

Influence of Discount Prices on Consumer Perceptions of Quality, Savings, and Value for Handbags and Shoes Brand Charles & Keith

ABSTRACT

This study examines the influence of discount prices on consumers' perceptions of savings and quality and how these perceptions affect their perceived value. The research focuses on consumers who have purchased handbags or shoes from the Charles & Keith brand in Yogyakarta. The study adopts a quantitative approach, collecting data through an online questionnaire distributed to 210 respondents using Google Forms. Non-probability sampling, specifically purposive sampling, is employed for sample selection. The collected data is analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS software version 4.0. The results indicate that almost all hypotheses are accepted, except for the relationship between discount prices and perceived quality. Price discounts intended to attract potential customers do not influence the perceived quality. Theoretically, this research enriches the literature on discount prices' impact on consumer perceptions. The findings are expected to serve as a foundation for marketing managers in formulating marketing strategies, particularly in addressing factors related to product quality, product value, and discount prices in the target consumer's perception.

Keywords: Price Discount, Perception of Savings, Perception of Quality, Perception of Value, Charles & Keith

1. INTRODUCTION

The fashion industry, specifically the segments of bags and shoes, has experienced substantial global growth in recent years, including within Indonesia, notably in Yogyakarta. A surge in the online and offline exportation of fashion goods accompanies this phenomenon. Within this context, economic globalization has positively impacted the economies of developing countries, such as Indonesia, through enhanced trade openness and increased foreign investment [1]. Despite contributing to national income, globalization has also brought about adverse effects, such as a diminished interest in domestic products and shifts in the lifestyle patterns of Indonesian society. The evolution of time and the ongoing process of globalization significantly influence fashion trends [2]. With an increasingly accessible international market, Indonesian consumers prefer foreign brands and high-quality fashion items [3]. The escalating fashion purchases, spanning clothing, eyewear, bags, shoes, and sandals, are evident through heightened sales in malls across Yogyakarta and other major cities. Bags and shoes have emerged as particularly favored products among the populace.

Bags and shoes represent primary focal points within the fashion product line and are often subjects of frequent imitation. Various bag models such as backpacks, handbags, bucket bags, sling bags, hobo bags, and tote bags offer diverse options for storage and style needs. According to [4], bags are containers for storing and wrapping household necessities. Therefore, bags play a crucial role as items that assist in carrying belongings during travel, contributing to maintaining order and ease of carrying items. Additionally, shoes are considered essential items in the fashion industry, playing a crucial role as foot protection that significantly influences the wearer's overall appearance. Each shoe model carries its significance, depending on the accent of the model worn. By choosing different shoe models, a distinct impression is created. In this context, the community in Yogyakarta tends to align with the popular brand trends, even at higher prices, indicating their willingness to invest in quality and style in line with current trends. Therefore, it is essential to understand the roles of bags and shoes in the fashion industry and their impact on consumer perceptions, especially within specific brands such as Charles & Keith.

Charles & Keith is recognized as a brand of bags and shoes distinguished by its relatively economical pricing compared to other competitors, all while maintaining premium quality. Price is a value calculated in monetary terms, set by a company as the exchange for goods or services provided, and serves as a means for the company to satisfy customer desires. According to [6], price represents a product's relative value, not necessarily indicating the exact resources needed for its production. Determining the selling price of a product is a primary concern for business practitioners, as it is closely tied to the fundamental goal of business, which is to generate profit. The pricing decision is directly proportional to the product and service quality [7]. Premium quality products often carry a premium image in terms of pricing. A study suggests that the perception of premium goods is significantly influenced by factors such as product price, association with high quality, exclusivity, non-essential nature, social status, and pleasure [8].

Customers intending to purchase premium items generally prioritize evaluating the quality of the intended products. They consider whether the product will endure use for a specific period or if it is susceptible to quick damage. Quality refers to a product or service's performance, reliability, uniqueness, durability, and aesthetics that exceed someone's expectations [9]. Product value evaluates the benefits customers can derive from a product the seller offers [10]. Companies can enhance customer benefits through features, reliability levels, durability, product models, and designs. As defined by [11], product value is a comprehensive evaluation of the benefits of a product based on the customer's perception of what they have received and what the product has provided. Meanwhile, Woodruff in [12] states that the concept of product value is closely related to customer satisfaction, where perceived values when consuming a product will shape buyer satisfaction, and this satisfaction is closely related to the impact on buyer loyalty.

