

A dual-theory examination of price guarantee advertising believability and its impact on consumer trust, satisfaction, and repurchase in retail

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ABSTRACT

This study investigates how the believability of price guarantee (PG) advertising influences key psychological and behavioural outcomes: trust, satisfaction, and repurchase intentions in retail consumers. Drawing on Signalling Theory and Expectation-Confirmation Theory (ECT), we conceptualise a Believability–Trust–Behavioural (BTB) model to explain how consumers cognitively evaluate and affectively respond to PG messages. A quasi-longitudinal field study was conducted, using a real-world sample of 1219 loyalty programme members from a major New Zealand retailer. Participants were exposed to two PG formats, Price-Beating Guarantees (PBG) and Automatic Price-Adjustment Promises (APP), and they responded to measures before and after purchase. Results from covariance-based structural equation modelling (SEM-AMOS28) confirm that advertising believability significantly enhances trust, which mediates satisfaction and repurchase intentions. APP was perceived as more credible, while PBG produced stronger behavioural outcomes when trust was established. The model explains 82 % of the variance in satisfaction and 26 % in repurchase intention. These findings advance marketing theory by demonstrating how advertising believability functions as a psychological signal that builds trust and drives loyalty. Methodologically, the study offers a novel empirical application of dual-theory integration in a real-world retail context. Practically, it provides actionable insights for designing psychologically credible PG advertising that enhances brand trust and long-term consumer engagement in increasingly competitive and value-conscious markets.

1. Introduction

In today's competitive and price-transparent retail environment, price guarantees (PGs) have become a common marketing strategy for reducing consumer uncertainty and reinforcing perceived value (Estelami and Bergstein, 2006; Kukar-Kinney and Walters, 2003; McWilliams and Gerstner, 2006). PGs are often framed in advertising as commitments to match or beat competitors' prices and function as economic incentives and psychological signals that reduce perceived risk and foster trust (McWilliams and Gerstner, 2006; White and Yuan, 2012). These guarantees influence consumer judgements about retailer credibility and fairness, strengthening value perception and brand confidence (Estelami and Bergstein, 2006; Rust and Chung, 2006), and have been proven to be highly effective marketing tools (Borges and Babin, 2012) particularly in appealing to prospective buyers and retaining current customers (Haesevoets et al., 2017; Levy et al., 2004).

Retailers are increasingly adopting various PG strategies to influence

consumer decision-making across different stages of the purchasing journey. These include 'Lowest-Price Guarantees (LPG)', 'Best-Price Guarantees (BPG)', 'Price-Matching Guarantees (PMG)', and 'Price-Beating Guarantees (PBG)', applied across diverse product and service categories and extending into digital and omnichannel retail environments (Adams, 2002; Desmet and Le Nagard, 2005; Jiang et al., 2017; Kukar-Kinney and Walters, 2003; Lin, 2015). Some retailers have implemented price-adjustment promises, which refund the difference if an item's price drops after purchase, signalling a strong commitment to fair pricing (Cohen-Vernik and Pazgal, 2017). Proactive, automated refund mechanisms enhance the retailer's credibility with PG offers (Borges and Babin, 2012).

While PGs are widely used, much of the existing literature has focused on their structural and economic dimensions, such as refund magnitude, coverage scope, and the complexity of redemption procedures (Desmet and Le Nagard, 2005; Dutta et al., 2007; Haesevoets et al., 2017; Kukar-Kinney and Walters, 2003; Lin et al., 2020). Comparatively

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little research has explored how consumers psychologically evaluate and respond to PG advertising, particularly regarding its influence on trust formation, satisfaction, and repurchase intentions (Erdem and Swait, 2004; Kukar-Kinney and Walters, 2003). Understanding how consumers perceive the credibility of these advertising claims is essential for shaping trust and perceptions of retailer reliability and fairness (Estelami and Bergstein, 2006). Moreover, the differential psychological impact of various PG formats, such as the more effort-based PBG versus the Automatic Price-Adjustment Promises (APP), remains under-researched despite their growing use in practice (Borges and Babin, 2012; Cohen-Vernik and Pazgal, 2017).

