

# How Does Local–Global Identity Affect Price Sensitivity?

The authors propose that when consumers' local identity is accessible, they are less likely to be price sensitive because of a sacrifice mindset. Six studies using divergent measures of the independent and dependent variables as well as diverse samples (students and nonstudents, U.S. and Chinese residents, primary and secondary data) produce consistent results. Furthermore, the authors demonstrate the mediating role of a sacrifice mindset by both measuring and manipulating this construct; they also identify boundary conditions of the association between a consumer's local identity and price sensitivity. Previous research has shown that consumers with a local identity display lower price sensitivity to brands with a local origin. In contrast, the results from this research show that consumers with a local identity display lower price sensitivity even to products with an ambiguous origin. Firms using a globalization strategy can try to activate consumers' local identity to make them less price sensitive to their brands, without having to position the brands as local.

*Keywords:* local–global identity, price sensitivity, sacrifice mindset

Factors such as increased labor costs, inflation, and higher raw-material costs can lead companies to raise prices (Ailawadi and Farris 2013). From 2000 to 2015, the U.S. consumer price index (CPI) increased 37%, from 173.6 to 237.8 (Bureau of Labor Statistics 2016), yet companies frequently struggle with price increases. For example, Whole Foods, a premium grocery chain, had difficulty increasing prices to maintain its premium branding, eventually deciding to lower prices across many categories to maintain its customer base (Gasparro 2015).

Scholars have called for research on factors that make consumers less price sensitive (Campbell 2007), and previous research has shown that customers who are relatively more satisfied have lower price sensitivity (Homburg, Hoyer, and Koschate 2005; Kumar et al. 2014). Extending this research, the current work examines whether and how consumers' local versus global identity (Arnett 2002; Zhang and Khare 2009) may affect their price sensitivity. Companies sometimes position their products as having local roots (Loureiro and Hine 2002) as a way to reduce consumers' price sensitivity. Our work indicates that this may not be necessary; indeed, we show that activating consumers' local identity decreases their price sensitivity to all products, not just local products. Guided by our results, firms should be able to optimize customer value without having to change their positioning as a "local" company. More specifically, firms can use communication strategies to activate consumers' local identity to decrease their price sensitivity. Firms can also use valid and reliable

scales (Tu, Khare, and Zhang 2012) to identify customers who should be relatively less price sensitive, all else being equal. Typically, global companies can execute both these strategies without resorting to the more costly approach of local production or positioning the company as having local roots.

Extant literature has suggested that price can serve as an indicator of both quality and sacrifice (Dodds, Monroe, and Grewal 1991; Zeithaml 1988). Focusing on the sacrifice aspect, our core argument is that a local identity among consumers may evoke a sacrifice mindset (Xu and Wyer 2007, 2012). In turn, we argue that with such a mindset, consumers should be more likely to consider a price increase acceptable. This argument is consistent with recent developments in behavioral-mindset theory, which indicate that goal-related constructs made salient in one task can affect subsequent tasks unrelated to the former task (Xu and Wyer 2007). Relevant to the current research, the sacrifice mindset—activated by a local identity—can provide the mediating mechanism between a consumer's local identity and price sensitivity.

The empirical literature has shown that factors such as product involvement, consumer innovativeness, brand parity, and brand loyalty can affect consumer price sensitivity (Bijmolt, Van Heerde, and Pieters 2005; Tellis 1988). The current research contributes to the pricing literature by showing that price sensitivity can be influenced by consumer identity, which may be evoked by seemingly mundane factors such as name-letters, birthday (Coulter and Grewal 2014), and gender (Puccinelli et al. 2013). Specifically, we show that a sacrifice mindset activated by a local identity can decrease consumers' price sensitivity to all, not just local, products.

The empirical evidence comprises secondary data, lab experiments, randomized field studies, and a customer survey to balance internal validity and generalizability (Chen et al. 2012). Study 1 uses a macro-level secondary data set to estimate the association between an indirect measure of local–global identity

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and price sensitivity to food products. Study 2 directly measures local–global identity at the individual level. Study 3 is a randomized field experiment that directly manipulates local–global identity to causally link local identity with actual changes in consumers’ purchase quantity. Studies 4 and 5 examine the mediating role of a sacrifice mindset using two methods: measurement of mediation (Study 4) and moderation of process (Study 5). The results from both Studies 4 and 5 confirm the mediating role of a sacrifice mindset. Study 6 identifies a boundary condition for the effect of local identity on price sensitivity. Specifically, the effect is mitigated if the reason for the price increase is to support a global (vs. local) culture. We summarize these studies in Table 1, along with additional studies not reported herein.

## Price Increase and Price Sensitivity

Price sensitivity refers to the relative change in consumers’ purchase quantity, purchase likelihood, or willingness to pay after a price increase (Wakefield and Inman 2003). In Campbell’s (2007) study, consumers with lower (vs. higher) price sensitivity reported that their purchase quantity or purchase likelihood would decrease less after a price increase. A price increase can play an important role in consumers’ purchase decisions (Dodds, Monroe, and Grewal 1991). On the one hand, a higher price suggests higher quality (Rao and Monroe 1989). This quality-related logic suggests a positive association between increased price and purchase likelihood. On the other hand, a higher price suggests the sacrifice consumers may need to make to obtain the benefits of the purchased product (Zeithaml 1988). A sacrifice—in the form of higher prices—for the product currently purchased may constrain consumer liquidity in the future, thus suggesting a negative relationship between price and purchase likelihood. The current research focuses on the sacrifice role of pricing. In the absence of any indication that product quality has been degraded or upgraded (e.g., product attributes are unchanged after the price increase), consumers may focus on price as an indicator of sacrifice, not just quality.

## Local–Global Identity and Price Sensitivity: The Role of a Sacrifice Mindset

Arnett (2002) proposes that consumers in globalized economies are likely to hold both a local and a global identity. A local identity refers to consumers’ mental associations pertaining to their respect for local traditions and culture while also identifying with people in their local community. A global identity refers to consumers’ interest in global culture and identification with people around the world. More recently, these ideas have been empirically verified and extended. Zhang and Khare (2009) use identity-accessibility theory (see Hong et al. 2000) to demonstrate that consumers’ local identity can be activated by making it more accessible through tasks that prime thoughts, ideas, and concepts consistent with a local identity. These tasks include reading a carefully worded advertisement or completing sentences pertaining to a local identity. When activated, the

local identity evokes a sacrifice mindset, which then acts as a link between the activated local identity and the subsequent task (Wyer and Xu 2010; Xu and Wyer 2012). According to behavioral-mindset theory, an identity can activate a mindset that may increase the salience of key concepts, subsequently affecting unrelated tasks, such as processing of pricing information. For example, Xu and Wyer (2007) activated a comparison mindset by asking consumers to compare different animals or candidates in an election, after which they engaged in an unrelated task on product choice. Xu and Wyer show that the comparison mindset increased consumers’ purchase likelihood for all products encountered in the subsequent, unrelated tasks. Similarly, a sacrifice mindset activated by a local identity should mediate its effect on price sensitivity.

A sacrifice-mindset explanation differs from an identity-consistency explanation used in previous studies. Previous studies have shown that consumers with a stronger local identity are willing to pay more for locally produced products (Loureiro and Hine 2002), display higher attachment to their local community (Cowell and Green 1994), and are willing to sacrifice their personal well-being for local traditions (Arnett 2002). Thus, sacrifice is associated with something that is local in origin. In contrast with these arguments based on identity consistency, a sacrifice-mindset explanation suggests that a local identity evokes the general concept of sacrifice. This salience of the sacrifice concept influences subsequent consumer decision making—in this case, decision making related to pricing and purchase. Specifically, a sacrifice mindset reduces consumers’ price sensitivity to all products, not just local products. Why does this occur?

In the absence of any changes to product attributes and product quality, a price increase likely focuses consumers on sacrifice (Dodds, Monroe, and Grewal 1991). Consumers with a sacrifice mindset should be more willing to make a sacrifice and thus be more accepting of a price increase. In turn, this should manifest as lower price sensitivity. Consistent with this notion, Chaudhuri and Holbrook (2001) find that consumers with a greater willingness to sacrifice are more likely to pay a premium price for products. Accordingly, we propose that consumers with a local (vs. global) identity are more likely to accept price increases or show lower price sensitivity because of the evoked sacrifice mindset. Specifically, activating a local (vs. global) identity tends to make the general activity of making sacrifices more accessible and salient in consumers’ minds. Then, when they confront a decision involving increased prices, the thought of making a sacrifice to obtain the specific product may or may not be salient. However, among consumers whose local (vs. global) identity has been activated, a sacrifice mindset should also likely be activated. When faced with a decision about pricing, consumers with an activated local identity will be more likely to make sacrifices, including monetary sacrifices. This should manifest as lower price sensitivity—that is, a willingness to pay higher prices or maintain purchase intentions in the face of a price increase.

To reiterate, the identity-consistency argument focuses on consumers’ sacrifice of a product of local origin to reinforce their local identity. In contrast, the sacrifice-mindset argument—drawing from the posited independence of the pricing decision

and local identity—argues that the observed effect should not be restricted to products of local origin. Rather, and surprisingly, sacrifice-mindset theorizing argues that the evoked sacrifice mindset triggers lower price sensitivity among those with a local

identity, regardless of the origin of the products under consideration. To this point, our empirical testing focuses on products whose origin is ambiguous and indeterminate, at best. Consistent with these arguments, we posit the following:

