with the institute are more likely to have a positive price perception and purchase intention. Additionally, the price sensitivity was higher when consumers were faced with a price increase. This study advances SOR theory by empirically examining the mediating role of price perception with significant implications for service dominant as well as credence service context of developing economies where consumer behavior is increasingly driven by price sensitivity. Price perception central organismic role is significant to translate brand related stimuli cues into behavioral responses. These findings establish price perceptions as critical lever in planning brand building investments to influence purchase intention, challenging direct effect models, offering nuanced pathway for future consumer behavior research in developing economies. By understanding the role of cognitive factors in the consumer purchase decision process, marketers can develop more effective marketing strategies that are more likely to influence consumer purchase intention.

Keywords: Brand Familiarity, Perceived Quality, Perceived Value, Purchase Intention, Price Perception, SOR theory, Survey Experiment

1. INTRODUCTION

Price perception represents a fundamental driver within the consumer decision making framework. They not only represent what consumers think and feel about the overall cost but also represent subjective evaluations. Behavioral marketing literature suggests that consumers purchase intention is higher if they have a positive response towards its quality and value offering. (Bhutto et al., 2020). To drive the consumer purchase intention, the price perception of the consumer must be fairly assessed through cognitive measures such as perceived quality and perceived value (Zietsman et al., 2018). In addition, informed consumers are better able to evaluate information and comprehend the characteristics that lead to the optimal selection through brand familiarity (Son & Jin, 2019). The traditional applications of price perception position it as an external stimulus alongside other environmental cues that triggers organism responses (Makorere, 2025). Furthermore, price sensitivity is an increasing concern of marketers, as with increasing inflation, it is hard for consumers to decide if the price of the product or service is higher, even when consumers are familiar with the brand's offering and have a higher perceived value, since consumers are already facing difficulty in managing life essentials (Kazmi, 2023). This is particularly challenging for service offerings such as developing language proficiency. First, in the developing economies, English proficiency is not merely an educational outcome but a marketable asset with direct implications for socioeconomic mobility placing it as a commodity and an aspiration. Secondly, English language

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services are credence goods forcing consumers to depend significantly on extrinsic cues such as brand familiarity and alternative indicators of quality in forming perceptions due to increased perceived risk and financial commitment. Lastly from theoretical perspective, the conventional stimulus treatment of price perception reflect an implicit assumption of price as an objective property of the exchange environment. This treat it as a fixed attribute that consumer passively receive and process. However it misrepresent the nature of price perception in complex service context such as English language. Studies (Makrorere, 2025 & Mkedder et al. 2021) demonstrate applicability of SOR framework in the services contexts while also revealing inconsistencies supporting price perception as a mediator rather than direct stimulus to intention relationship (Ahmed et al. 2023). Hence this study set out to empirically examine the cognitive measures, i.e., perceived quality, perceived value, and brand familiarity, that influence the price perception affecting purchase intention of consumers. Specifically, does increasing the price of the service offered increase the price sensitivity, viz, lower the purchase intention of the consumer. Further, how significantly does the subjective evaluation of price dictate a consumer's purchase intention when higher prices are introduced? By doing so, this research helps to understand the stimuli that affects consumer purchase decisions for both high- and low-involvement decisions through the Stimulus-Response-Organism framework.

2. LITERATURE REVIEW

The Stimulus-Response-Organism explicates the impact of environmental stimuli (S), which effect an individual's internal state (O), thereafter leading to behavioral response (R). It provides a framework to elucidate and predict behavior by studying cognitive, affective, and motivational states of individuals (Cakici & Tekeli, 2021; Binge, Chatzipanagiotou & Ruiz, 2020) to responses such as customer loyalty, purchase intention, purchasing behavior, engagement, and co-creation (Zhu et al., 2020).