Recent research confirms that PGs remain strategically relevant in rapidly evolving retail environments. For instance, Bottasso et al. (2025) show how online retail price-matching continues to influence consumer search and retailer competition, while Feng et al. (2025) highlight the role of temporal fairness in shaping consumer acceptance of price-protection guarantees. Li et al. (2024) demonstrate how PG windows signal product quality in technology markets, underscoring their enduring value as trust-building mechanisms. At the firm level, Nalca and Cai (2023) and Wei and Chang (2023) reveal how PGs interact with wholesale pricing and logistics service enhancement, while Lei et al. (2025) extend this to decentralised channel structures, mitigating double marginalisation. Su and Tian (2023), Wei et al. (2023), and Zeng and Hou (2024) further show how PGs combat showrooming, against free-riding and balancing offline-online strategies. In dynamic pricing contexts, Vomberg et al. (2024) show how algorithmic pricing influences consumer trust and search behaviour, Zhao and Wu (2024) examine instalment payments under randomised pricing, Zhao et al. (2025) analyse posterior PG periods, and Wu et al. (2025) demonstrate how Markovian PG strategies enhance consumer retention and price discrimination. Finally, Jiang et al. (2025) reveal that PGs outperform contingent pricing in review-driven markets, boosting both consumer surplus and firm profitability. These studies affirm that PG design continues to shape consumer decision-making and firm strategy, particularly as digital and omnichannel contexts heighten concerns about fairness and credibility.

It highlights a critical gap in the need to understand the psychological mechanisms, particularly the key yet underexplored role of advertising believability, defined as the degree to which a message is believable, truthful, and reliable (Kirmani and Rao, 2000), in determining whether guarantees build or erode consumer trust. Believability forms the foundation of advertising credibility and significantly shapes consumer trust, attitudes, and decisions (Atkin and Beltramini, 2007; Goldberg and Hartwick, 1990; Soh et al., 2007). In the context of PGs, where offers often involve future contingencies or redemption procedures, message believability is crucial in reducing scepticism and influencing post-purchase evaluations (Haesevoets et al., 2017; Kukar-Kinney, 2006).

This research employs Signalling Theory (Spence, 1973) and Expectation-Confirmation Theory (ECT) (Oliver, 1980) to fill these gaps. Using a quasi-longitudinal design, we surveyed 1219 loyalty members in New Zealand, leveraging real purchasing experiences from traditional and online retail settings of a major national chain speciality retailer across Australia and New Zealand. Participants were exposed to both PBG and APP formats, and responses were collected across the purchase journey. We test the 'Believability-Trust-Behavioural (BTB)' research model using covariance-based structural equation modelling (SEM-AMOS28) to explore how message believability affects downstream outcomes.

This study contributes to the growing PG advertising literature by advancing theoretical integration and empirical insight. First, it introduces a novel dual-theoretical framework, combining Signalling Theory and ECT to explain how PG believability influences consumer trust, satisfaction, and repurchase intention. Second, it presents the first quasi-longitudinal empirical analysis of PG advertising using real consumer data across traditional and online retail settings. Third, by

comparing two distinct underexplored PG formats, PBG and APP, the study reveals how different message structures influence consumer perceptions and behavioural outcomes. The findings highlight believability as a central psychological mechanism mediating the impact of PG advertising on trust, satisfaction and repurchase, reinforcing the critical role of advertising credibility in retail communication.

Beyond theoretical contribution, the research offers practical guidance for designing more effective PG campaigns that build trust and long-term loyalty. It shows how hybrid PG strategies vary in effectiveness depending on consumer experience and message clarity, offering timely insights for competitive positioning and brand reputation management. Overall, the study advances understanding of PG credibility, improves advertising practice, enhances consumer well-being, strengthens business performance, and provides a foundation for future research on building consumer trust and improving promotional effectiveness in increasingly sceptical, value-driven retail environments.

2. Theoretical framework and hypotheses development

This section outlines the study's theoretical foundation and examines how consumers respond to PG advertising by drawing on two complementary theoretical lenses: Signalling Theory and ECT. Collectively, these frameworks offer a psychologically grounded explanation of how consumers process promotional price claims, form judgments of trustworthiness, and translate these perceptions into satisfaction and repurchase intentions. Integrating these perspectives facilitates a more thorough comprehension of the cognitive and affective mechanisms through which PG advertising believability impacts consumer trust, satisfaction, and repurchase behaviour.