**TABLE 1**  
**Summary of Effects of Local–Global Identity on Price Sensitivity**

Study	Sample Size	Moderator	DV Measure	Price Sensitivity	
				Local Identity	Global Identity
1	122 (59 after controlling cultural values)		Price sensitivity index for food items <sup>a</sup>	-.34 (.03)	-.36 (.06)
2	186	<ul style="list-style-type: none"> <li>• Original price</li> <li>• Increasing 5%</li> <li>• Increasing 10%</li> <li>• Increasing 15%</li> </ul>	Purchase quantity of organic eggs after different levels of price increase <sup>a</sup>	20.09 (12.48) 19.53 (16.96) 19.08 (13.97) 17.18 (11.63)	20.20 (13.04) 18.03 (11.93) 16.63 (8.96) 13.39 (10.51)
3	1,292	<ul style="list-style-type: none"> <li>• Before price ↑ (organic egg)</li> <li>• After price ↑ (organic egg)</li> </ul>	Actual purchase quantity for organic egg, milk, and rice before and after price increases <sup>a</sup>	9.40 (3.03) 8.86 (2.51)	9.53 (3.82) 8.01 (2.72)
	754	<ul style="list-style-type: none"> <li>• Before price ↑ (milk)</li> <li>• After price ↑ (milk)</li> </ul>		2.34 (1.98) 2.20 (1.91)	2.39 (2.13) 1.89 (1.27)
	277	<ul style="list-style-type: none"> <li>• Before price ↑ (rice)</li> <li>• After price ↑ (rice)</li> </ul>		10.83 (6.24) 10.53 (5.24)	11.78 (6.88) 7.55 (4.01)
4	244		Likelihood to purchase after price increase <sup>a</sup>	3.27 (1.75)	2.74 (1.31)
5	404	<ul style="list-style-type: none"> <li>• Sacrifice</li> <li>• Control</li> </ul>	Likelihood to purchase after price increase <sup>a</sup>	3.40 (1.78) 3.28 (1.55)	3.59 (1.60) 2.82 (1.30)
6	379	<ul style="list-style-type: none"> <li>• Global reason</li> <li>• Local reason</li> </ul>	Acceptance of maximum price increase <sup>a</sup>	5.40 (1.03) 7.63 (1.06)	5.66 (1.39) 5.29 (1.28)
NR1	156		Price sensitivity scale <sup>b</sup>	4.93 (1.26)	5.53 (.84)
NR2	199		Preference for higher-priced American-made chair <sup>a</sup>	4.53 (1.58)	4.09 (1.80)
NR3	144		Preference for higher-priced smartphone in China <sup>a</sup>	5.79 (1.15)	5.33 (1.40)
NR4	204		Preference for higher-priced smartphone <sup>a</sup>	4.87 (1.30)	4.38 (1.75)
NR5	97		Likelihood to reduce purchase quantity after price increase <sup>b</sup>	4.01 (1.78)	4.94 (1.67)
NR6	182	<ul style="list-style-type: none"> <li>• Self-focus</li> <li>• Control</li> </ul>	Willingness to pay <sup>a</sup>	\$470.44 (82.98) \$513.22 (59.17)	\$475.79 (111.93) \$469.54 (70.69)
NR7	196	<ul style="list-style-type: none"> <li>• Deal-proneness</li> <li>• Control</li> </ul>	Preference for higher-priced smartphone <sup>a</sup>	4.84 (1.75) 5.63 (1.21)	4.98 (1.58) 4.79 (1.63)
NR8	221	<ul style="list-style-type: none"> <li>• Sacrifice</li> <li>• Control</li> </ul>	Likelihood to reduce purchase quantity after price increase <sup>b</sup>	4.16 (1.49) 4.06 (1.54)	4.03 (1.27) 4.65 (1.26)
14 studies	5,057 participants		Different operationalizations of price sensitivity	Consistent support that local- (vs. global-) identity consumers are less price sensitive	

<sup>a</sup>Higher values indicate lower price sensitivity.

<sup>b</sup>Higher values indicate higher price sensitivity.

Notes: DV = dependent variable. Values for price sensitivity are means, with standard deviations in parentheses. Studies 1 and 2 cell means are calculated on the basis of  $\pm 1$  SD of the Globalization Index and local–global identity measure, respectively. NR1–NR8 indicate the eight studies that we did not report in the current version of the article. For details of these studies, please contact the first author.

H<sub>1</sub>: Consumers with a local identity are less price sensitive than those with a global identity.

H<sub>2</sub>: A sacrifice mindset mediates the effect of local identity on lower price sensitivity.

These hypotheses extend Zhang and Khare's (2009) work in three important ways. First, whereas Zhang and Khare focus on local products, our theorizing goes beyond local products to show that consumers with a local identity can be less price sensitive, even when the product origin is not clearly stated as being local. Second, our proposed process is based on a sacrifice mindset, rather than on identity consistency. Third, our focus is on price sensitivity, which is a qualitatively different construct than product preference, the focus of Zhang and Khare's research. Erdem, Swait, and Louviere (2002) find that brand credibility differentially influences consumers' product preferences and price sensitivity. Monroe (1973) argues that strategies to manage product preference and price sensitivity vary substantially among firms.

## Study 1: Country-Level Data for Assessing Local–Global Identity and Price Sensitivity

### Method

We obtained consumers' price sensitivity to food products, which served as the dependent variable, from 142 countries in 2005 from the U.S. Department of Agriculture's (USDA's) International Food Consumption Patterns Data Set.<sup>1</sup> Price sensitivity is measured at the country level and ranges from  $-.38$  to  $-.23$ , indicating that consumers react negatively to price increases for food products. We obtained data for the primary predictor variable, country-level local–global identity, in 2005 from the KOF Index of Globalization,<sup>2</sup> which measures each country's level of global integration on economic, social, and political dimensions (Dreher 2006). According to Arnett (2002), consumers from a more globalized country have more opportunity to access people, cultures, and news from other countries through television and the Internet. In contrast, consumers from less globalized countries, such as North Korea or Cuba, are more likely to have a stronger local identity given their restricted access to globalized cultures. As such, we use the Globalization Index as a proxy measure of country-level local–global identity, with a higher score indicating stronger global (weaker local) identity.

To address the correlational nature of this data set, we included covariates that might be related to price sensitivity. First, we included each country's per capita income. Previous research has suggested that price sensitivity to food products decreases as consumers' income increases (Tellis 1988). The per capita income data came from the USDA's International Food Consumption Patterns Data Set. Second, we included a measure of each country's competitive environment as a covariate because increased competition likely increases consumers' price

sensitivity. The World Economic Forum's Global Competitiveness Report<sup>3</sup> provides detailed information about 144 countries' competitive environment. Inclusion of these four variables—price sensitivity index, globalization index, per capita income, and competitiveness index—resulted in a final sample size of 122 countries. Third, differences in cultural values among countries may be related to price sensitivity (Petersen, Kushwaha, and Kumar 2015). We included Hofstede's (2001) five cultural dimensions as control variables: individualism, power distance, uncertainty avoidance, masculinity, and long-term orientation. Missing values on these cultural dimensions decrease our sample size from 122 to 59. We estimated several models as reported in Table 2.

### Results

The dependent variable, price sensitivity, has negative values, such that lower values indicate higher price sensitivity. For example,  $-.38$  indicates a higher price sensitivity than  $-.23$ . Models 1 and 2 test the association between price sensitivity and globalization without the cultural dimensions. Specifically, Model 1 (adjusted  $R^2 = .1835$ ) only includes two covariates: per capita income and competitive environment. Consistent with Tellis (1988), this model shows a positive association between per capita income and price sensitivity ( $\beta = .0804$ ,  $t(119) = 5.36$ ,  $p < .001$ ). We find a negative association between competitive environment and price sensitivity ( $\beta = -.0174$ ,  $t(119) = -3.42$ ,  $p < .001$ ), such that increased competitiveness increases consumers' price sensitivity. Model 2 adds the country-level Globalization Index. Model 2 shows a statistically significant improvement in model fit over Model 1 (adjusted  $R^2 = .3651$ ;  $\Delta\text{adj-}R^2 = .1816$ ;  $p < .05$ ). In Model 2, the association between the Globalization Index and price sensitivity is negative and statistically significant ( $\beta = -.0016$ ,  $t(118) = -5.92$ ,  $p < .001$ ). Thus, price sensitivity increases as a country's globalization score increases.

Models 3 and 4 show results after we control for the five cultural dimensions. The sample size is reduced to 59 because the cultural dimension scores were only available for 59 of the 122 countries. With the relatively small sample size, we ran the analysis in two phases. In Model 3, we aimed to ascertain the statistically significant cultural dimensions that should be covariates. Then, we ran Model 4, including only the statistically significant covariates along with the key predictor, Globalization Index. As Table 2 shows, the statistically significant covariates in Model 3 (adjusted  $R^2 = .7725$ ) are per capita income and uncertainty avoidance. We included these two variables as covariates in Model 4. The last column of Table 2 summarizes the results from Model 4 (adjusted  $R^2 = .8332$ ;  $\Delta\text{adj-}R^2 = .0607$ ). Consistent with the previous models, per capita income was positive and significant ( $\beta = .1431$ ,  $t(55) = 13.36$ ,  $p < .001$ ). Uncertainty avoidance was negative and statistically significant ( $\beta = -.0003$ ,  $t(55) = -4.09$ ,  $p < .001$ ). Importantly, Globalization Index was significantly and negatively associated with price sensitivity ( $\beta = -.0009$ ,  $t(55) = -4.40$ ,  $p < .001$ ). These results are consistent with H<sub>1</sub>.

<sup>1</sup>For the USDA International Food Consumption Patterns Data Set, see <http://www.ers.usda.gov/data-products/international-food-consumption-patterns.aspx#26207>.

<sup>2</sup>For the KOF Index of Globalization, see <http://globalization.kof.ethz.ch>.

<sup>3</sup>For the Global Competitive Report, see <http://reports.weforum.org/global-competitiveness-report-2014-2015/previous-gci-reports>.

**TABLE 2**  
**Regression Results of Globalization Index on Price Sensitivity (Study 1)**

	<b>Model 1</b> N = 122	<b>Model 2</b> N = 122	<b>Model 3</b> N = 59	<b>Model 4</b> N = 59
Intercept	-.30*** (.02)	-.26*** (.02)	-.38*** (.02)	-.32*** (.013)
Per capita income	.08*** (.02) [.64]	.14*** (.02) [1.11]	.12*** (.01) [.91]	.14*** (.01) [1.11]
Competitive environment	-.02*** (.01) [-.41]	-.01 <sup>n.s.</sup> (.00) [-.16]	-.00 <sup>n.s.</sup> (.00) [-.05]	
Uncertainty avoidance			-.0004*** (.0001) [-.25]	-.0003*** (.0001) [-.22]
Masculinity			.0002 <sup>n.s.</sup> (.0001) [.10]	
Power distance			.0001 <sup>n.s.</sup> (.0001) [.07]	
Individualism			-.0000 <sup>n.s.</sup> (.0001) [-.03]	
Long-term orientation			.0000 <sup>n.s.</sup> (.0001) [.01]	
Globalization Index		-.0016*** (.0003) [-.80]		-.0009*** (.0002) [-.36]
R-square	.20	.38	.80	.84
Adjusted R-square	.18	.37	.77	.83

\* $p < .05$ .  
\*\* $p < .01$ .  
\*\*\* $p < .001$ .  
<sup>n.s.</sup>  $p > .10$ .