Discounts refer to deductions or cost reductions given by a store or seller to customers from the average price of a product as a reward or specific activity to boost the sales of a product or service. Discounts provide several advantages, such as triggering customers' desire to make bulk purchases, anticipating competitor promotions, and supporting large-scale trade. Meanwhile, according to [13], a discount is a price reduction given by the seller to the buyer as a reward for specific activities that are pleasant for the seller. Discounts or price reductions are commonly used to attract buyers to purchase a large quantity of goods the store provides. Discounts can also generate acquisition utility or standard economic value by reducing the amount of money that needs to be paid. At the same time, consumers still receive the same benefits and quality from the product. According to [13], a discount is a price reduction given by the seller to the buyer as a reward for specific activities that are pleasant for the seller. Meanwhile, according to [14], a discount is the savings offered to consumers from the average price of a product, as stated on the label or packaging of the

product. In addition, discounts will prompt customers to compare discounted prices with pre-discount prices.

Discount pricing strategies are often associated with consumers with limited finances and a tendency to be frugal. Discount pricing is viewed as an opportunity to buy the desired items while still considering the principle of frugality. Frugality is a primary principle when leading a careful lifestyle to meet one's needs. According to [15], frugality involves using one's possessions without wastefulness, including material possessions, time, and energy, used according to needs, neither deficient nor excessive. This topic is interesting to be explored further, considering the relationships between variables. This study examines the influence of discount pricing on perceptions of savings and quality and its impact on consumer perceptions of value. The results of this study are expected to explain the influence of discount pricing marketing strategies on consumer perceptions. Thus, marketing managers can consider essential variables that can affect the success of discount pricing strategies in influencing consumer perceptions, such as the importance of savings, product quality, and value perception.

2. LITERATURE REVIEW

2.1 Price Discounts

According to [16], price is the amount customers need to prepare to obtain goods or services or the value consumers exchange for the benefits of owning or using the product or service. Setting the selling price can be complex as it involves various influencing factors [17]. Consumers often compare the price of a product with similar products. The cost of a product is a significant consideration for consumers when making a purchase decision. Price is often seen as an indicator of quality [16]. Consumers tend to assume that the quality provided will be better if the offered price is high.

The relationship between price and customers' perceptions of products has been extensively studied using the price–quality–value model introduced by [18]. In this model, customers perceive price as an external attribute of a product, acting as a stimulus in their perception [19]. [18] state that costs influence perceived value in trade through the connection between quality and perceived sacrifice. Therefore, the relationship between perceived sacrifice and value is negative, while perceived savings and value are positively correlated. Previous research findings support this relationship; for example, [20, 21] found that higher perceived sacrifice leads to lower perceived value.

The fashion industry often employs Price discount strategies to target impulsive purchases [22]. Discounts are used as a primary attraction to stimulate public interest in purchasing. According to [14], a discount is a direct reduction from the price of goods during a specified period. [13] defines a discount as a price reduction given by the seller to the buyer as a reward for specific enjoyable activities for the seller. Meanwhile, [23] defines a price discount as a pricing strategy that involves a long-term plan to systematically lower prices after introducing a product at a high price. Therefore, a price discount is a price reduction activity given by the seller to the buyer as a reward for buyer activities systematically planned over a specified period.

According to [14], several indicators or dimensions are influencing the presence of a price discount, including:

1. Abundance of products
2. Market competition
3. Price competition
4. Increasing purchase quantity

5. Benefiting some customers
6. Emphasizing the market through lower costs
7. Bulk purchases

2.2 Perceived Quality

According to [24], product quality is a company's ability to give each product an identity or characteristic that allows consumers to recognize the product. Meanwhile, [16] states that product quality is the product's ability to perform its functions, including durability, reliability, and precision, obtained as a whole. The influence of fashion models as information can support consumers' affective perceptions of product quality [25]. Consumers use this influence as input in the product quality evaluation process.

Standardizing quality is necessary to achieve the desired product quality. This standard is essential to ensure that the produced product maintains production standards and that consumer trust remains attached. Excellent or poor product quality will influence the consumer's experience in purchasing the product and determine whether the consumer will make a repeat purchase [26]. Therefore, business practitioners must be able to provide products that align with consumer needs and preferences.

In the price-quality-value model, consumers evaluate product quality and financial investment based on their perceptions of the product's price. They believe a higher price indicates superior quality and a more significant financial commitment to purchasing the product [18]. Some studies indicate a positive relationship between price and quality; for example, [27] found that price positively influences quality. Consumers who buy products at a higher price strongly believe higher prices indicate better quality.

The context of price influencing consumer perceptions will significantly differ during promotional phases, such as price discounts or discounts. Research shows a negative relationship between price discounts and perceived quality [19, 28]. Customers tend to conclude that the product **could be better quality**, especially when they receive high and unexpected discounts that other sellers usually do not offer. However, previous research shows inconsistent results regarding the relationship between price discounts and perceived quality. Price discounts may increase perceived quality [29].