By integrating these two theories, we introduce the PG-Believability-Trust-Behavioural (PG-BTB) model, which conceptualises the sequential influence of PG believability on downstream consumer outcomes. This section also presents the hypotheses that guide the empirical testing.

2.1. Conceptual framework: integrating Signalling Theory and ECT

A conceptual framework integrates Signalling Theory and ECT to explain how consumers interpret and respond to PG advertising. It posits that advertising believability is a key signal shaping trust, mediating downstream outcomes such as satisfaction and repurchase.

Signalling Theory (Spence, 1973) explains how firms use observable cues to reduce information asymmetry in markets where consumers face uncertainty. In retail marketing, PGs serve as externally observable cues of public commitments to offer the lowest price, thereby reducing perceived risk and enhancing the retailer's credibility (Kirmani and Rao, 2000; McWilliams and Gerstner, 2006). When communicated clearly, a PG signals the retailer's pricing competence and fairness, positioning the brand as trustworthy and customer-focused (White and Yuan, 2012). The effectiveness of this signal depends on its believability and transparency, which are critical to shaping consumer interpretations (Desmet and Le Nagard, 2005; Dutta et al., 2007). Emerging research shows that PGs can function as dynamic signals in complex pricing environments, including algorithmic pricing (Vomberg et al., 2024) and randomised models (Wu et al., 2025; Zhao and Wu, 2024; Zhao et al., 2025), as well as review-driven social learning markets (Jiang et al., 2025), reinforcing their role in reducing uncertainty and shaping fairness perceptions.

While Signalling Theory is often applied to the pre-purchase communication of firm intent, it also offers a valuable lens to examine what happens when signals break down post-purchase, for example, when the guarantee is not honoured due to vague terms, procedural friction, or retailer non-compliance. Unfulfilled promise leads to signal disconfirmation, in which the promise does not align with the consumer's experience, eroding trust and reducing behavioural loyalty (Kirmani and Rao, 2000; Woisetschlager et al., 2008). This thesis addresses this breakdown directly, responding to the research problem that PGs, despite their theoretical appeal, may be perceived as unbelievable

or manipulative in real-world settings if poorly designed or inconsistently executed.

This research extends Signalling Theory to reflect dynamic consumer learning, illustrating how prior exposure to fulfilled or failed PG claims influences the believability of subsequent advertising. Consumer experience enriches the model’s explanatory power and situates Signalling Theory as central to both the message quality and executional credibility of PG strategies (Erdem and Swait, 2004; Herzenstein et al., 2004), by incorporating prior PG experience into the model.

ECT (Oliver, 1980) complements this perspective by explaining how consumers assess satisfaction based on the degree to which their pre-purchase expectations are confirmed during the post-purchase experience. In this framework, PG advertising believability sets expectations about price fairness and perceived value. If the guarantee holds, for example, consumers do not encounter a lower price elsewhere or successfully redeem a price match or price difference, expectations are confirmed, increasing satisfaction and repurchase intention (Bhattacharjee, 2001; Lankton and McKnight, 2012). Conversely, failure to meet expectations, for instance, if a lower price is discovered, post-purchase without compensation, results in disconfirmation and leads to dissatisfaction, eroding trust and discouraging future purchases (Tse et al., 1990).

The proposed PG ‘Believability-Trust-Behavioural’ (PG-BTB) model (Fig. 1) operationalises eight key constructs into a testable structure by comparing consumer responses to two distinct PG formats: PBG, which requires proactive consumer effort, and APP, which is fulfilled automatically post-purchase. These formats differ in procedural complexity and psychological effort, allowing for a comparative analysis of how consumers cognitively and affectively process PG messages (Borges and Babin, 2012; Cohen-Vernik and Pazgal, 2017).