Notes: Lower values of price sensitivity indicate higher price sensitivity. Values in parentheses indicate standard errors corresponding to the unstandardized coefficients reported. Values in square brackets indicate the corresponding standardized coefficients.

### Discussion

Study 1 provides evidence supporting  $H_1$ . The use of country-level globalization as a proxy of consumers' local-global identity is fully consistent with Arnett's (2002) original theorizing that consumers from more globalized countries have more access to global cultures, whereas those from less globalized countries tend to have access only to their local cultures. Thus, although consumers from more globalized countries might develop a local identity together with their global identity, their global identity is likely to be stronger than that of consumers from less globalized countries.

Despite high external validity, these correlational results preclude any causal inferences. Furthermore, they are not based on individual-level data. They may also be subject to alternative explanations owing to omitted variables in Table 2. We address these concerns in the subsequent studies.

## Study 2: Measuring Individual-Level Local-Global Identity in Field Survey

### Method

Study 2 was a paper-and-pencil, mall-intercept survey conducted with consumers in China. Participants were 186 consumers shopping at a large, upscale shopping mall in the

city of Hefei, China, who were given a small cash incentive (5 RMB). Participants' age ranged from 21 to 55 years ( $M_{\text{age}} = 32.88$  years,  $SD_{\text{age}} = 7.44$  years), 50% were women, and their annual income ranged from 10,000–200,000 RMB ( $M_{\text{income}} = 56,578.95$  RMB,  $SD_{\text{income}} = 30,163.59$  RMB).

*Procedure.* Members of the research team approached participants at the mall. Those who agreed to participate were guided to a quiet room to finish a short survey. The survey included a price sensitivity measure, some filler tasks, the local-global identity scale, and demographics.

*Price sensitivity.* Participants indicated the quantity of organic eggs they would purchase after different levels of price increases. Specifically, participants were asked to indicate the quantity of organic eggs they would purchase per shopping visit at the current market price (2 RMB/egg), recorded as  $E_0$ . Then, they were told that reliable sources indicated that the price for organic eggs was about to increase in the next few weeks. Participants indicated their purchase quantity of organic eggs per shopping visit if the price were to increase by 5%, 10%, and 15% (presented in this exact order), recorded as  $E_1$ ,  $E_2$ , and  $E_3$  respectively. This price sensitivity measure examines changes in purchase quantity at different levels of price increases.

*Local-identity index.* We used the eight-item scale from Tu, Khare, and Zhang (2012) to measure consumers' local-

global identity (see Appendix A). The scale includes four items measuring global identity (e.g., “I identify that I am a global citizen”) and four items measuring local identity (e.g., “I identify that I am a local citizen”). Both the global identity ( $\alpha = .89$ ) and local identity ( $\alpha = .81$ ) subscales showed adequate reliability. Therefore, we separately averaged the four items for each scale to form a global-identity index and a local-identity index.

### Results

According to  $H_1$ , consumers with a stronger local identity should display lower price sensitivity. In our data, purchase quantity changes with the level of price increase. To capture the trend in changes for one variable (purchase quantity) based on the changes in another variable (price; Muthén and Muthén 2012), we conducted a growth modeling analysis with MPlus7. We defined participants’ purchase quantity at each price level as the outcome variables ( $E_0@0, E_1@1, E_2@2, E_3@3$ ). From this, we estimated the intercept (defined as  $i$ ) and the slope (defined as  $s$ ), which serves as a measure of price sensitivity. More specifically, the slope in the growth model reflects the trend in quantity change at different levels of price increases. We allowed both the intercept and the slope to be predicted by local and global identity; local and global identity were free to be correlated. We included consumers’ age, gender, and income (log transformed) as control variables to predict the intercept and slope.

The model fits the data well ( $\chi^2 = 104.33, p = .021$ ; comparative fit index = .982; root mean square error of approximation = .044; standardized root mean square residual = .048). The intercept of the estimated slope is  $-.917 (p < .001)$ , indicating that as the price for organic eggs increased, consumers’ demand (i.e., intended purchase quantity) decreased. The variance of the slope is  $45.63 (p = .008)$ , indicating that the slope tends to vary across individual consumers. Among the control variables (age, gender, and income), only the effect of income on the price sensitivity measure was positive and significant ( $\beta = 2.286, SE = 1.001, p = .022$ ). This indicates that as consumers’ income increased, their price sensitivity decreased.

The price sensitivity measure, the estimated slope ( $s$ ), was significantly affected by both local and global identity. More specifically, the effect of local identity on  $s$  was positive and statistically significant ( $\beta = .386, SE = .159, p = .015$ ); a one-unit increase in consumers’ local identity decreased their price sensitivity for organic eggs by .386. This is consistent with  $H_1$ . In contrast, the effect of global identity on  $s$  was negative and statistically significant ( $\beta = -.642, SE = .184, p < .001$ ); a one-unit increase in global identity increased price sensitivity by .642.

### Discussion

By measuring both local–global identity and price sensitivity among consumers at a shopping mall, we found evidence supporting  $H_1$ . This study presented three price increases in an increasing order (5%, 10%, and 15%) instead of randomizing them. It would be worthwhile to determine whether randomizing the order would change the results. Although it has a high level of generalizability, the evidence from Studies 1 and 2 is correlational. Furthermore, the price sensitivity measure in Study 2 is hypothetical in nature. In Study 3, a field

experiment, we manipulated local–global identity by priming it through an advertisement. Importantly, we measure price sensitivity using actual changes in quantity purchased by real customers in response to actual price increases.

## Study 3: Longitudinal Field Study at a Grocery Store

### Method

We conducted Study 3, a field study, in a grocery store located in Hefei, China. We contacted the management of the grocery store, which informed us that the prices of organic eggs, rice, and milk were going to increase in the next month. We report the analysis for organic eggs in detail. Table 3 and Figure 1 show the analysis and results for fresh milk and rice.

*Data collection.* We collected consumers’ purchase quantity of organic eggs before (2 RMB/egg) and after (2.3 RMB/egg) the price increase. The price of organic eggs increased on September 12, 2015. We collected data over a 35-day period (August 27–September 30, 2015), which included a 16-day period before the price increase and a 19-day period after the price increase. During this period, there were 1,341 transactions (597 before and 744 after the price increase). Our research focus is on individual consumers’ purchase decisions. Therefore, we excluded 49 transactions made by commercial customers, such as restaurant owners (purchase quantity range: 100–2,800,  $M = 1,280.82, SD = 934.36$ ). This left 1,292 data points for the final analysis (purchase quantity range: 4–32,  $M = 8.90, SD = 3.07$ ).

*Priming procedure.* We intercepted customers as they entered the store. Each consumer was randomly assigned to receive a brochure, which manipulated either local or global identity (Appendix A). Specifically, the local-identity brochure described a “Think Local Movement” supporting the local community and local businesses, focusing on local news, and preserving the local traditions. The global-identity brochure described a “Think Global Movement” supporting global brands and global businesses, focusing on global news, and highlighting cultures from other parts of the world. To reinforce the priming, participants signed the bottom of the brochure to show their support for the specific movement.

Participants were told that by returning the signed brochures to the cashier at checkout, they would have the chance to win a reward based on draw (first prize: 500 RMB cash [1 consumer<sup>4</sup>], second prize: 200 RMB cash [2 consumers], third prize: 150 RMB cash [5 consumers], fourth prize: 20 RMB cash [30 consumers]). At the checkout station, the cashier collected the signed brochures and recorded consumers’ purchase quantity of organic eggs. At the same time, consumers received a randomly generated number and left their contact information for the draw to be held on October 1, 2015.

From the brochures and the recorded purchase quantities, we determined the identity condition (local [ $N = 651$ ] vs. global [ $N = 641$ ]) to which a particular participant belonged, the date of the purchase (indicating before or after the price increase), and

<sup>4</sup>Numbers in square brackets indicate the number of consumers who won each award.

**TABLE 3**  
**Local–Global Identity and Price Change on Purchase Quantity (Study 3)**

Variables	Organic Egg	Fresh Milk	Rice
Intercept	15.32* (7.29)	122.22*** (32.51)	-544.72* (281.23)
Weekend	-.00 (.00)	.41† (.23)	.49 (.75)
Holiday	.03 (.02)	-.12 (.33)	-.46 (1.31)
CPI	-.14† (.07)	-.85 (1.12)	-5.29 (3.76)
Log(revenue)	.15† (.08)	-.48 (.99)	8.81 (6.08)
Local–global identity	.00 (.02)	-.15 (.29)	-1.26 (1.04)
Price increase	-.23*** (.04)	-.87* (.45)	-6.81*** (1.58)
Local–global identity × Price increase	.11** (.03)	.72* (.36)	4.07** (1.39)
AR(1)	.08** (.03)	-.45*** (.03)	-.51*** (.05)
R-square	.07	.21	.32
Sample size	1,292	754	277

† $p < .10$ .

\* $p < .05$ .

\*\* $p < .01$ .

\*\*\* $p < .001$ .

Notes: AR(1) = first-order autoregressive. The main values indicate regression coefficients, and the values in parentheses indicate the standard errors of the corresponding coefficients. The prices for fresh milk and rice were increased on September 9 (from 2.8 RMB to 3.0 RMB/bottle, 13-day data before price increase and 22-day data after price increase for fresh milk) and September 11 (from 5.2 RMB to 5.6 RMB/kg, 15-day data before price increase and 20-day data after price increase for rice), respectively. During this period, there were 783 transactions (266 before price increase, 517 after price increase) with fresh milk and 306 transactions (131 before price increase, 175 after price increase) with rice. We excluded 29 transactions with fresh milk (purchase quantity range: 20–120,  $M = 61.38$ ,  $SD = 36.13$ ) and 29 transactions with rice (purchase quantity range: 100–400,  $M = 156.90$ ,  $SD = 63.70$ ) made by business consumers. This resulted in 754 data points for fresh milk ( $N_{local} = 385$  and  $N_{global} = 369$ ; purchase quantity range: 1–8,  $M = 2.16$ ,  $SD = 1.80$ ) and 277 data points for rice ( $N_{local} = 138$  and  $N_{global} = 139$ ; purchase quantity range: 5–25,  $M = 10.04$ ,  $SD = 5.88$ ) used in the final analyses.

the purchase quantity of the organic eggs. In this field study, we can draw causal inferences about actual purchases because of the random assignment of the participants to the two levels of the priming manipulation.