2.1 Brand Familiarity

Brand familiarity represent a spectrum of consumer experience that captures the extent of a consumers total experience with a product, whether direct or indirect (Alba & Hutchinson, 1987). The extant literature argues that brand familiarity serves as a buffer, mitigating the the disruptive impact of marketing efforts by competing brands (Kent & Allan, 1994); as a result, a more expedited activation process (Bang & King, 2021), ultimately shaping perceptions and preferences (McClure & Seock, 2020). Established brand familiarity tends to expand brand knowledge structures and reduce uncertainty in the pre-purchase stage (Jeng, 2017). This, in turn, may result in varying price perceptions among consumers (Son & Jin, 2019). However, the empirical evidence on brand familiarity's direct effect is mixed (Ahmed, 2025) and the role of price perception is theorized via price perception to behavioral response.

H₁: Brand familiarity has a positive impact on purchase intention through the mediation effect of Price Perception.

2.2 Perceived Value

A customer's perceptions of value is determined by the interplay between a consumer's subjective perceptions and the actual utility delivered. Şen Küpeli and Özer (2020) discussed both the advantages and disadvantages of acquisition. The greater the product's perceived value, the higher its chances of being acquired (Chen et al., 2018). It has been conceptualized in two ways. The initial approach focuses on the advantages that customers perceive, encompassing economic, social, and relational benefits. The second approach pertains to the sacrifices that customers make, such as price, time, effort, risk, and convenience (De Toni et al., 2018). For Loureiro et al. (2020) the notion of perceived value is a comprehensive assessment done by the consumer concerning the ratio of benefits to costs associated with the acquisition of a product. Guerrero (2012) contended that perceived value determines the rise and fall of consumers' price perception. While Zietsman et al., (2018) argued that price perceptions should be managed without sacrificing the value of the services provided. Hence these two constructs are conceptually adjacent but serve a clear separation in the hypothesized model via consumer assessment of benefits relative to the total investment as more focused judgement. The motivational outcome of purchase intention is a consequence of the value associated with it. Therefore, perceived value may enhance price acceptability and will ultimately lead to purchasing behavior (Salehzadeh & Pool, 2017) providing empirical precedent for the mediation structure.

H₂: Perceived Value has an impact on purchase intention through the mediation effect of Price Perception.

2.3 Perceived Quality

Perceived quality in service is subjective and rooted in customers' expectations and experiences. It refers to the customer's total judgment of the superiority or excellence of a service (Zeithaml, 1988), incorporating both emotional and cognitive indicators. (Klabi, 2020). This relationship is bidirectional and theoretically rich. In the absence of tangible cues in services, customers often use price perceptions. When a cosumer attribute superior quality to a brand, their price sensitivity decreases (Völckner & Hofmann, 2007). Perceived quality influences how consumers interpret price and form purchase intentions (Suhud et al., 2022). Increased perceived quality can

make prices seem more acceptable, thereby increasing consumer purchase intentions (Satriawan & Setiawan, 2020). In this study context, investment in quality signals may enhance price acceptability through mediating mechanism hence.

H₃: Perceived Quality has an impact on purchase intention through the mediation effect of Price Perception.

2.4 Price Perception

The term "price" represents the selling rate of a product, whereas "price perception" indicates to the process of interpreting the meaning of the price itself. Consumers link "price" with "selling rate" and form their own conclusion, which may be high, acceptable, or affordable (Bennett et al., 2022). This process is predominantly automatic, but can also be performed with great intent. A variety of information-gathering platforms and social media make pricing comparisons exceptionally simple (Malc et al., 2021). Pricing is central to how consumers evaluate and experience the brand. (Yasri et al., 2020). When consumer knowledge is high, buyers rely more heavily on their perception of price fairness and consider it a more accurate predictor of their purchase intention. (Leinsle et al., 2018). Zolfagharian et al. (2017) assessed diverse reactions to pricing, encompassing factors such as price acceptability, savings potential, perceived value for money, purchase intent, along with contextual and demographic influences.