The PG-BTB model posits that perceived believability strengthens trust, sequentially influencing store price image and perceived service quality, and ultimately shaping satisfaction and repurchase intention. This integrative framework provides a robust, theory-driven explanation of how PG advertising affects consumer expectations, emotional evaluations, and behavioural loyalty outcomes in real-world retail settings. The following section outlines the hypotheses derived from this model that operationalise the model’s constructs and relationships.

2.2. Hypotheses development

Building on the PG-BTB framework, this section develops specific hypotheses to empirically examine the relationships between key constructs derived from Signalling Theory and ECT. The model posits that the perceived believability of PG advertising influences consumer trust and affects evaluations of store price image, perceived service quality, and expectation confirmation. These evaluations drive satisfaction and ultimately shape repurchase intentions.

The model incorporates two theoretically grounded control variables, price consciousness and signal information focus, to account for individual differences in consumer sensitivity to price and advertising cues. The following hypotheses are structured to test this conceptual framework’s sequential and mediating effects, offering insight into how psychologically credible PG messages influence consumer loyalty behaviour.

2.2.1. Perceived believability → trust

Perceived believability and trust are crucial in determining the effectiveness of PG advertising. Perceived believability of PG indicates the degree to which consumers expect a retailer to uphold its PG commitment (Kukar-Kinney and Walters, 2003). On the other hand, trust represents consumers’ willingness to believe in the retailer’s reputation and act on these promises, with expectations of businesses to uphold their commitment (Comer et al., 1999).

An advertisement’s perceived credibility plays a pivotal role in shaping consumer responses. Studies suggest that when marketing messages are viewed as authentic and persuasive, they positively influence consumer attitudes, expectations, and purchase decisions (Atkin and Beltramini, 2007; Maloney, 1963). Consumers are more inclined to trust a retailer when its PG advertising is seen as truthful, believable and trustworthy (Kirmani and Rao, 2000). Failure to uphold these promises can undermine trust and tarnish a brand’s reputation (Dutta et al., 2011).

To sustain consumer trust, retailers must ensure their PG advertising claims are believable, trustworthy, and consistently honoured. Trust is reinforced when consumers perceive these guarantees as credible, backed by the retailer’s commitment to honouring them without ambiguity or complications (Boshoff and Du Plessis, 2009). We hypothesise that.

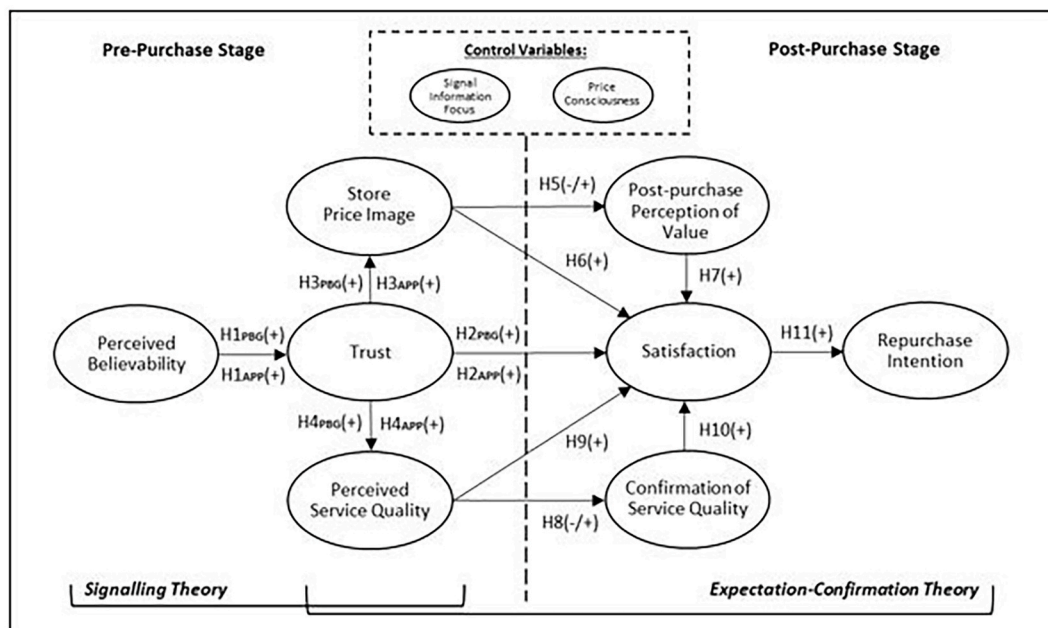


Fig. 1. PG Believability-Trust-Behavioural Model.