## Results

$H_1$  predicts that consumers with a local identity (local prime: “Think Local Movement”) are less price sensitive than those with a global identity (global prime: “Think Global Movement”). To test  $H_1$ , we conducted an autoregression analysis (Akaike information criterion = 490.33,  $R^2 = .0681$ ) with the purchase quantity of organic eggs as the dependent variable. Identity (0 = global identity, 1 = local identity), price condition (0 = before price increase, 1 = after price increase), and their interaction were independent variables. The four control variables were weekday (0) versus weekend (1), holiday (1) versus not (0), CPI, and log-transformed overall revenue of the store on the day of the purchase. Table 3 reports the results for eggs, milk, and rice. Again, for brevity, we discuss the results for eggs only.

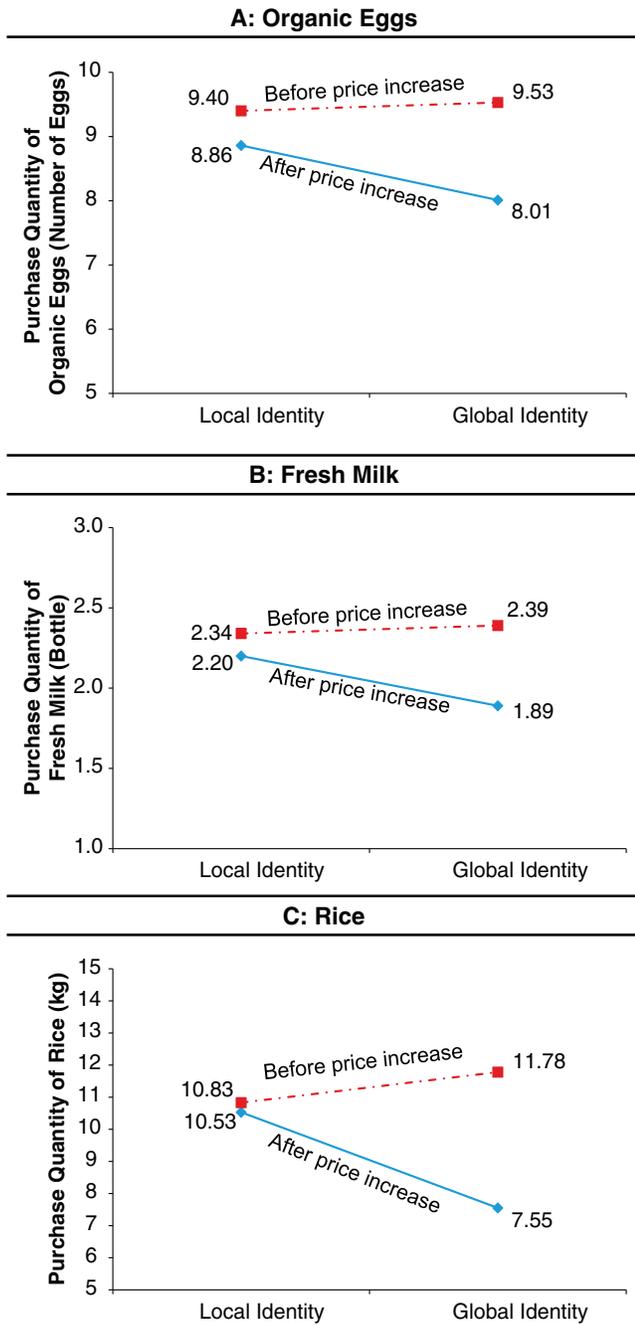
We found no statistically significant impact of whether the eggs were purchased on a weekend ( $\beta = -.003$ ,  $t(1,282) = -.61$ ,  $p = .54$ ) or on a holiday ( $\beta = .028$ ,  $t(1,282) = 1.23$ ,  $p = .21$ ). There was a marginally significant impact of CPI ( $\beta = -.143$ ,  $t(1,282) = -1.95$ ,  $p = .052$ ) and store revenue/day ( $\beta = .145$ ,  $t(1,282) = 1.89$ ,  $p = .058$ ). As CPI decreased or revenue increased, purchase quantity for organic eggs increased. The main effect of identity was statistically nonsignificant ( $\beta = .002$ ,  $t(1,282) = .09$ ,  $p = .92$ ), and the main effect of the price increase was negative and statistically significant ( $\beta = -.230$ ,  $t(1,282) = -5.93$ ,  $p < .001$ ), indicating that the quantity of organic eggs purchased decreased after the price increase.

In testing  $H_1$ , we find that the interaction effect of identity and price increase was statistically significant ( $\beta = .107$ ,  $t(1,282) = 3.30$ ,  $p = .001$ ), indicating that the decrease in purchase quantity after the price increase differs between the two identity conditions. Panel A of Figure 1 depicts the results (see Panel B for milk and Panel C for rice). A follow-up analysis indicated that consumers with an accessible local or global identity showed similar purchase quantity of organic eggs before the price increase ( $M_{local} = 9.40$  vs.  $M_{global} = 9.53$ ;  $t(1,282) = -.49$ ,  $p = .62$ ). However, their purchase quantity showed a statistically significant difference after the price increase ( $M_{local} = 8.86$  vs.  $M_{global} = 8.01$ ;  $t(1,282) = 3.78$ ,  $p < .001$ ; Cohen’s  $d = .21$ ). Specifically, consumers with both local ( $M_{before} = 9.40$  vs.  $M_{after} = 8.86$ ;  $t(1,282) = 2.28$ ,  $p = .023$ ; Cohen’s  $d = .13$ ) and global ( $M_{before} = 9.53$  vs.  $M_{after} = 8.01$ ;  $t(1,282) = 6.33$ ,  $p < .001$ ; Cohen’s  $d = .35$ ) identity reduced their purchase quantity. However, the reduction in quantity was significantly less for local-identity than global-identity consumers ( $local_{before} - after = .54$  vs.  $global_{before} - after = 1.52$ ;  $t(1,282) = -5.96$ ,  $p < .001$ ; Cohen’s  $d = .33$ ). In response to the price increase, those primed with a local identity showed lower price sensitivity. This pattern of results, as depicted in Figure 1, provides support for  $H_1$ . (The results in Panels B and C of Figure 1 also confirm  $H_1$ .)

## Discussion

Using a randomized field experiment with actual purchase behavior, Study 3 offers support to  $H_1$ . We conclude that consumers primed with a local identity tend to be less price sensitive than their global identity counterparts. This study has high external and internal validity. Managerially, the local–global identity prime used in this study can be easily adapted to

**FIGURE 1**  
**The Effect of Local–Global Identity on Purchase Quantities Before and After Price Change (Study 3)**



Notes: For fresh milk (Panel B), consumers with accessible local or global identity showed similar purchase quantity before the price increase ( $M_{\text{local}} = 2.34$  vs.  $M_{\text{global}} = 2.39$ ;  $t(749) = -.02$ ,  $p = .82$ ); purchase quantity was statistically significantly different after the price increase ( $M_{\text{local}} = 2.20$  vs.  $M_{\text{global}} = 1.89$ ;  $t(749) = 1.94$ ,  $p = .05$ ; Cohen's  $d = .21$ ). Specifically, consumers with both local ( $M_{\text{before}} = 2.34$  vs.  $M_{\text{after}} = 2.20$ ;  $t(749) = .71$ ,  $p = .48$ ; Cohen's  $d = .07$ ) and global ( $M_{\text{before}} = 2.39$  vs.  $M_{\text{after}} = 1.89$ ;  $t(749) = 2.54$ ,  $p = .011$ ; Cohen's  $d = .27$ ) identities reduced their purchase quantity. However, the reduction in quantity was significantly less for local-identity than global-identity consumers ( $\text{local}_{\text{before}} - \text{after} = .14$  vs.  $\text{global}_{\text{before}} - \text{after} = .50$ ;  $t(749) = -1.98$ ,  $p = .047$ ; Cohen's  $d = .22$ ). For rice (Panel C), consumers with accessible local or global identity showed similar purchase quantity before the price increase

develop communication materials. Although the effect sizes for the comparisons are small to moderate compared with traditional criteria, they are in response to a subtle brochure handed to customers in a field design. The effect size would likely be substantially larger if it were part of a sustained communication campaign.

In Study 4, we test the theorized mediating role of a sacrifice mindset ( $H_2$ ). The study measures both sacrifice mindset and monetary sacrifice. According to our theorizing, the sacrifice mindset activates a general tendency to sacrifice. If this is true, we expect both the sacrifice mindset and the monetary sacrifice to mediate the association between local identity and price sensitivity. In contrast, if our sacrifice mindset explanation is false, only one or none of the constructs should mediate this association.

## Study 4: Mediating Role of Sacrifice Mindset and Monetary Sacrifice

### Method

Study 4 uses a between-subjects design, in which we manipulated identity (local vs. global). Participants were 224 undergraduate students ( $M_{\text{age}} = 23.19$  years; 50% female), who participated for partial course credit.

**Procedure.** Participants completed either the local or global identity prime based on random assignment. Next, they read a purchase scenario in which the price of the product had recently increased. Then, they completed measures of price sensitivity, sacrifice mindset, and monetary sacrifice. We randomized the order of these three measures within each participant to ensure that order effects would not explain the observed results. Finally, we measured the manipulation check and demographics.

**Identity prime.** The identity priming task used an advertisement similar to the one used in Study 3, but in English (Appendix A). Three items from Zhang and Khare (2009) comprised the manipulation check: “For the time being, I am mainly thinking that...”; “At this moment, I feel that...”; and “On top of my mind right now are thoughts in agreement with saying...” (1 = “I am a global citizen,” and 7 = “I am a local citizen”). We averaged the three items to form a composite score ( $\alpha = .96$ ). A higher composite score indicates a stronger local identity.

**Purchase scenario.** Participants saw a picture of a fictitious brand of coffeemaker with its key features and specifications (see Appendix B; Kwak, Puzakova, and Rocereto 2015). They then read the following:

( $M_{\text{local}} = 10.83$  vs.  $M_{\text{global}} = 11.78$ ;  $t(273) = -.91$ ,  $p = .36$ ); their purchase quantity showed a statistically significant difference after the price increase ( $M_{\text{local}} = 10.53$  vs.  $M_{\text{global}} = 7.55$ ;  $t(273) = 3.30$ ,  $p = .001$ ; Cohen's  $d = .57$ ). Specifically, consumers with both local ( $M_{\text{before}} = 10.83$  vs.  $M_{\text{after}} = 10.53$ ;  $t(273) = .31$ ,  $p > .75$ ; Cohen's  $d = .05$ ) and global ( $M_{\text{before}} = 11.78$  vs.  $M_{\text{after}} = 7.55$ ;  $t(273) = 4.36$ ,  $p < .001$ ; Cohen's  $d = .75$ ) identities reduced their purchase quantity. However, the reduction in quantity was significantly less for local-identity than global-identity consumers ( $\text{local}_{\text{before}} - \text{after} = .30$  vs.  $\text{global}_{\text{before}} - \text{after} = 4.23$ ;  $t(273) = -2.84$ ,  $p = .005$ ; Cohen's  $d = .49$ ).