Meanwhile, [30] states that discounted prices lower perceived quality. According to [31], when product quality is difficult to evaluate at purchase, consumer-perceived quality is more dependent on extrinsic factors related to the product, such as price, brand, and advertising level. Extrinsic product features are not part of the physical product but are associated with price, brand, and advertising level. Intrinsic product features are the product's physical characteristics, such as material, color, and texture.

[18, 31] state that perceived quality can directly influence perceived value. Previous research findings have supported the positive relationship between perceived quality and perceived value. For example, [21] found that the relationship between price and perceived value is mediated by perceived quality. Perceived quality directly influences consumer-perceived value. [20] also found a positive relationship between perceived quality and perceived value. These studies indicate that price discounts do not decrease consumer-perceived quality.

2.3 Perceived Savings

According to [15], being frugal involves using one's possessions economically, be it material wealth, time, or energy, by needs, both appropriately and sufficiently. Therefore, limiting expenditures to avoid excess is an effort to lead a frugal life. Frugality is an attitude of always being cautious when spending money on buying goods. Saving means always considering the price of goods [32] and the benefits the goods provide after purchase to

avoid wasting money and distinguishing between desires and needs that must be fulfilled in one's life.

Frugal consumers are often the target of price discount strategies. In terms of the economic impact of price discounts, a reduction in price offers a financial benefit, motivating consumers to buy the product [19]. The economic impact of price discounts is created by the monetary or non-monetary gains and losses (such as time and effort) from the price promotions given to customers [28]. Positive effects of prices can result from nominal value or the amount of discounts. An example of a positive non-monetary impact is that price promotions can help customers simplify decision-making and reduce transaction time or effort. On the other hand, the negative impact of discount strategies is that customers may spend some time finding the best deals or postpone purchases while waiting for promotional offers. Price discounts provide advantages to sellers to encourage consumers to buy products. Consumers also perceive a higher level of savings for a product when offered at a higher price.

The concept of perceived savings has proven to be a valuable indicator of how customers perceive price promotions [19]. Previous studies have validated the positive relationship between price discounts and perceived savings [19, 33]. Research results [33] indicate that consumers experienced significant savings when shopping at outlets that offered these price discounts. Different results were shown in a study by [34], indicating that consumers are likely to perceive a price reduction on higher-priced products as more noteworthy or on lower-priced products as less noteworthy when the savings are presented as exact amounts rather than percentages. In other words, how the savings are framed in absolute versus relative terms influences how consumers gauge the significance of the price reduction.

[18] state that the trade-off between perceived quality and perceived sacrifice (perceived cost perception) results in perceived value. Therefore, perceived savings and perceived value have a positive relationship [19, 33, 35]. [20, 21] found that higher perceived sacrifice levels lead to lower perceived value levels. [35] investigated price discounts and the type of "Scratch and Save" price promotion and found that expected savings positively impact perceived value, supporting the idea that perceived savings enhance consumer value perception. The study [33] shows that people perceived substantial monetary savings when utilizing the offered price discounts, leading them to believe they received great value. The greater the savings they feel, the greater the perceived value they experience while shopping with price discount promotions.

2.4 Perceived Value

Product value is defined as the ratio between what customers receive and what customers give. [36] states that value is personal because something valuable to someone may not be valuable to others. Customers receive benefits from a product and pay costs [37]. These benefits include both functional and emotional utility. Meanwhile, perceived value is the difference between a customer's assessment of all perceived benefits and all costs incurred [16]. Customer-perceived value can be created well before or after a purchase [38, 39]. [40] found that perceived value directly influences the intention or desire to purchase a product. In further research [41], it is argued that product innovation is a company's capability to produce new products with added value or the ability to improve products and create positive perceptions in the minds of customers. Thus, customer perceptions of the goods provided are related to price, quality, and both the functional and emotional benefits received from the goods. Perceived value also involves the difference between a customer's assessment of all perceived benefits and all costs incurred.

[18, 31] state that consumer-perceived quality can directly influence perceived value. Previous research findings have supported the positive relationship between perceived quality and perceived value [19, 20, 21, 33]. [21] the relationship between price and

perceived value is mediated by perceived quality. Perceived quality directly influences consumer-perceived value. [20] also found a positive relationship between perceived quality and perceived value. The results of the [19] study show a positive relationship between perceived quality and perceived value empirically. This result also aligns with the theory of the price-quality-value model [18] that perceived savings and perceived quality serve as predictors that shape the overall perception of value. In other words, how much one believes they are saving, and the product's perceived quality contribute to their overall assessment of its value.