- **H1_{PBG/APP}**: Perceived believability of PBG/APP advertising positively impacts trust.

2.2.2. Trust → satisfaction; store price image; perceived service quality

Trust is essential in retail, as it reduces perceived risks and fosters confidence in purchasing decisions (McKnight and Chervany, 2001). In PG advertising, trust signifies consumers' belief that the retailer will honour its promise commitments (Comer et al., 1999), leading to higher satisfaction when expectations are met (Oliver, 1980). Research shows that trust in PG claims positively impacts satisfaction, enhancing perceived value and reducing post-purchase uncertainty (Boshoff and Du Plessis, 2009).

Trust in PG advertising strongly influences how consumers perceive a store's pricing. When consumers believe a retailer will honour its PG promise, they view the store as more trustworthy and transparent, enhancing its price image as offering competitive and fair prices (Kirmani and Rao, 2000) and good value for money (Biswas et al., 2006). Positive consumer perception of a store's pricing enhances trust in PG advertising, directly influencing expectations about the retailer's overall pricing approach and perceived value.

Consumer trust in a retailer's PG influences their perception that the retailer prioritises competitive pricing and high-quality service (Biswas et al., 2006). This connection reflects a broader perception of the retailer's integrity and professionalism. It enhances consumers' expectations that the store will deliver high-quality services, such as attentive customer support and reliable products, further reinforcing overall satisfaction (Kirmani and Rao, 2000).

Positive experiences with PG claims, store pricing, and service quality can strengthen consumer trust and loyalty (Olaru et al., 2008), fostering good relationships post-purchase and leading to higher satisfaction and repurchase intention (Boshoff and Du Plessis, 2009; Chaudhuri and Holbrook, 2001). Based on this, we expect consumer trust to positively correlate with satisfaction, perceived store price image, and service quality. We hypothesise the following.

- **H2_{PBG/APP}**: Trust in PBG/APP advertising believability positively impacts satisfaction.
- **H3_{PBG/APP}**: Trust in PBG/APP advertising believability positively impacts the expectation of store price image.
- **H4_{PBG/APP}**: Trust in PBG/APP advertising believability positively impacts the expectation of perceived service quality

2.2.3. Perceived store price image → post-purchase perception of value; satisfaction

Perceived store price image refers to an overall impression of the customers on the pricing strategy of the retailer relative to their overall assessment of its value proposition, particularly relevant for retailers implementing PGs, which may be perceived as providing consistently low prices across an extensive product range rather than limiting to specific items (Hamilton and Chernev, 2013). Two primary factors influence this perception: the actual price points of the products and the perceived value relative to the retailer's reputation for quality, customer service, and overall shopping experience (Zielke, 2006, 2010).

Consumers form expectations about the store's pricing strategy before purchase, which influences post-purchase evaluations, particularly regarding value. When a store's price image aligns with consumer expectations, it confirms consumer perception of purchase value. Dodds and Monroe (1985) assert that perception of value requires weighing the benefits obtained against the sacrifices incurred, which extends beyond low prices to include product quality and service standards (Zeithaml, 1988). When the perceived store price aligns with or exceeds these expectations, it enhances the overall post-purchase perception of value, reinforcing consumer satisfaction (Dodds et al., 1991).

Post-purchase value perception is how customers anticipate the overall benefits they acquired from what they purchased compared to the costs incurred or effort expended (Zeithaml, 1988). A positive

perception of value, where benefits outweigh costs, leads to greater satisfaction, loyalty, and the likelihood of repurchase (Hellier et al., 2003). We hypothesise the following.

- **H5**: Perceived store price image expectation positively impacts confirmation of post-purchase perception of value.
- **H6**: Perceived store price image expectation positively impacts satisfaction.
- **H7**: Post-purchase perception of value positively impacts satisfaction.