H₄: Price perception has a direct impact on the purchase intention of the consumer

2.6 Purchase Intention

Brands can influence consumers' cognitive perception and ultimate purchase decisions based on price cues (Ahmetoglu, Furnham, & Fagan, 2014). Brand familiarity exert a profound influence on the monetary perceptions of customers (Biswa, 1992), which can positively impact purchasing intent. Besides purchase decisions, perceived quality is heavily impacted by factors such as perceived value for money (Das, 2015). Moreover, functional, affective, and social manifestations of perceived value are positively associated with purchase intentions, particularly through eWoM on social media platforms (Yang, 2022). Chen et al.'s (2018) study demonstrated that perceived value has a substantial, direct effect on consumers' propensity to purchase. Perceived quality shows a crucial role in developing a competitive advantage and influencing purchase intentions. Therefore, a high perceived quality has a favorable influence on purchase intentions (Khan, 2019 ; Wang, 2017). Moreover, the determination of a price surplus that customers are disposed to pay is contingent upon comparing the value to cost ratio between the current provider and its competitors.

The conceptual model (Figure 2.1) of this study is based on the work of (Beneke et al., 2013; Das, 2015; McClure & Seock, 2020), modified by incorporating the mediating effect of Price Perception.

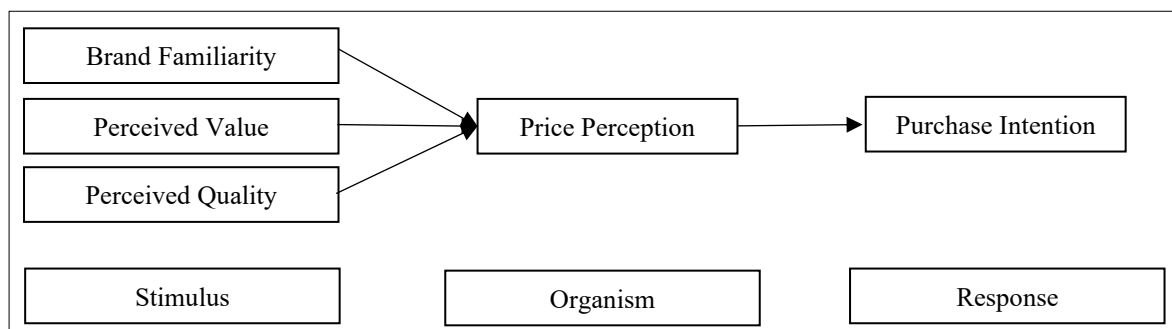


Figure 2.1: An extended Consumer Behavior Model based on SOR

3. METHODOLOGY

An inter-subjects design was used to evaluate the hypothesis of this study, comparing price perception (high versus low). Four similar call-to-action adverts were developed for two English language institutes, each with standard and higher price options (refer to Figure 3.1). Both advert color schemes were matched with the colors of the logos of each institute to create a cohesive visual identity. The sampling frame consisted of Gen Y and Gen Z, who intended to take a course on the English language or Communication skills in the near future. The study recruited 173 qualified respondents. The respondents' profile included 43% males and 57% females, although they were equally targeted. 44% of the respondents belonged to Gen Z, while 40% respondents were millennials, and the rest were from Gen X.

The survey experiment was self-administered online via a Google Docs form. It included three steps. Initially, followed by short introduction of the study, informed consent was formally gathered from each respondent. Next, two screening questions were asked to ascertain the relevance of the respondents. First, it was about their future intention of enrolling in a language or communication skills course. Second, the logos of the selected institutes (Berlitz and Eureka) were shown. Afterwards the respondents were asked to rate the statements for the three independent variables Brand Familiarity, Perceived Value, and Perceived Quality. Once

these questions were answered, the ads for the selected institute were displayed, followed by questions for Price Perception and Purchase Intention. The respondents were separated into two groups on the basis of a single question (please select a symbol from below: “%” or “&”). This question allowed for randomization in Google form. Initially, the randomization was designed to direct the respondent to the institute’s logo. If they had selected both institutes, to ensure randomization, a question was asked to select a symbol from below (“&”, “%”). The reason to ask to select a symbol instead of numbers is that the human brain ranks numbers, which can create bias, while symbols do not have inherent meaning; therefore, we can control the bias. The second level of randomization involved directing the respondent to either a control group (ad with standard price) or an experimental group (ad with an increased price). For this purpose, they were again asked to select a symbol to direct them to either of the groups.