3. METHODOLOGY

3.1 Measurement

This study replicates prior research by [19], utilizing a causal relationship study to examine the proposed hypotheses through a quantitative approach. An online questionnaire examine correlations among variables such as price discount, perceived savings, perceived quality, and perceived value, focusing on products from the Charles & Keith brand, specifically bags and shoes. The choice of a quantitative method aligns with the nature of the data, allowing for statistical tests to address formulated hypotheses. The questionnaire is designed as a set of written questions formulated by the researcher, allowing respondents to record their answers in predefined alternatives [42]. The respondent's responses are weighted using a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree). All measurement items for variables are adopted from the study by [19].

3.2 Sampling and Data Collection

This study utilizes both primary and secondary data. Primary data is obtained through distributed questionnaires, while secondary data is derived from existing research literature. The sample for this study includes all consumers of Charles and Keith brand bags and shoes in Yogyakarta. The choice of this location is based on the researcher's convenience due to its proximity to the researcher's residence. Another reason for selecting this location is the high purchasing interest in Charles and Keith products in Yogyakarta.

Non-probability purposive sampling is the chosen technique, allowing the identification of respondents based on unique factors such as age, gender, and monthly income [43]. The determination of the sample size in this research follows the method by [44], setting the minimum number of respondents to be 5 to 10 times the number of observation parameters or indicators of all variables in the study. Therefore, this study's minimum number of respondents is 160, and the maximum is 210. The online questionnaire will be distributed to respondents who have purchased Charles & Keith bags and shoes in various malls in Yogyakarta through social media platforms such as Instagram, WhatsApp, and Line. Finally, the study successfully obtained a sample of 210 respondent data for further analysis.

3.3 Data Analysis Techniques

A pilot test was conducted using a sample of 33 respondents as a trial to assess the validity and reliability of the questionnaire. This testing was performed using IBM SPSS Statistics 22 software. The pilot test results indicated that all research indicators were valid and reliable, confirming that the questionnaire was ready to be distributed to the study respondents.

This research's data analysis method involves descriptive and inferential statistical analysis using Structural Equation Modeling (SEM). Descriptive analysis is employed to elucidate the characteristics, occurrences, individuals, or specific situations through the collected data [42]. This data processing offers an overview as a basis for decision-making based on respondent characteristics.

The SEM analysis is conducted using SmartPLS 4.0. SEM is chosen as it is a comprehensive and flexible method for estimating, representing, and testing theoretical models to explain as many variations as possible [45]. Additionally, PLS-SEM can be applied to non-normally distributed data, providing unbiased analysis results [46]. According to [46], SEM-PLS involves two steps of analysis. Firstly, a reflective measurement model is formed. Secondly, a formative measurement model is formed, testing hypotheses and explaining relationships between latent variables. The research hypotheses, summarized in the adopted research model from [19], are presented in Figure 1.

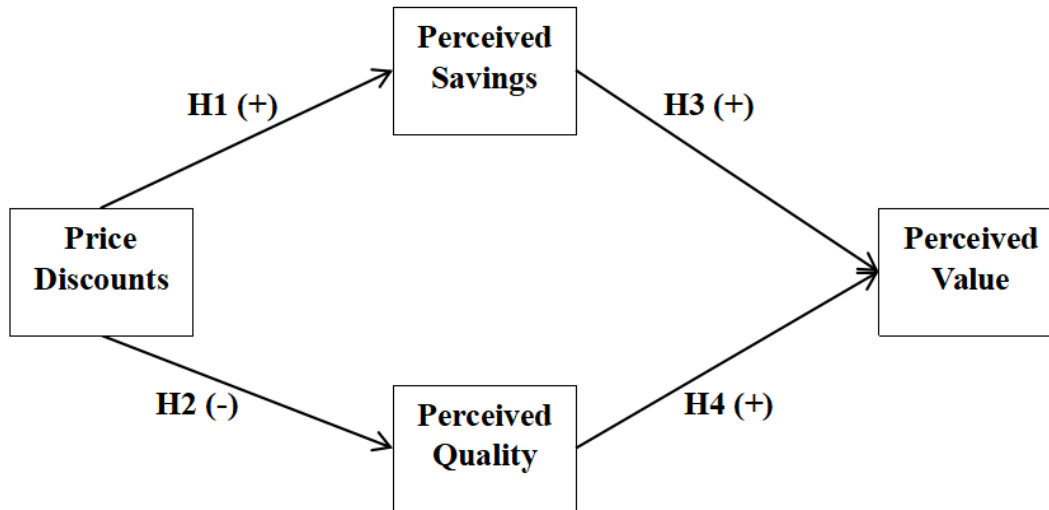


Fig. 1. Framework Model

The research framework is adopted by Lee & Chen-Yu (2018).

Based on Figure 1, this study posits four hypotheses as follows:

Hypothesis 1 (H1): Price discounts have a positive influence on savings.

Hypothesis 2 (H2): Price discounts have a negative influence on perceived quality.

Hypothesis 3 (H3): Perceived savings have a positive influence on perceived value.