Imagine you are considering purchasing a coffeemaker. After searching the options available on the market, you decided to purchase the model Ultra Pro from Coffee-Smart. Then, you went to Coffee-Smart's website to check the features and found out the price of this model was \$54.99. However, one week later, when you finally decided to make the purchase, you found the price has changed from \$54.99 to \$65.99.

**Price sensitivity.** We measured purchase intention for the coffeemaker after the price increase with a five-item scale adapted from Grewal, Monroe, and Krishnan (1998) (see Appendix C). We averaged the five items to form a purchase intention index ( $\alpha = .95$ ). Higher values on this index indicate lower price sensitivity.

**Sacrifice mindset.** We adapted the items for the sacrifice mindset from the general-sacrifice scale that Swann et al. (2014) and Davis, Le, and Coy (2011) recommend (see Appendix C). We averaged seven items to form the sacrifice-mindset index ( $\alpha = .89$ ). Higher values on this index indicate a stronger sacrifice mindset.

**Monetary sacrifice.** Following Dodds, Monroe, and Grewal (1991), we define monetary sacrifice as the perceived amount of money consumers give up to gain the product. We measured this construct using items from Grewal, Monroe, and Krishnan (1998) (Appendix C). The average of the items formed a monetary-sacrifice index (six items;  $\alpha = .96$ ). Higher values indicate stronger monetary sacrifice tendency.

## Results

**Manipulation check.** The results from a one-way analysis of variance (ANOVA) confirmed that the identity prime was successful ( $M_{\text{local}} = 4.79$  vs.  $M_{\text{global}} = 4.05$ ;  $F(1, 222) = 7.77$ ,  $p = .006$ ).

**Discriminant validity.** We ran an exploratory factor analysis with Varimax rotation on all items pertaining to the three key constructs: price sensitivity, sacrifice mindset, and monetary sacrifice. The items loaded on their respective factors (Appendix C). We also ran a confirmatory factor analysis in which each item loaded significantly on the focal latent construct. A three-factor solution fit the data better than a one-factor solution.

**Price sensitivity.**  $H_1$  states that consumers primed with a local identity should display lower price sensitivity than those primed with a global identity. That is, purchase intentions after a price increase should be higher among those with a local than a global identity. According to a one-way ANOVA, those primed with a local (vs. global) identity showed higher purchase intentions ( $M_{\text{local}} = 3.27$  vs.  $M_{\text{global}} = 2.74$ ;  $F(1, 222) = 6.61$ ,  $p = .011$ ), in support of  $H_1$ .

**Mediation analysis through sacrifice mindset and monetary sacrifice.**  $H_2$  postulates a sacrifice mindset as the process underlying the effect of local identity on price sensitivity. According to the mindset explanation, both a general sacrifice mindset and a monetary sacrifice should mediate the observed effect of local identity on price sensitivity.

We conducted a mediation analysis with both sacrifice mindset and monetary sacrifice as mediators. We used the syntax provided by Hayes (2013; PROCESS Model 4). The

results indicated that the indirect effect of identity on price sensitivity is mediated through (1) a sacrifice mindset (indirect effect =  $.0779$ ,  $SE = .0385$ , 95% confidence interval [CI] =  $(.0240, .1784)$ ;  $z = 1.9702$ ,  $p = .0488$ ) and (2) a monetary sacrifice (indirect effect =  $.3357$ ,  $SE = .1412$ , 95% CI =  $(.0467, .5937)$ ;  $z = 2.2686$ ,  $p = .0233$ ). These results, summarized in Figure 2, confirm  $H_2$ .

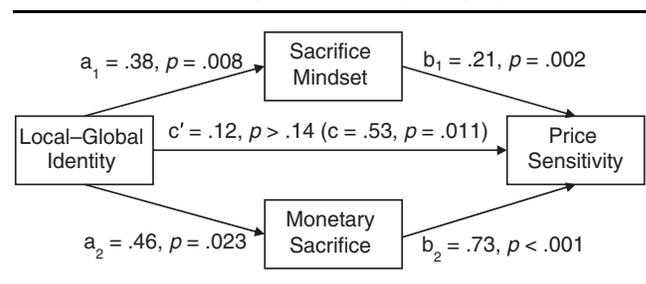
Consumers with a local identity showed a stronger sacrifice mindset and a higher monetary sacrifice. Specifically, an ANOVA showed a higher sacrifice mindset among those with a local identity ( $M_{\text{local}} = 5.03$  vs.  $M_{\text{global}} = 4.67$ ;  $F(1, 222) = 5.67$ ,  $p = .019$ ). Similarly, monetary sacrifice was higher among those with a local identity ( $M_{\text{local}} = 3.68$  vs.  $M_{\text{global}} = 3.22$ ;  $F(1, 222) = 5.28$ ,  $p = .023$ ). These results also confirm  $H_2$ .

## Discussion

The results provide support for  $H_1$  and  $H_2$  using a different product category (appliances: coffeemaker) than Study 3. The mediation analysis is consistent with the theorizing that a consumer's activated local identity triggers a sacrifice mindset at both the monetary and nonmonetary levels. As a key contribution, this study shows that the sacrifice mindset, when activated, operates at both the monetary and non-monetary levels.

In Study 5, we replicate these findings and show mediation using a moderation-of-process approach. Some researchers have criticized the traditional approach used to test mediation in this study because of its correlational nature. To address this, Spencer, Zanna, and Fong (2005) advocate a stronger test of mediation using a moderated analysis in which the mediator is directly manipulated. In this context, the mediator—sacrifice mindset—should be manipulated. The following pattern of results would support mediation: willingness to sacrifice should be high among all consumers who receive a sacrifice-mindset prime; as such, we should not observe any difference in price sensitivity between local- and global-identity consumers who receive a sacrifice-mindset prime. This should occur because both local- and global-identity consumers who receive a sacrifice-mindset prime should have similarly high levels of willingness to sacrifice and, thus, similarly low levels of price sensitivity (Spencer, Zanna, and Fong 2005). In contrast, willingness to sacrifice should vary among all consumers who do not receive a sacrifice-mindset prime (i.e., control condition). Among these consumers, we expect

**FIGURE 2**  
The Mediating Role of Sacrifice Mindset and Monetary Sacrifice (Study 4)



to replicate the original results: Local-identity consumers should exhibit lower price sensitivity. Study 5 tests this mediation logic for  $H_2$  by directly manipulating the sacrifice mindset.

## Study 5: Manipulating a Sacrifice Mindset to Show Mediation

### Method

Study 5 was a 2 (identity: local vs. global)  $\times$  2 (sacrifice mindset: primed vs. control [no sacrifice]) between-subjects design. Participants were 404 U.S. consumers recruited from Amazon Mechanical Turk (MTurk). The participants were 18–73 years of age ( $M_{\text{age}} = 35.71$  years), 50.25% were women, and 41% had an annual income above \$50,000.

*Procedure.* Each participant was randomly assigned to one of the four experimental cells. Participants first completed the local–global identity priming task and the sacrifice-mindset manipulation task. The order of these two tasks was counter-balanced. Reassuringly, task order had no significant effect on the manipulation check of identity ( $F(1, 396) = .96, p = .32$ ), the manipulation check of mindset ( $F(1, 396) = 2.59, p = .11$ ), or the price sensitivity measure ( $F(1, 396) = .62, p = .43$ ). Thus, we conclude that the presentation order is not significant and excluded it from further analysis. Next, participants saw a purchase scenario with price increases. They indicated their purchase intention after the price increase—our measure of price sensitivity. Finally, they finished the manipulation checks and demographics.

*Identity prime.* The identity priming task was the same as in Study 4. The three items from Study 4 served as the manipulation check ( $\alpha = .96$ ).

*Sacrifice mindset.* To manipulate the sacrifice mindset, we asked the participants to write a short essay. In the sacrifice-mindset condition, participants read the following text:

The word “sacrifice” means people give up something valuable for something else more important or worthy. For instance, parents sacrifice their personal comfort for their children, soldiers sacrifice their well-being to defend their nation, and so on.

Next, participants wrote down all their current thoughts and feelings about the importance of sacrifice in approximately 30 words. Participants in the control condition were asked to review their daily routine and write their thoughts and feelings at the moment also in approximately 30 words.

*Sacrifice-mindset manipulation check.* Participants rated the following three items: “I feel the urge to make the necessary sacrifice,” “I believe sacrifice is a great virtue,” and “I am willing to forgo desired activities for something more important” (1 = “strongly disagree,” and 7 = “strongly agree”). Their average formed the sacrifice-mindset manipulation check ( $\alpha = .82$ ), with higher values indicating a higher sacrifice mindset.

*Price sensitivity.* Participants first encountered a purchase scenario adapted from Campbell (2007; Study 1): “Imagine that you are decorating your apartment and have been looking for a

new rug. Last week, you saw one that you liked at one of the stores in the downtown area and have decided to take a friend to go look at it again. Today, while you and your friend are looking at the rug, you noticed on the price tag that the current price for the rug is 25% higher than the price you observed on your visit last week.” Then, they indicated their purchase intention for the rug at the current price. The same five-item scale used in Study 4 (see Appendix C) (Grewal, Monroe, and Krishnan 1998) formed the purchase intention index ( $\alpha = .96$ ), with higher values indicating stronger purchase intentions after the price increase, or lower price sensitivity.

### Results

*Manipulation check (local–global identity).* We conducted a full-factorial ANOVA on the identity-check composite with the identity prime, mindset manipulation, and their interaction as the independent variables. Reassuringly, only the main effect of the identity prime was statistically significant ( $F(1, 400) = 72.20, p < .001$ ). Participants primed with a local identity reported a stronger local identity ( $M_{\text{local}} = 4.73$ ) than those primed with a global identity ( $M_{\text{global}} = 3.22$ ). Neither the main effect of the mindset manipulation ( $F(1, 400) = 1.96, p = .16$ ) nor the interaction effect was significant ( $F < 1$ ). Thus, the local–global identity prime was successful, and it was not confounded by the manipulation of the mediator.