Figure 3.1: Stimuli - Call to action adverts of two English Language Institutes

4. RESULTS AND DISCUSSION

Table 4.1 provides values of Discriminant validity, assessed via Fornell-Larker criteria (Sarstedt et al., 2017), reliability, average variance extracted (AVE) (Peterson & Kim, 2013) and the validity of the instrument.

Table 4.1: Measurement of Fornell-Larcker, Reliability (Cronbach's alpha, composite reliability), and AVE

Variables	BF	PQ	PV	PP	PI	CA	CR	AVE
Brand Familiarity	0.701					0.744	0.826	0.545
Perceived Quality	0.628	0.796				0.884	0.911	0.634
Perceived Value	0.623	0.708	0.772			0.829	0.880	0.597
Price Perception	0.549	0.607	0.590	0.692		0.776	0.842	0.522
Purchase Intention	0.497	0.612	0.695	0.642	0.854	0.812	0.889	0.728

BF=Brand Familiarity, PQ= Perceived Quality, PV= Perceived Value, PP= Price Perception, PI= Purchase Intentions, CA= Cronbach Alpha, CR= Composite Reliability, AVE=Average Variance Extracted

The factor loading satisfied the minimum cut-off criteria 0.70 Ab Hamid et al (2017). Variance Inflation Factors (VIFs) were within a range of values from 1 to a comparatively restrained threshold of 2.5 or higher. (Stephanie, 2015) stipulating none of the items exhibit any collinearity concerns (Appendix Table A1).

4.1 Manipulation Checks

The objective of the test was to assess the price sensitivity of the participants among the two English language institutes (Eureka and Berlitz). Ads were shown randomly to the participants regarding a course that offers an advanced-level English language course with two different price sets. Participants then answered the questions related to price perception after seeing the ad. For Eureka, a total of 97 participants were surveyed and randomly assigned to a control group (n = 56) (ad with the actual course price) and an experimental group (n = 41) (ad with an increased price for the same course). There was a significant difference between the mean score of the Control group (m=3.95, sd=.444) and the Experimental group (m=3.66, sd=.480) (t=3.011, p=.003). The magnitude of the difference between the mean scores was low to medium, with an eta-squared value of 0.087. For Berlitz, a sample size of 76 participants was randomly divided into a control group (n = 37) and an experimental group (n = 39). Correspondingly, two ads were shown to each group with an actual price and an increased price; the results showed a significant difference between the mean score of the control group (m = 3.95, sd = .575) and the experimental group (m = 3.62, sd = .747) (t = 2.168, P = .034). The magnitude of the difference between the mean scores was medium, with $\eta^2 = 0.059$.

4.2 Assessment of Effect Size (F-Square)

Effect sizes serve as a vital counterweight to null hypothesis significance testing, as they provide valuable insights into the practical significance of the effect and are not influenced by the sample size (Selya et

al., 2012). The results of effect size presented in Table 4.2 evaluates the magnitudes of the endogenous and exogenous variables' effects, categorizing them as low, medium, and large for f^2 values of 0.02, 0.15, and 0.35, respectively. Effect sizes that fall below 0.02 indicate the absence of an effect. (Hair Jr et al., 2014).

Table 4.2: Assessment of effect size

F Square	Price Perception	Purchase Intention	Effect Size
Brand Familiarity	0.059	0.000	Low, Nil
Perceived Quality	0.043	0.001	Low, Nil
Perceived Value	0.021	0.168	Low, Medium
Price Perception		0.236	Medium

4.3 Path Analysis

To validate the empirical findings bootstrapping procedure was executed and results are presented in the Table 4.3. Three hypotheses are accepted indicating significant impact a) brand familiarity price perception ($B = .242$, $T = 2.734$, $P = 0.006$), b) perceived quality on price perception ($B = .290$, $T = 2.525$, $P = 0.012$), lastly, the mediating influence of price perception on purchase intention was also substantial ($B = 0.411$, $T = 6.761$, $P = 0.000$).