Hypothesis 4 (H4): Perceived quality has a positive influence on perceived value.

4. RESULTS AND DISCUSSION

4.1 Respondent Profile

The analysis of respondent profiles is based on characteristics obtained from the questionnaire distribution, covering aspects such as gender, age, educational level, occupation, monthly income, and the frequency of purchasing Charles & Keith products. The results of the respondent profile analysis are presented in the following table (Table 1).

Table 1. Respondents' Profile

Category	Frequency	%
Gender		
Male	98	46,7
Female	112	53,3
Age		
≥ 40 years	6	2,9
17-20 years	21	10

21-25 years	88	41,9
26-30 years	52	24,8
31-35 years	28	13,3
36-40 years	15	7,1
Education		
Diploma	20	9,5
Master's Degree	17	8,1
Public Administration	4	1,9
Bachelor's Degree	86	41
Master's Degree	40	19
Senior High School or Equivalent	43	20,5
Occupation		
Fresh Graduate	20	9,5
Housewife	15	7,1
State-Owned Enterprise Employee	25	11,9
Student	17	8,1
Student/Scholar	53	25,2
Private Sector Employee	19	9
Trainer	15	7,1
Unemployed	13	6,2
Entrepreneur	23	11
Government Employee/Military/Police Officer	11	4,8
Salary per Month		
≤ Rp 2.000.000	42	20
≥ Rp 10.000.001	26	12,4
Rp 2.000.001 - Rp 4.000.000	79	37,6
Rp 4.000.001 - Rp 6.000.000	32	15,2
Rp 6.000.001 - Rp 8.000.000	15	7,1
Rp 8.000.001 - Rp 10.000.000	16	7,6
Shopping Frequencyfor Charles & Keith:		
Once a month	8	3,8
Once a year	86	41
Once every 2 years	38	18,1
Once every 3 months	19	9
Once every 6 months	26	12,4
Not yet	9	4,3
Just browsing, no specific frequency	1	0,5
When there's extra money	12	5,7
On special occasions (Eg. Birthday)	1	0,5
When there are new products	1	0,5
Uncertain	3	1,4
Never	6	2,9

Source: Primary data (2024)

Based on Table 1, it can be observed that women (53.3%) constitute the majority of respondents in this study. In terms of age, the majority of respondents fall within the 21-25 years age group (41.9%). Regarding education, most respondents hold a Bachelor's degree (41%). Regarding occupation, a significant portion of respondents are students (25.2%). Concerning income level, the average monthly income ranges from Rp 2,000,001 to Rp 4,000,000 (37.6%). Most respondents purchase Charles & Keith products with a frequency of once a year (41%).

4.2 Measurement Model Evaluation (Outer Model)

The research model evaluation includes convergent validity, discriminant validity, and measurement reliability. In terms of convergent validity, an indicator is considered valid if it has a positive loading factor value greater than 0.7 and the Average Variance Extracted (AVE) is above 0.5 [46]. Meanwhile, data reliability is assessed using Cronbach's alpha and Composite Reliability. Data is considered reliable if the Composite Reliability and Cronbach's alpha values are recommended to be above 0.7 [46]. The results of convergent validity and reliability measurements are summarized as follows (Table 2).

Table 2. Convergent Validity and Data Reliability

Variable	Item	Loadings	CA	CR	AVE
Price Discounts	PH1	0.943	0.973	0.978	0.883
	PH2	0.944			
	PH3	0.938			
	PH4	0.948			
	PH5	0.924			
	PH6	0.939			
Perceived Savings	PM1	0.902	0.846	0.907	0.820
	PM2	0.903			
	PM3	0.912			
Perceived Quality	KL1	0.902	0.891	0.932	0.793
	KL2	0.908			
	KL3	0.884			
	KL4	0.868			
Perceived Value	NL1	0.893	0.913	0.939	0.764
	NL2	0.866			
	NL3	0.864			

Source: Primary data (2024)

Based on Table 2, the measurement model analysis results indicate that the measurements in this study are convergently valid and reliable. It is noted that the loading factor values produced by each indicator are above 0.7, with the AVE values exceeding 0.5. Consequently, these indicators are deemed valid measurements of latent variables in this manner. Furthermore, Cronbach's Alpha and Composite Reliability values exceed 0.7 for all research variables. These findings suggest that each variable has met the reliability criteria quite well, thus leading to the conclusion that the variables exhibit a high level of reliability.

The measurement model validity is also examined from the perspective of discriminant validity. Discriminant validity is assessed through cross-loading values and Fornell-Larcker criteria, which demonstrate the degree of correlation between constructs with their indicators and those of other constructs. The Fornell-Larcker estimation results are observed in the following table (Table 3).