*Manipulation check (sacrifice mindset).* To assess the success of the manipulation of the sacrifice mindset, we conducted a full-factorial ANOVA on the sacrifice-mindset manipulation check composite. The main effect of the manipulation was successful ( $F(1, 400) = 12.08, p < .001$ ) and in the expected direction ( $M_{\text{sacrifice}} = 5.25$  vs.  $M_{\text{control}} = 4.89$ ). The main effect of identity prime was statistically significant ( $F(1, 400) = 3.72, p = .05$ ), such that participants primed with a local identity showed a stronger sacrifice mindset ( $M_{\text{local}} = 5.17$  vs.  $M_{\text{global}} = 4.98$ ). The interaction was statistically nonsignificant ( $F(1, 400) = 1.76, p = .18$ ).

A follow-up analysis indicated a successful manipulation of the sacrifice-mindset prime. When primed with a sacrifice mindset, both local- and global-identity consumers had a similarly strong sacrifice mindset ( $M_{\text{local}} = 5.28$  vs.  $M_{\text{global}} = 5.22; t(400) = .43, p = .66$ ). In the control condition (i.e., no-sacrifice prime), the local-identity consumers showed a stronger sacrifice mindset than the global-identity consumers ( $M_{\text{local}} = 5.06$  vs.  $M_{\text{global}} = 4.72; t(400) = 2.26, p = .024$ ).

*Hypothesis testing.* To test  $H_2$  using the moderation-of-process approach, we need to replicate the local-identity effect on price sensitivity under the control condition but observe no difference between the local–global identity conditions when manipulating the sacrifice mindset. A full-factorial ANOVA with price sensitivity as the dependent variable showed that the main effect of identity was not statistically significant ( $F < 1$ ), the main effect of mindset manipulation was statistically significant ( $F(1, 400) = 7.85, p = .005$ ), and their two-way interaction effect also was statistically significant ( $F(1, 400) = 4.11, p = .043$ ).

A follow-up contrast indicated that under the control condition (i.e., no sacrifice-mindset condition), local-identity consumers showed lower price sensitivity than global-identity

consumers by indicating higher purchase intentions for the rug after a price increase ( $M_{\text{local}} = 3.28$  vs.  $M_{\text{global}} = 2.82$ ;  $t(400) = 1.99, p = .047$ ). In contrast, when both groups had an activated sacrifice mindset, this effect was attenuated, with both local- and global-identity consumers showing a similarly lower level of price sensitivity ( $M_{\text{local}} = 3.40$  vs.  $M_{\text{global}} = 3.59$ ;  $t(400) = -.85, p = .39$ ). Thus, local- and global-identity consumers were similarly less price sensitive when they were primed with a sacrifice mindset. This result confirms the sacrifice mindset as an underlying mediator for the local-identity effect (see Figure 3).

### Discussion

Using the moderation-of-process approach, we show that price sensitivity is attenuated when the sacrifice mindset is made salient for both local- and global-identity consumers. Managerially, however, companies may sometimes provide specific reasons for price increases. To provide managerial guidance, we assess whether reasons provided for price increases can weaken or strengthen the intervening role of a sacrifice mindset. By identifying these situational variables, we also hope to guide managers on effective ways to mitigate the effect of local–global identity on price sensitivity. Empirically identifying situations when the association between local identity and price sensitivity can be weakened provides a stronger test of our theorizing.

According to Briley, Morris, and Simonson (2000), consumers may be motivated to behave in an identity-consistent way when making the decision can help reinforce an activated identity. One way to do this is to provide justification for the behavior that is consistent with the activated identity, such as giving a specific reason for making the decision. If the reason is consistent with the activated identity, it may enhance the effect of the evoked mindset; in contrast, a reason that is inconsistent with the activated identity may mitigate the effect of the evoked mindset. For example, consumers generally have a compromise

mindset, in that they tend to choose the compromise option rather than an extreme option in a choice set. Consistent with behavioral-mindset theory, those with an activated Eastern cultural identity are even more likely to choose compromise options than those with an activated Western cultural identity. However, this effect can be further enhanced or mitigated if consumers are given reasons for making their choice. If the reason uses a compromise-based logic, the mindset effect among consumers with an Eastern cultural identity can be enhanced.

Following a similar logic, we argue that the lower price sensitivity that results from a sacrifice mindset among local-identity consumers may be mitigated or enhanced depending on the reasons provided for making the sacrifice. If the reason is consistent with consumers' local identity, the effect of the sacrifice mindset should be enhanced, and vice versa. Specific to our research context, reasons for making a sacrifice that are related to the local community should enhance the observed effect of a sacrifice mindset among those with a local identity. This should occur because making a sacrifice for the local community should reinforce a consumer's local identity. In contrast, when the reason for sacrifice is global in nature—inconsistent with the consumer's local identity—the effect of the sacrifice mindset should be attenuated. Formally:

H<sub>3</sub>: The reason provided for a price increase (i.e., sacrifice reason) moderates the association between local identity and price sensitivity. If the sacrifice reason is locally focused, the association between a local identity and price sensitivity will be further enhanced such that local-identity consumers will show even lower price sensitivity. In contrast, if the sacrifice reason is globally focused, this association will be attenuated such that both local- and global-identity consumers will display similarly high levels of price sensitivity.

## Study 6: Sacrifice Reason as a Boundary Condition for the Local-Identity Effect

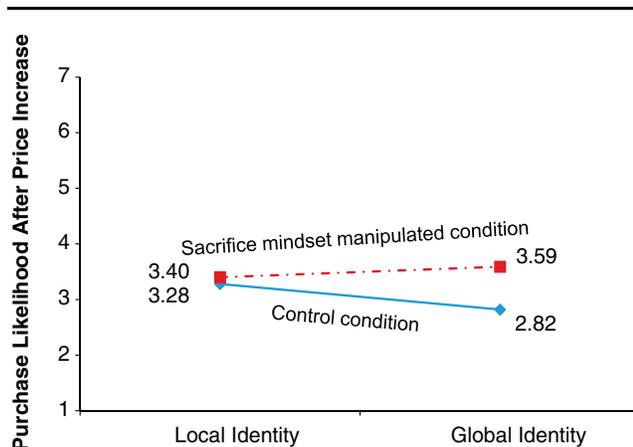
### Method

U.S. consumers recruited through MTurk participated for a small cash incentive ( $N = 379$ ). We used a 2 (identity: local vs. global)  $\times$  2 (reason for sacrifice: locally focused vs. globally focused) between-subjects design. Participants' ages ranged from 19 to 71 years ( $M_{\text{age}} = 34.79$  years,  $SD_{\text{age}} = 10.85$  years), 43% were women, and 45% had an annual income above \$50,000.

**Procedure.** Each participant was randomly assigned to one of the four experimental cells. After completing the local- or global-identity prime, participants read a scenario about buying a webcam. The scenario stated that the price of the webcam was about to increase. Embedded in the purchase scenario was a message about the reason for the price increase. Then, we measured price sensitivity followed by the manipulation check and demographic information.

**Identity prime.** The local–global identity prime was similar to the one used in Study 4. It was administered in an advertising format (see Appendix A).

**FIGURE 3**  
The Moderating Role of Manipulated Sacrifice Mindset (Study 5)



Notes: 1 = "less likely to purchase after price increase," and 7 = "very likely to purchase after price increase." The higher value indicates less price sensitivity.

*Webcam scenario.* Participants were asked to imagine that they were buying a webcam for their personal computer and had decided to buy the newest webcam from HighTech (a fictitious brand). Then, they read a product description of the “HighTech HD Pro Webcam Z720,” which included a picture of the webcam and its key attributes (adapted from Kwak, Puzakova, and Rocereto 2015; see Appendix D). Finally, they were told that HighTech was about to increase its webcam prices, including the Z720 model in which they were interested.

*Reason-for-sacrifice manipulation.* To manipulate the reason for making a sacrifice, participants read a short explanation from the chief marketing officer (CMO) of HighTech regarding the reason for making the price change. Specifically, under the locally focused reason-for-sacrifice condition, the CMO explained that HighTech was making an effort to improve the local community by hiring more people from the consumers’ local community, donating more to local schools and institutions, and preserving local traditions. Under the globally focused reason-for-sacrifice condition, the CMO explained that HighTech was making an effort to increase globalization by hiring more people from other parts of the world, donating more to poor countries, and preserving the global culture.

*Price sensitivity.* Participants indicated the maximum price increase they would consider acceptable to continue buying the HighTech Z720 Webcam on a 15-point scale (1 = “price increase by 1%,” and 15 = “price increase by 15%”). Higher values indicate that participants have lower price sensitivity (i.e., are more tolerant of a price increase).

### **Realism Pretest**

We conducted a pretest with a new set of 67 MTurk participants, to assess the realism of the advertising methodology and reasons for the price increase. Participants ranged in age from 19 to 58 years ( $M_{\text{age}} = 33.43$ ; 32% female).

*Pretest procedure.* Participants completed the identity priming and a three-item realism check scale adapted from Darley and Lim (1993): “I find the advertisement for this movement to be realistic,” “I could imagine an actual movement as described here,” and “I believe the movement could happen in real life.” We averaged the three items, with a higher value indicating that the assessment was more realistic ( $\alpha = .83$ ).

Next, participants viewed the webcam advertisement in which the CMO explained the reason for the price increase (i.e., reason for sacrifice manipulation). Then, they completed a three-item realism check scale: “I find the webcam advertisement to be realistic,” “I could imagine an actual webcam company doing the things described in the advertisement,” and “I believe the webcam advertisement could be in press in real life.” We averaged the three items, with higher scores indicating that the assessment was more realistic ( $\alpha = .90$ ).

Finally, participants completed a manipulation check for identity priming (three-item scale used in Study 4;  $\alpha = .96$ ). They completed items assessing the strength of local reasons and global reasons. The two items for the local reasons were “I believe by purchasing the webcam, I could help my local community” and “I believe by purchasing the webcam, I could

make my local community better” ( $r = .91, p < .001$ ). The two items for the global reasons were “I believe by purchasing the webcam, I could help globalization” and “I believe by purchasing the webcam, I could help people around the world” ( $r = .86, p < .001$ ).