2.2.4. Perceived service quality → confirmation of service quality; satisfaction

Customer perception of a store's service quality is determined by comparing what the customer thought the service level would be to what they actually experienced (Parasuraman et al., 1988). Perceived service quality includes expectations about the retailer's capability to handle customer concerns, respond effectively to inquiries, and fulfil service commitments, such as upholding a PG (Kukar-Kinney and Grewal, 2006).

Service quality confirmation implies the extent and direction of the disparity between the consumer's perceived level of service ultimately received and their initial expectations (Parasuraman et al., 1988). When service delivery meets or surpasses these initial expectations, it results in positive confirmation, strengthening consumer satisfaction and the retailer's reputation.

In service-driven industries like retail, perceived service quality is a crucial competitive advantage, distinguishing businesses in highly contested markets (Berry, 1986; Chen and Chen, 2017). Past studies substantiate that superior quality of service directly enhances customer satisfaction, hence fostering long-term loyalty (Rajic and Dado, 2013). Positive service encounters, especially those involving sales staff's helpfulness or responsiveness, are often decisive factors for store patronage and repeat purchases (Gagliano and Hathcote, 1994).

In the context of PGs, consumers anticipate a smooth and efficient service experience, particularly when retailers uphold their PG commitments automatically or offer hassle-free refunds. Fulfilling these service expectations enhances consumer trust in the retailer, resulting in increased satisfaction, fostering loyalty, and a greater likelihood of repeat purchases (Bhattacharjee, 2001). PG advertising can raise consumer expectations for service quality, and meeting these expectations positively impacts satisfaction. We propose the following hypotheses.

- **H8**: Perceived service quality expectation positively impacts confirmation of service quality.
- **H9**: Perceived service quality expectation positively impacts satisfaction.
- **H10**: Confirmation of service quality positively impacts satisfaction.

2.2.5. Satisfaction → repurchase intention

Satisfaction reflects consumers' overall evaluation of their purchase experience. When a favourable comparison between expectations and outcomes is made, it increases the likelihood of repurchasing from the same retailer again, reinforcing positive consumer attitudes (Meadow, 1983). Giese and Cote (2000) described customer satisfaction as a reaction to a particular event at a specific time, indicating that satisfaction levels can vary based on individual purchase experiences. Andrew and Withey (1976, 2005) extended this by describing satisfaction in consumer behaviour as a comprehensive emotional response to a shopper's overall interaction with a brand or retailer, significantly influencing loyalty and future purchasing decisions.

The possibility that a customer will make another purchase from the same retailer is known as repurchase intention (Meadow, 1983). Satisfied customers tend to be more motivated to shop at the same retailer, remain loyal to the brand, and avoid competitors (Hamadi, 2010). Conversely, dissatisfaction can lead to complaints and switching to alternatives (Jones et al., 2006). In retail, ensuring customer satisfaction directly enhances repurchase rates and customer retention. Kim (2012)

describes repurchase intentions as a customer's propensity and motivation to keep shopping and repeat purchases from the same retailer.

A positive purchasing experience with PGs enhances consumer trust in the retailer, including satisfaction with both PG policy and overall service quality, ultimately increasing the probability of repeat purchases. We hypothesise.

- **H11:** Satisfaction positively impacts repurchase intention.

3. Methodology

The research paradigm used for this study is post-positivist, which holds that although there is an objective reality, it can only be known imperfectly and probabilistically due to measurement limitations and researcher subjectivity (Guba and Lincoln, 1994). Aligned with this approach, a quasi-longitudinal, field-based survey design was employed to capture authentic consumer beliefs and behaviours grounded in real retail experiences, consistent with best practices in consumer psychology research (Hair et al., 2019).

3.1. Survey design and sampling strategy

This study employed a quasi-longitudinal design approach outlined by Rindfleisch et al. (2008), asking participants to reflect on a recent retail experience and respond to both pre-purchase and post-purchase constructs within a single survey session to gather data. This approach aligns well with ECT, which requires capturing both expectation (pre) and confirmation (post) measures (Bhattacharjee, 2001; Oliver, 1980).