Table 4.3: SEM and Path Analysis

Path	Path Coefficient	T Statistics	P Values	Decision
Brand Familiarity → Price Perception	0.242	2.734	0.006	Accepted
Brand Familiarity → Purchase Intention	-0.012	0.170	0.865	Rejected
Perceived Quality → Price Perception	0.290	2.525	0.012	Accepted
Perceived Quality → Purchase Intention	-0.033	0.385	0.700	Rejected
Perceived Value → Price Perception	0.199	1.839	0.066	Rejected
Perceived Value → Purchase Intention	0.487	5.160	0.000	Accepted
Price Perception → Purchase Intention	0.411	6.761	0.000	Accepted

4.4 Mediation Analysis

A mediation analysis (Table 4.4) was conducted to examine the role of price perception in the relationships between brand familiarity, perceived value, perceived quality and purchase intention. The results revealed while the total effects of brand familiarity ($p = 0.252$) and Perceived quality ($p = 0.0379$) on the purchase intention were statistically insignificant, their indirect effects through mediator were significant ($p = 0.015$ and $p = 0.025$, respectively). These findings suggest that the relationship of brand familiarity and perceived quality on purchase intention is fully mediated. In contrast perceived value has a highly significant total effect on purchase intention ($p < 0.001$), with insignificant indirect effect ($p = 0.064$). This indicates perceived value relationship with purchase intention is primarily direct.

Table 4.4: Mediation Analysis

	Total Effect			Indirect Effect		
	Path Coefficient	T Statistics	P Values	Path Coefficient	T Statistics	P Values
Brand Familiarity → Purchase Intention	0.088	1.145	0.252	0.100	2.425	0.015
Perceived Value → Purchase Intention	0.569	5.258	0.000	0.082	1.852	0.064
Perceived Quality → Purchase intention	0.086	0.879	0.379	0.119	2.237	0.025

5. DISCUSSION

The study used S-O-R framework, where perceived value, perceived quality, and brand familiarity served as cognitive stimuli for the internal assessment of consumers' price perception, leading to purchase intention response. The method was a survey experiment on two leading English language institutes in Karachi to understand the price sensitivity of consumers. Two different ads were shown for each institute to different groups of participants where the price serves as the anchoring point.

Brand familiarity considerably impact the price perception of consumers in line with previous studies (Son & Jin 2019), indicating that consumers with higher knowledge of a brand is likely to perceive prices more

positively, which in turn leads to a behavioral response of increased purchase intention. Preconceived notions about rational prices, highly informed internal reference prices and consumer cognitive brand knowledge structures are more likely to purchase products (McClure & Seock, 2020), even when the price is perceived to be high by reducing uncertainty (Jeng, 2017). Perceived quality is yet another factor that meaningfully impacts the consumer's price perception. As per the result of the study perceived quality does not significantly affect price perception and purchase intention. The findings of Liu & Lee (2016) Suggest that the process of evaluating individuals' expectations and values involves the modelling of service quality, the mechanism of perceived quality, and the marketing strategy. The cognitive response to a service price and the nonmonetary price reaction of satisfaction constitute the mechanism of perceived quality. Despite the recent trend towards globalization, there exists a dearth of knowledge regarding the potential impact of this phenomenon on consumers' utilization of price as an indicator of quality (Z. Yang et al., 2019) hence need further investigation in services. Perceived value, even though it did not have any significant impact on the price perception of consumers, does suggest that price perception may not be assessed through the cognitive stimulus of perceived value. This could be due to already established brand familiarity and perceived quality present as other cognitive stimuli. Future research in light of this finding may provide further insights. On the contrary, in line with previous literature, perceived value was found to directly impact the purchase intention of consumers. This means that the value consumers derive from the service/product may not require the price to play an anchoring role in their decision to purchase a service; here, we also find the relationship significant. The study of De Toni et al. (2018) additionally found that the higher the consumer's perceived value of the product, the higher their purchase intention, which supports the direct relationship found in our study as well. The impact of price perception on purchase intention was found to be significant, many authors have found this similar results (Liu & Lee, (2016) indicating that consumer price perception leads to higher intent among consumers to repurchase a product. Furthermore, the study demonstrated that even if consumers are familiar with a brand and have reasonable price and service quality perceptions about it but when the price changes occur specifically an increase in price - this brings about a significant change in their intention to opt for that service, whether it be a local or an international brand. These similar response results are in agreement with Bhutto et al. (2020), suggesting that Pakistani consumers are highly price-conscious. Despite a positive attitude towards a brand, they will not pay extra for a service if the prices seem incompatible with their internal sensitivity.