Table 3. Discriminant Validity: Fornell-Larcker

Variable	PH	NL	PM	KL
PH	0.940			
NL	0.225	0.874		
PM	0.238	0.694	0.906	
KL	0.205	0.784	0.643	0.891

Source: Primary data (2023)

*Notes: Price Discounts (PH), Perceived Savings (PM), Perceived Quality (KL), Perceived Value (NL).

Table 3 indicates that the Fornell-Larcker criterion is well satisfied. This result is evident as each square root of the Average Variance Extracted (SQRT AVE) on the diagonal line has a higher value than the values below for each variable. For instance, in the PM variable, the value of 0.906 is higher than the value of 0.064 beneath it. Therefore, based on the Fornell-Larcker test, all variables are considered valid discriminantly.

Subsequently, the Cross-Loading test was conducted by evaluating whether each construct's value for the same construct should be greater than that for others. The table below presents the results of the Cross-Loading estimation (Table 4).

Table 4. Discriminant Validity: Cross-Loading

Item	PH	PM	KL	NL
PH	0.943	0.219	0.190	0.167
	0.944	0.212	0.230	0.230
	0.938	0.213	0.204	0.229
	0.948	0.174	0.179	0.154
	0.924	0.292	0.191	0.237
PM	0.939	0.213	0.155	0.239
	0.223	0.902	0.645	0.657
	0.215	0.903	0.554	0.637
	0.208	0.912	0.542	0.589
	0.158	0.526	0.902	0.715
KL	0.201	0.604	0.908	0.701
	0.250	0.678	0.884	0.703
	0.117	0.474	0.868	0.672
	0.166	0.553	0.721	0.893
NL	0.181	0.585	0.726	0.866
	0.246	0.687	0.604	0.864

Source: Primary data (2023)

*Notes: Price Discounts (PH), Perceived Savings (PM), Perceived Quality (KL), Perceived Value (NL).

Table 4 shows that the cross-loading values for each item are > 0.70, and each item has the highest value when linked to its latent variable compared to other latent variables. This result indicates that each variable in this study accurately describes its latent variable and proves that the discriminant validity of all items is valid.

4.3 Structural Model Evaluation (Inner Model)

The inner model testing was conducted to evaluate the structural model. First, the determination and Predictive Relevance coefficients were tested by examining the R-square and Q-square of the dependent latent variables, as shown in the following table (Table 5).

Table 5. R-Square dan Q-Square

Variable	R-Square	R-Square Adjusted	Q-Square (=1-SSE/SSO)
Perceived Value	0.676	0.671	0.500
Perceived Saving	0.057	0.049	0.045
Perceived Quality	0.042	0.034	0.029

Source: Primary data (2023)

Table 5 indicates that the R-Square and Q-Square values are well-explained. The R-squared value of the perceived value variable (0.676) shows that its independent variables can explain 67.6% of this variable, and the remaining 32.4% can be explained by other variables not included in this study, and so on. Furthermore, the Predictive Relevance Q-Square value

should be greater than zero to be considered good [46]. These results show that the R-Square value meets the criteria and is considered to have predictive relevance.

Finally, hypothesis testing was conducted to explain the relationships between variables in the study. The basis used to test hypotheses directly is the T-statistic value > 1.960 , and the p-value < 0.05 (threshold of significance level = 5%) is met. A detailed explanation of the hypothesis testing is presented in Table 6 and Figure 2.

Table 6. Hypothesis Testing

Hypothesis	β	T Statistic (O/STDEV)	P Value	Conclusion
PH \rightarrow PM	H1 0.238	2.225	0.026	Supported
PH \rightarrow KL	H2 0.205	1.902	0.057	Not Supported
PM \rightarrow NL	H3 0.325	3.657	0.000	Supported
KL \rightarrow NL	H4 0.575	7.092	0.000	Supported

Source: Primary data (2023)

*Notes: Price Discounts (PH), Perceived Savings (PM), Perceived Quality (KL), Perceived Value (NL).