While a true longitudinal design could offer stronger causal inference, it was impractical due to logistical constraints, potential attrition, and the retail context. The survey incorporated structured recall prompts, scenario framing, and time-based anchoring to strengthen internal validity. Quasi-longitudinal methods are widely accepted in marketing and consumer behaviour research when tracking the same individual for repeated measures is not feasible (Podsakoff et al., 2003; Rindfleisch et al., 2008; Van Birgelen et al., 2006). They allow assessment of expectation-confirmation effects with lower respondent burden while preserving theoretical integrity. Given the model complexity, sample size, and practical constraints of working with an industry partner, the quasi-longitudinal design offers a well-justified balance between methodological rigour and real-world relevance.

We used structural equation modelling (SEM) as the statistical method, which requires a larger sample size than other multivariate techniques to ensure robust results. With 44 items in the survey, we adhered to the recommended sample-to-items ratio of at least ten-to-one, resulting in a minimum required sample of 440 participants (Hair et al., 2019).

The survey was administered by ANZ-Retailer (ANZR), a leading chain retailer in New Zealand and Australia with over 300 locations, specialising in automotive parts, accessories, tools, and outdoor equipment, targeting automotive enthusiasts, DIY mechanics, vehicle owners and outdoor adventurers. A simple random sample (Malhotra et al., 2017) of ANZ-R 'Loyalty Club' members in New Zealand who had made in-person or online purchases within the previous 12 months was used to maintain sampling equivalence. Participants assessed the perceived believability (Fig. 2) and trustworthiness (Fig. 3) of two PG policies: PBG

(Red-theme) and APP (Black-theme). The research examined their impact on customer satisfaction and repurchase intentions, with perceived store price image and service quality expectations acting as mediating factors. Respondents' demographic and behavioural attributes were also collected to enhance the survey's insights.

3.2. Questionnaire and measurement scales

The research questionnaire employed multiple formats and scales to enhance validity and mitigate common method variance (CMV) biases (Rindfleisch et al., 2008). It comprised 44 items designed to measure 10 constructs; all adapted from pretested items in established literature to align with the context of ANZ-R (Table 1; Appendix A). All constructs were assessed utilising 7-point scales, with at least three items per construct, except for satisfaction, which utilised a single-item scale.

Pre-purchase constructs were measured using a semantic-differential scale, except trust, which intentionally used a 3-item Likert scale to minimise CMV biases. The 5-item perceived believability and 3-item trust were measured repeatedly for PBG and APP. Post-purchase constructs were measured using the Likert scale to differentiate them from the pre-purchase constructs. Satisfaction was measured with a single-item, seven-point Likert scale. This approach balanced methodological and practical considerations. The PG-BTB model included 10 constructs with multiple indicators, creating a lengthy survey administered across two stages. A parsimonious single-item was adopted to minimise respondent burden and reduce CMV in a quasi-longitudinal design (Rindfleisch et al., 2008). Prior research supports the reliability of single-item satisfaction when it is not the ultimate dependent variable (Bergkvist and Rossiter, 2007; Wanous et al., 1997) and its effectiveness in field studies requiring brevity (Drolet and Morrison, 2001; Westbrook, 1980). Given the industry-partner setting, reducing survey length was critical to minimising attrition and maintaining the high 84 % completion rate.

The study controlled for price consciousness (Jeng and Lo, 2019; Kukar-Kinney et al., 2007; Lichtenstein et al., 1990, 1993) and signal-information focus (Dutta et al., 2007, 2011), which may influence consumer responses to PG believability and trust, improving the model's internal validity and aligning with best practices in consumer research (Dutta et al., 2007; Hair et al., 2019).

4. Results and analysis

SPSS was utilised to conduct exploratory factor analysis (EFA), while AMOS-28 was employed to carry out confirmatory factor analysis (CFA) and structural equation modelling (SEM). Covariance-based SEM was chosen for its effectiveness in achieving optimal goodness-of-fit indices in factor-based models (Anderson and Gerbing, 1988; Hair et al., 2019). The analytical process begins with the measurement model examination to ascertain construct reliability and validity, followed by assessing the structural model to verify proposed hypotheses.

4.1. Sample characteristics

The initial email survey received 1459 real-world consumer responses representing ANZ-R's existing customer base (Club-Plus loyalty members), with 83.55 % (n = 1219) being valid and useable for analysis.