*Pretest results.* First, we verified that the manipulations were successful. A full-factorial ANOVA on the identity-check composite indicated that only the main effect of identity priming was statistically significant ( $M_{\text{local}} = 4.83$  vs.  $M_{\text{global}} = 2.33$ ;  $F(1, 63) = 40.69, p < .001$ ). The identity priming was successful. A full-factorial ANOVA on the local-reason composite showed only a main effect of the local-reason manipulation on the local-reason composite ( $M_{\text{local reason}} = 5.10$  vs.  $M_{\text{global reason}} = 3.34$ ;  $F(1, 63) = 26.12, p < .001$ ). Similarly, only the main effect of the global-sacrifice reason affected the global-reason composite ( $M_{\text{local reason}} = 3.27$  vs.  $M_{\text{global reason}} = 5.56$ ;  $F(1, 63) = 47.18, p < .001$ ). Thus, the sacrifice-reason manipulation was successful.

Second, we assessed the realism of the identity prime. An independent sample t-test compared the average for the local- and global-identity participants with the scale’s midpoint (4). Both the local-identity (5.39 vs. 4;  $t(31) = 7.79, p < .001$ ) and global-identity (5.66 vs. 4;  $t(34) = 8.72, p < .001$ ) groups rated significantly higher than the midpoint. Furthermore, there was no statistically significant difference on the realism scale between the local- and global-identity participants ( $M_{\text{local}} = 5.39$  vs.  $M_{\text{global}} = 5.66$ ;  $F(1, 65) = 1.08, p = .30$ ). Thus, both groups viewed the prime as similarly realistic.

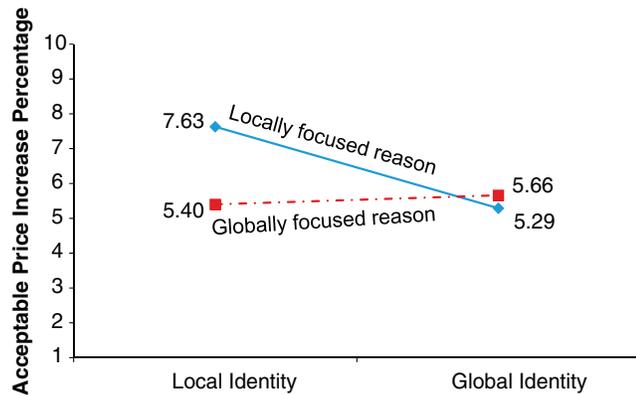
Third, we assessed the realism of the webcam advertisement. Independent sample t-tests indicated that both the local-reason (5.22 vs. 4;  $t(36) = 5.54, p < .001$ ) and global-reason (4.95 vs. 4;  $t(30) = 3.93, p < .001$ ) advertisement was more realistic than the scale’s midpoint (4). A one-way ANOVA indicated that the two versions of the advertisement were similar on perceived realism ( $M_{\text{local reason}} = 5.22$  vs.  $M_{\text{global reason}} = 4.95$ ;  $F(1, 63) = .72, p = .40$ ). In summary, participants perceived the stimuli as realistic, and the manipulations worked as intended.

### **Results**

H<sub>3</sub> postulates an effect of local–global identity on price sensitivity when the sacrifice reason is locally focused. In contrast, when the sacrifice reason is globally focused, the effect should be mitigated, such that both local- and global-identity consumers should have high price sensitivity. To test this prediction, we ran a full-factorial ANOVA on the price sensitivity index (higher scores indicate lower price sensitivity) with identity prime, sacrifice reason, and their interaction as the independent variables.

The main effect of identity prime ( $F(1, 375) = 10.71, p < .01$ ) and the main effect of sacrifice reason ( $F(1, 375) = 8.70, p < .01$ ) were statistically significant. Their interaction was also statistically significant ( $F(1, 375) = 46.66, p < .001$ ). Figure 4 shows the pattern of results. Specifically, when the sacrifice reason was locally focused, local-identity (vs. global-identity) consumers showed lower price sensitivity through their acceptance of a higher price increase ( $M_{\text{local}} = 7.63$  vs.  $M_{\text{global}} = 5.29$ ;  $t(375) = 5.07, p < .001$ ). In contrast, this effect was statistically nonsignificant when the sacrifice reason was

**FIGURE 4**  
**The Moderating Role of Sacrifice Reason on the Effect of Local Identity on Price Sensitivity (Study 6)**



Notes: 1 = “willing to buy the webcam after 1% of price increase,” and 15 = “willing to buy the webcam after 15% of price increase.” The higher value indicates lower price sensitivity.

globally focused. Both local- and global-identity consumers showed similarly high price sensitivity ( $M_{\text{local}} = 5.40$  vs.  $M_{\text{global}} = 5.66$ ;  $t < 1$ ). Thus,  $H_3$  is supported; local identity was associated with lower price sensitivity when the sacrifice reason given by the CMO was locally but not globally focused.

### Discussion

This study shows that a local identity lowers price sensitivity when the sacrifice reason is locally focused. Theoretically, this result also clarifies and supports the underlying mechanism we propose by showing the separate effects of sacrifice mindset and identity consistency. This insight is also useful for managers. By focusing consumers on sacrificing for a locally focused reason, firms can further decrease consumers’ general price sensitivity emanating from a local identity. Importantly, firms can easily use the reason for sacrifice as part of their communication strategies.

## General Discussion

This research makes three key contributions. First, it robustly shows that consumers with a local identity (vs. a global identity) have lower price sensitivity and are more tolerant of price increases. In addition to the six studies reported herein, we replicated this effect in eight additional studies numbered NR1–NR8 in Table 1. These studies document the association for a variety of categories (food in general, eggs, rice, milk, coffeemaker, rug, and webcam); with U.S. and Chinese consumers; and using primary data, secondary data, and a randomized field study. Thus, we conclude that the phenomenon reported is robust and generalizable.

Second, this research articulates and tests the underlying process: a local identity tends to activate a sacrifice mindset, which mediates the effect of local identity on lower price sensitivity. We show this mediation beyond that of monetary sacrifice. In addition, we conducted studies showing that the

effect of local identity does not operate through mere ethnocentrism.<sup>5</sup> Our results also tease out the sacrifice-mindset explanation from a rival explanation of identity-consistent behavior. Further research could explore other potential mediators for this observed link by systematically testing sacrifice mindset as a mediator.

Third, we show how managers can enhance or attenuate the association between local identity and price sensitivity through appropriate messaging about the reason for a price increase. By providing locally focused reasons, managers can strengthen the effect of a sacrifice mindset along with identity consistency. Theoretically, these results show the robustness of our theorizing and extend the nomological network of focal constructs in different directions.

### Theoretical Implications

Our results have important theoretical implications for the literature on price sensitivity and identity-based marketing. Price sensitivity affects consumer welfare and company profitability (Tellis 1988). Further research is necessary to better understand how consumers can improve their welfare by engaging in activities that lead to intangible benefits. It may be that consumer welfare is improved when those with a local identity reap intrinsic rewards as a result of their decreased price sensitivity. In the same vein, consumer identity should be incorporated as a key antecedent of price sensitivity. The current literature on price sensitivity has largely taken a utilitarian approach, but a social identity-based approach can enhance understanding of price sensitivity in different ways.

The results show that consumers’ local identity can affect their price sensitivity, and they may be willing to pay higher prices for all products, not just local products. Higher prices can enhance consumers’ postpurchase consumption experience and enjoyment (Shiv, Carmon, and Ariely 2005) and, eventually, increase customer loyalty. Thus, it may be that consumers’ local identity may also affect—directly and indirectly—their postpurchase consumption experience and brand loyalty. In addition to verifying these consequences of local identity, research could explore whether these effects vary depending on customer characteristics, such as gender, and product characteristics, such as utilitarian or hedonic attributes.

According to Zhang and Khare (2009) and Loureiro and Hine (2002), consumers with an activated local identity prefer local products because of identity consistency, which reinforces their local identity. Our results suggest a broader approach rooted in behavioral-mindset theory (Xu and Wyer 2007). As such, price sensitivity decreases for all products—regardless of local origin—as a result of a sacrifice mindset. Though counterintuitive, Study 6 shows that identity consistency and a sacrifice mindset may be complementary approaches to reducing price sensitivity

<sup>5</sup>In two separate studies, we measured and controlled for ethnocentrism. Ethnocentrism did not mediate the observed effect, and the association between local identity and price sensitivity persisted even after we controlled for ethnocentrism. The results are available on request.

among consumers with a local identity. Additional research is required to understand conditions that may moderate the joint effect of identity consistency and sacrifice mindset.

This research shows that one mediator of the observed association between local identity and price sensitivity among consumers is a sacrifice mindset. However, other constructs may also mediate this association. Examining these additional mediators could further clarify the difference between a consumer's local identity and ethnocentric tendencies. Consumer behaviors other than price sensitivity may also be worth examining. These include consumption enjoyment, repurchase behavior, and behaviors such as product boycotts and activism. To what extent do local identity and ethnocentrism jointly and separately affect these additional behaviors? Are there additional mediators of these behaviors? These are issues for further research.

### **Limitations**

This research should be interpreted in light of its limitations. First, we take a narrow view of price sensitivity, though it is a broad construct that includes response to price increase, willingness to pay, and preference for the high-price/high-quality option, to name a few (Wakefield and Inman 2003). Future studies could help clarify the scope of price sensitivity beyond the studies we report herein.

Second, each individual study we report could be methodologically improved. For example, we examined a price increase by 5%, 10%, and 15% in Study 2; by 20% in Study 4, and by 25% in Study 5. Study 6 examines a continuum of price increase from 1% to 15%. Although the price increase range of 5%–25% used in our studies reflects managerial practices in the real world (Campbell 2007; Kwak, Puzakova, and Rocereto 2015), caution should be taken when drawing conclusions about the results of a price increase beyond this range.

Third, the mindset construct is sufficiently abstract that it can be difficult to operationalize. Accordingly, existing research in the mindset literature has tended to avoid measuring it directly. In contrast, we measure it directly to show mediation through a general sacrifice mindset and monetary sacrifice. Yet consumers may make other types of sacrifices such as those based on family ties, sacrificing time and effort, and so forth. Research could investigate these types of sacrifice mindsets.

### **Managerial Implications**

This research suggests several practical and effective ways CMOs can manage price increases by lowering consumers' price sensitivity. First, CMOs need not worry about the constraint of local production, local positioning, and so forth, to gain the benefit of lowered price sensitivity among consumers. We show a decrease in price sensitivity among local-identity consumers for products with an unspecified country origin. This finding is particularly important for firms with a global sourcing strategy to lower product costs. More importantly, we show that the two processes are not in conflict—rather (as we show in Study 6), they can be used symbiotically to lower price sensitivity. Studies 3 and 6 also show how firms

can easily implement these ideas through their communication strategies.