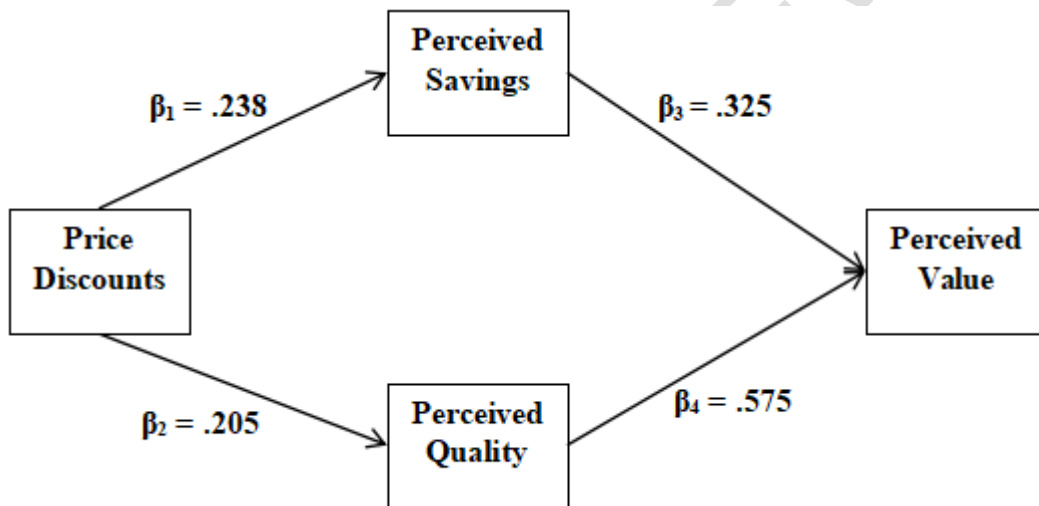


Fig. 2. Summary of the model results.

β indicates the direction of the hypothesis (original sample).

The research framework is adopted from Lee & Chen-Yu (2018).

The hypothesis testing results in Table 7 indicate that one hypothesis is rejected, namely the negative relationship between price discounts and perceived quality in the second hypothesis. Meanwhile, the other three hypotheses are supported. These results are then summarized in the research framework, as shown in Figure 1. The research framework used is adopted from [19]. The following provides a more detailed explanation regarding the results of hypothesis testing:

4.3.1 Influence of Price Discounts on Perceived Savings

The test results indicate that price discounts positively and significantly affect perceived savings ($\beta = .238$, P value .026); thus, H1 is accepted. The increasingly competitive business world demands creativity from businesses to attract as many customers as possible. Several approaches can be taken, including offering price discounts on the

products. These discounts are intended to attract customer interest as the discounted prices become more affordable for them. More affordable prices will likely capture customers' interest in purchasing the offered products [47]. Price discounts are expected to enhance customers' perception of savings, increasing the potential for repeat purchases.

Price discounts have a positive impact on savings. This situation can happen because the discounts provided prompt customers to compare prices before and after the discount, creating a perceived increase in savings [47]. This situation indicates that price discounts have a positive impact on consumer savings. The more attractive the discounts offered, the more significant the savings customers perceive. These findings align with [47], who stated that price discounts enhance the perception of savings among consumers.

4.3.2 Influence of Price Discounts on Perceived Quality

The test results indicated no negative relationship between price discounts and perceived quality ($\beta = .205$, P value .057); thus, H2 is rejected. Offering price discounts on a product attracts customers to make a purchase. From a psychological standpoint, customers feel they can buy more varied items with a discount. Additionally, the discounts sellers offer customers function as a form of respect for specific activities that help sellers increase customer purchasing interest [48].

Price discounts do not affect perceived quality. Discounts are primarily implemented to stimulate customer transactions. It is unrelated to the quality perceived by customers, as they tend to understand that discounted items are typically of average quality, not exceptionally high, or of good quality but old stock. Customers usually pay little attention to the quality; instead, they are more attracted to the presence of the discount itself. Furthermore, customers are often more interested in well-known brands offered at a discounted price than lesser-known brands [48], regardless of the perceived quality. These research findings are consistent with [48], who stated that customers tend to be more interested in discounted products from well-known brands than in the perceived quality.

4.3.3 Influence of Perceived Savings on Perceived Value

The test results demonstrate that perceived savings positively and significantly affect perceived value ($\beta = .325$, P value .000); thus, H3 is accepted. Individuals naturally anticipate acquiring a larger quantity for a relatively lower price when purchasing a product. This expectation stems from the perceived savings experienced by customers, where the same monetary value results in obtaining a greater quantity of goods, thereby influencing an increase in perceived value. Perceived value is a subjective perception held by customers, representing the benefits received from the sacrifices made towards a particular object [49]. Perceived value is considered an advantage perceived by customers.

Perceived savings positively influence perceived value. The perception of savings benefits customers, consequently enhancing their perceived value. Savings deliver advantages and benefits to customers, allowing them to acquire products at a lower cost or the same price but in a greater quantity. Therefore, increasing customers' perception of savings will correspondingly elevate their perceived value. Perceived value, in turn, positively influences attitudes [49]. This outcome aligns with [47], stating that the perception of savings generates a positive value in customers' minds.

4.3.4 Influence of Perceived Quality on Perceived Value

The test results indicate that perceived quality has a positive and significant effect on perceived value ($\beta = .575$, P value .000); thus, H4 is accepted. The higher the perceived benefits and quality of a product in a customer's life, the more favorable their attitude toward that product [49]. Good quality consistently elicits positive customer responses, leading them to believe that the perceived value will increase. Customer sacrifices for obtaining a product,

especially when accompanied by good quality, positively impact the perceived value experienced by customers.