5.1 Implications

Theoretically, it challenges the conventional treatment of price as stimulus. This add novelty and has implications in the low-income developing country context understanding of brand familiarity and price sensitivity in credence service brands by suggesting indifference to consumers purchase intention when price is increased. It can potentially sway consumer away from the purchase decision thus should be taken in to consideration by the managers. They may view brand building as price perception management, quality signaling before price communications and perceived value as price perception lever. The study also contributed to the growing interest in the SOR framework in academia with respect to consumers' behavioral and cognitive responses beyond English language services, suggesting other variables may also function as mediators depending on context and theoretical framing. It also integrates brand equity and SOR framework by positing brand familiarity, perceived quality and value as stimuli that operate through price perceptions to influence behavioral outcomes. For policy makers, information interventions increase objective quality transparency and reduce reliance on potentially misleading brand signals.

5.2 Future Research

The results of the study open a significant question regarding price sensitivity and its impact on buyers' decisions. Future research may focus specifically on pricing decisions in inelastic and elastic product and service categories, particular in low-income countries context. Brand familiarity was tested through the SOR model. The current results propose that future studies should make a significant distinction between awareness and familiarity to refine the concept within academia further. Furthermore, with the growing field of AI and neural marketing, it is pertinent to expand the avenues for research in these areas, too. Value creation and quality perception are cognitive measures; these can be thoroughly studied through neuromarketing tools.

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Appendix

Table A1: Measurement Model Evaluation: Items, Outer Loadings, and Variance Inflation Factor (VIF)

Measurement Scale	Outer Loadings	VIF
Brand Familiarity		
I have visited this institution before	0.705	1.478
I am quite familiar with this institute	0.734	1.668
I know this institute well	0.711	1.629
I have heard of this institute before	0.783	1.862
I know what this institute offers	0.740	1.825
Perceived Value		
I would enjoy my learning experience from this institute	0.817	1.936
I want to do a course from this institute	0.823	2.355
Learning from this institute will make me feel good	0.841	2.153
Learning at this institute would create a favorable perception me among others	0.712	1.514
The courses from this institute have a good quality-price relationship	0.751	1.512
Perceived Quality		
The courser offered by this institute is of high quality	0.783	1.466
The courses offered by this institute has great market value	0.852	2.683
I agree that the certification from this institute has a credible value and quality	0.771	1.903
Learning from this institute has a greater sustainable effect on my career	0.819	2.536
Attending course from this institute will increase enhance my skills and knowledge	0.845	2.487
I agree that this institute have a high teaching quality	0.858	2.823
Price Perception		
For me the price of this course is reasonable	0.744	1.437
The knowledge that I get from this course is equivalent to or better than the amount of money that I spend	0.751	2.028
The price of this course represents its quality	0.817	1.984
The price of this course is a real bargain	0.720	1.689
the price of this course is a rip-off	0.720	1.237
There are no hidden cost in the price of this course	0.724	1.710
Purchase Intention		
I will take this course from this institute in the future	0.884	2.452
Whenever I need to, it is very likely that I will take the course from this institute.	0.784	1.416
I am willing to take this course to improve myself	0.888	2.412