Second, global firms can use short but well-established scales (e.g., Tu, Khare, and Zhang 2012) to target consumers with a chronic local identity. Because these consumers are more likely to tolerate price increases, they may be better suited for introductions of higher-priced and, correspondingly, higher-quality products. Further research could assess whether they are also more tolerant of newly developed products.

Third, to maximize the benefit of mindset theory and identity-consistency theory, firms should clarify the reasons behind the price sacrifice. For example, Wal-Mart announced price increases in conjunction with its support for local causes. According to Jacobs, Graham-Squire, and Luce (2011), by claiming that the price increase would help it hire more local workers, Wal-Mart significantly increased its revenue by 14.5%, even though it cost consumers \$12.49 more per year on average. Furthermore, Wal-Mart achieved this without having to source its products locally. In Table 1, our analysis shows that consumers with a local identity showed a 17.38% decline in price sensitivity, on average, than consumers with a global identity. Similarly, in the grocery store field study, we found that its annual revenue could increase by 13%, if all consumers behaved like those with a local identity.

Our findings are also informative for the proliferating “buy local” movements (<http://www.thinkshopbuylocal.com>). The Local Farms, Food and Jobs Act, sponsored by Senator Sherrod Brown of Ohio and Representative Chellie Pingree of Maine, invests approximately \$200 million to help local farmers. While such efforts may fulfill many objectives, they are perhaps misguided in affecting consumers' price sensitivity. In addition to extolling the virtues of buying local, communication efforts should try to activate consumers' local identity. This will enable local producers to compete without having to lower their price.

Finally, we recognize that there is also growth in antilocal movements claiming that buying local may not be in the best economic interests of consumers (Sexton 2011) because local products may not be the lowest-priced products. However, our research shows that consumers obtain identity-related benefits by supporting local brands. By better measuring and incorporating these psychological benefits into consumer welfare, managers can make more nuanced decisions. A good start would be to segment customers according to their local identity and examine the value proposition that best appeals to them.

## **Appendix A: Local–Global Identity Operationalization**

### **Local–Global Identity Scale (Study 2; Tu, Khare, and Zhang 2012)**

#### *Local Identity Subscale*

1. I identify that I am a local citizen.
2. I care about knowing local events.
3. My heart mostly belongs to my local community.
4. I respect my local traditions

## Global Identity Subscale

1. I identify that I am a global citizen.
2. I care about knowing global events.

3. I believe people should be made more aware of how connected we are to the rest of the world.
4. My heart mostly belongs to the whole world.

**FIGURE A1**  
**Advertisement Manipulation**

### A: Study 3 (China)

#### Local Identity Prime

支持本地思维运动



本地思维

正在火热进行的 **本地思维** 运动需要您的大力支持！只要您在本页底部留下您的签名，就可以表示您对 **本地思维** 运动的支持。

具体来说，**本地思维** 运动提倡对以下行为的认同：

- 支持肥西本地的社区及工商业
- 关注肥西本地新闻与实事
- 从肥西的视角来看待事物
- 认识肥西的美丽与独特
- 致力于传承肥西的传统文化
- 视自己为肥西本地发展的一部分

我们的 **本地思维** 运动需要您的支持，请留下您的签名表示您的支持。与此同时，如果您能在结账时等级您今天的购买记录，您就有机会参加由 **本地思维** 运动组织赞助的抽奖活动：

- 一等奖（1名）：500元现金
- 二等奖（2名）：200元现金
- 三等奖（5名）：蓝蓝纯净水饮水机一台（价值150元）
- 四等奖（30名）：蓝蓝纯净水一桶（15升，价值20元）

您的签名：\_\_\_\_\_

#### Global Identity Prime

支持全球思维运动



全球思维

正在火热进行的 **全球思维** 运动需要您的大力支持！只要您在本页底部留下您的签名，就可以表示您对 **全球思维** 运动的支持。

具体来说，**全球思维** 运动提倡对以下行为的认同：

- 支持全球品牌和工商业
- 关注世界各地的新闻与实事
- 从全球的视角来看待事物
- 认识世界各地所有的共同之处
- 致力于学习世界各地的不同文化
- 视自己为全球化历程的一部分

我们的 **全球思维** 运动需要您的支持，请留下您的签名表示您的支持。与此同时，如果您能在结账时等级您今天的购买记录，您就有机会参加由 **全球思维** 运动组织赞助的抽奖活动：

- 一等奖（1名）：500元现金
- 二等奖（2名）：200元现金
- 三等奖（5名）：蓝蓝纯净水饮水机一台（价值150元）
- 四等奖（30名）：蓝蓝纯净水一桶（15升，价值20元）

您的签名：\_\_\_\_\_

### B: Studies 4, 5, and 6 (United States)

#### Local Identity Prime

Think Local Movement



We are promoting the **think local movement**, which encourages people to take a local perspective on our daily life. By signing your name at the box below, you are showing support for our **think local movement**.

Specifically, **think local** means you identify with following behaviors:

- You belong to the local community
- You are a local citizen
- You always think locally
- You hold a local view point
- You respect your local traditions
- You care about knowing local events
- Your heart belongs to your local community

Our **think local movement** needs your support! Simply by putting your initials in the following box, you indicate you are supporting our **think local movement**. Your support means everything to us. Thank you!

#### Global Identity Prime

Think Global Movement



We are promoting the **think global movement**, which encourages people to take a global perspective on our daily life. By signing your name at the box below, you are showing support for our **think global movement**.

Specifically, **think global** means you identify with following behaviors:

- You belong to the whole world
- You are a global citizen
- You always think globally
- You hold a global view point
- You care about knowing global events
- Your heart belongs to the whole world
- You believe you are connected with the rest of the world

Our **think global movement** needs your support! Simply by putting your initials in the following box, you indicate you are supporting our **think global movement**. Your support means everything to us. Thank you!

**APPENDIX B**  
**Study 4 Coffeemaker Ad**



**Coffee-Smart Ultra Pro**

Hotter coffee and brew strength options – the best of both worlds! The Coffee-Smart Ultra Pro 14-Cup Programmable Coffeemaker is equipped with cutting edge coffee technology to give you hotter coffee with better taste. Choose a flavor profile with regular or bold strength control, and set brew-time up to 24-hours ahead. Our backlit LCD is easy-to-read, a ready tone can be turned on or off, and indicator light signals when it's time to decalcify.

**Features**

- Hotter coffee with expert coffee-making technology to ensure hotter coffee temperature and better flavor quality.
- Brew Strength Control allows you to select Regular or Bold coffee flavor
- Fully Automatic with 24-hour programmability, self clean, 1-4 cup setting, auto-off (0-4 hours), and optional ready alert tone
- 14-Cup Glass Carafe with decorative stainless steel handle
- Easy-to-View water window for accurate filling
- Brew Pause™ feature lets you enjoy a cup of coffee before the brewing cycle has finished
- 60-Second Reset recalls settings and position in the brewing process in case of loss of power
- Gold-Tone Coffee Filter and Charcoal Water Filter
- Limited 3-Year Warranty

**Specifications**

**Weight:**  
9.5 lbs. pounds

**Dimensions:**  
Height: 14 ¼" Width: 8" Depth: 9"

\$ 65.99

Available at [www.coffee-smart.com](http://www.coffee-smart.com)

**APPENDIX C**

**Measurements for Sacrifice Mindset, Monetary Sacrifice, and Purchase Intention After Price Increase (Study 4)**

	Loading	Alpha
<b>Sacrifice Mindset</b>		
(Davis, Le, and Coy 2011; Swann et al., 2014; 1 = "strongly disagree," and 7 = "strongly agree")		
I believe sacrifice is a great virtue.	.58	.89
I am willing to give up my personal benefits for a bigger cause.	.82	
Sacrificing is important and seems easy at the moment.	.86	
I feel the need to give up things I like doing.	.77	
I feel the urge to make the necessary sacrifice.	.87	
Sacrifices are necessary to achieve long-term goals for oneself and for society.	.81	
I am willing to forgo desired activities for something more important.	.55	
<b>Monetary Sacrifice</b>		
(Grewal, Monroe, and Krishnan 1998; 1 = "strongly disagree," and 7 = "strongly agree")		
I am willing to pay the increased price of \$65.99.	.71	.96
I think that given this coffeemaker's features, it is good value for money.	.78	
If I bought this coffeemaker at \$65.99, I feel I would be getting my money's worth.	.88	
I feel I am getting a good quality coffeemaker for a reasonable price.	.89	
After evaluating the coffeemaker features, I am confident that I am getting quality features for \$65.99.	.87	
If I acquired this coffee maker, I think I would be getting good value for the money I spend.	.87	
<b>Purchase Intention After Price Increase</b>		
(Grewal, Monroe, and Krishnan 1998; 1 = "very low," and 7 = "very high")		
If I were going to buying a coffeemaker, the probability of buying this coffeemaker at the current price is ...	.76	.95
The likelihood that I would purchase this coffeemaker at the current price is ...	.68	
The probability that I would consider buying this coffeemaker at the current price is ...	.76	
At the current price, the likelihood that I would seriously consider buying this coffeemaker is ...	.88	
The probability that I am willing to buy this coffeemaker at the current price is ...	.84	

## Appendix D: Reason for Sacrifice Manipulation (Study 6)

### The Webcam Stimuli

Imagine you are buying a webcam for your personal computer. After searching the related information, you decided to buy the newest webcam from HighTech, model Z720.

### Local Reason

Today, you heard news that HighTech is about to increase the prices for its webcams, including the Z720 model you are interested in. The Chief Marketing Officer explained the price

increase as an effort of HighTech to *improve the local community* by hiring more people from your local community, donating more to local schools and institutions, and preserving local traditions.

### Global Reason

Today, you heard news that HighTech is about to increase the prices for its webcams, including the Z720 model you are interested in. The Chief Marketing Officer explained the price increase as an effort of HighTech to *increase globalization* by hiring more people from other parts of the world, donating more to poor countries, and preserving global culture.

FIGURE D1  
Webcam Ad

#### HighTech HD Pro Webcam Z720



Size: 2.8 x 7.5 8.9 inches

Weight: 1.5 pounds

Item Model Number: 960-100764

Z720 Captures Your Most Exciting Moments!

It is the ultimate full HD Webcam. With its HD 720p video calling and full HD 1080p maximum video resolution, it creates perfect viewing experiences and recordings in HD! It is equipped with H. 264 HD video compression for faster, smoother uploads and downloads using less computer processing power and bandwidth. With its exciting features, all your memorable moments can now be seen in full HD through online social network programs like Skype, Facebook, or YouTube.

It makes distances disappear and keeps your exciting moments alive. ©

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