Perceived quality positively influences perceived value. Assigning perceived value to customers is crucial for achieving competitive advantages in a product. The perceived quality of a product significantly impacts the perceived value of customers. The better the perceived quality, the more it enhances the perceived value for customers. Customers perceive that the value they experience will increase when the offered product provides benefits, where the price they sacrifice is proportional, and customers receive what they desire [50]. This finding is consistent with [19, 50], stating in their research that perceived quality positively affects perceived value.

5. CONCLUSION

This research aims to **investigate** the effects of price discounts on perceived savings and quality and their impact on perceived value **within** the Charles & Keith fashion bag and shoe industry in Yogyakarta. The **study reveals** that all hypotheses are accepted except for the second hypothesis regarding the negative influence of price discounts on perceived quality. This **finding** is related to the prevalent market perception that high-quality products are synonymous with higher prices. Offering discounts on premium products indicates a more significant marketing effort to sell those products. It is typically done when a product is no longer in line with market trends, nearing expiration, or in suboptimal condition, among other reasons. The research findings align with previous studies [19] that reject the negative relationship between price discounts and perceived quality.

While high discounts can enhance customer satisfaction, they may also negatively impact perceptions of quality and, in some cases, prove detrimental to the company. Consequently, companies must recognize that price promotions act as a double-edged sword, capable of both positive and negative effects. Therefore, determining discount amounts should be judicious and consider various related aspects. Moreover, companies focus on creating a pleasant and practical experience rather than solely emphasizing cost savings. The pleasure customers derive from discounted prices can directly enhance their perception of value and compensate for the negative impact of price discounts on perceived quality. For example, offering discounts on a customer's birthday, discounted prices on special occasions, or time-limited discounts (flash sales) have proven practical ways to create positive affective responses and are effective methods to attract customer purchases. The key lies in balancing the benefits of discounts with the overall customer experience.

The findings of this research yield both theoretical and practical. Theoretically, this study contributes to enriching scholarly literature by enhancing our understanding of the impacts of price discounts on consumer perceptions. From a managerial perspective, the results provide valuable insights for marketing managers in formulating discount pricing strategies to improve consumer perceptions and effectively achieve better sales. The practical implications of this research extend to guiding strategic decision-making in the dynamic landscape of marketing and consumer behavior.

This research still has some **limitations** that can be perfected by future research. The variables **employed** in this research could be further investigated comprehensively. Additionally, **while convenient, the data collection technique using online questionnaires may not partially capture the nuances of actual conditions. The authenticity of responses might be compromised due to limitations in distance and time. Thus, future research endeavors are encouraged to delve more extensively into the effects of price discounts on consumer perceptions, expanding beyond perceived savings, quality, and value to encompass other facets of consumer perspectives.**

Moreover, enhancing the data collection technique is crucial, such as providing a camera to capture non-verbal information from respondents while answering each question indicator. However, it is imperative to secure respondent approval to ensure legal compliance with video recording regulations. These refinements will contribute to a more nuanced and robust understanding of the dynamics between price discounts and consumer perceptions.

COMPETING INTERESTS

Authors have declared that they have no known competing financial interests OR non-financial interests OR personal relationships that could have appeared to influence the work reported in this paper.

UNDER PEER REVIEW

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APPENDIX

The measurement items used in the questionnaire were adapted from Lee & Chen-Yu (2018) (Table 7).

Table 7. Item Scale of the Measurement

Variables	Item	Scale
Price Discounts	PH1	I feel delighted after seeing this discounted price.
	PH2	I feel happy after seeing this discounted price.
	PH3	I feel satisfied after seeing this discounted price.
	PH4	I feel excited after seeing this discounted price.
	PH5	I feel motivated to buy after seeing this discounted price.
	PH6	I feel stimulated after seeing this discounted price.
Perceived Savings	PM1	The amount of discount offered on Charles & Keith bags and shoes is considered significant.
	PM2	The money customers can save when buying Charles & Keith bags and shoes is substantial.
	PM3	The level of discount provided for Charles & Keith bags and shoes is high.
Perceived Quality	KL1	Charles & Keith bags and shoes are reliable.
	KL2	Charles & Keith bags and shoes are sturdy.
	KL3	Charles & Keith bags and shoes will endure for a long time.
	KL4	The craftsmanship of Charles & Keith bags and shoes is well-executed.
Perceived Value	NL1	Charles & Keith bags and shoes provide value for the money spent.
	NL2	Charles & Keith bags and shoes are a good choice.
	NL3	From the listed prices, Charles & Keith bags and shoes are considered economical.