Fig. 2. Perceived believability - Sample advertisements (dated Jan 13, 2022).



Fig. 3. Perceived Trustworthiness - Sample advertisement (dated Jan 13, 2022).

Table 1
Measurement scales and sources for the research model.

Constructs	Items and scales	Sources
Perceived Believability (PB)	5-item Semantic Differential	Beltramini and Evans (1985)
Trust (TT)	3-item Likert	Borges and Babin (2012)
Store Price Image (SPI)	3-item Semantic Differential	Borges and Babin (2012)
Perceived Service Quality (PSQ)	3-item Semantic Differential	Kukar-Kinney and Grewal (2006)
Post-purchase Perception of Value (PPV)	5-item Likert	Estelami and Bergstein (2006)
Confirmation of Service Quality (CSQ)	4-item Likert	
Satisfaction (OS)	Single-item	Andrews and Withey (1976)
Repurchase Intention (RI)	4-item Likert	Kim (2012)
Price Consciousness (PC)	5-item Likert	Lichtenstein et al. (1993)
Information Focus (IF)	3-item Likert	Dutta et al. (2011)

Detailed sample characteristics are provided in Appendix B, with an overview.

- Most respondents identified as male (84 %), female (14 %), and gender diverse (2 %).
- Seventy-eight percent of participants were between 31 and 70 years old, and 53 % preferred in-store shopping.
- Price level was the primary shopping motive for 91 % of respondents, followed by convenience (71 %) and loyalty Club Plus-APP (58 %).
- Awareness of the PBG policy was relatively low, with 48 % aware of its existence and only 21 % citing it as a shopping motivator.
- Ninety-one percent of respondents indicated a favourable shopping experience with a strong intention to make future purchases from ANZ-R.

4.2. Perceived believability and trustworthiness of PG advertising

This research evaluates the perceived believability and trustworthiness of the PBG and APP types of PG advertising messages (see Table 2). A 5-item semantic differential 7-point scale was employed to assess advertising believability, yielding a summated mean believability score of 5.33 for PBG and 5.49 for APP, based on responses from 1219 participants. Similarly, trust in these advertisements was evaluated using a 3-item Likert 7-point scale, resulting in summated mean trust scores of 5.91 for PBG and 6.08 for APP.

The findings reveal that consumers perceive both PBG and APP advertising as believable and trustworthy, with respective summated mean scores exceeding the neutral midpoint of 4 on the 7-point scale. The APP, which is rated higher on both dimensions, indicates that its automated nature may be more reliable and user-friendly, while PBG could require more effort. Standard deviation (SD) values highlight differences in respondents' perceptions, which reveal greater variability in APP believability, suggesting some respondents are less certain about its credibility. In contrast, PBG shows more consistent responses despite lower believability scores. Trust ratings for both PBG and APP have

Table 2
Perceived believability and trustworthiness of PBG and APP advertisements.

Perceived Believability	Price-Beat Guarantee (PBG)		Automatic Price-Adjustment Promise (APP)	
	Mean	Std. Dev.	Mean	Std. Dev.
PBB1/APB1	5.42	1.52	5.49	1.59
PBB2/APB2	5.48	1.45	5.53	1.51
PBB3/APB3	5.22	1.63	5.45	1.57
PBB4/APB4	4.95	1.74	5.27	1.66
PBB5/APB5	5.57	1.41	5.69	1.40
Summated mean	5.33		5.49	
Trust				
PBT1/APT1	5.94	1.17	6.07	1.19
PBT2/APT2	5.85	1.19	6.07	1.15
PBT3/APT3	5.94	1.14	6.09	1.12
Summated mean	5.91		6.08	

PBB = Perceived Believability (PBG); APB = Perceived Believability (APP); PBT = Trust (PBG); APT = Trust (APP).

relatively low SDs, reflecting strong consensus on their trustworthiness.

These insights highlight the need to refine PG messaging, particularly for APP, to reduce perception inconsistencies and strengthen consumer confidence. Enhancing clarity and reliability in advertising can further boost trust, loyalty, and repurchase intentions, supporting prior research on advertising credibility's role in trust formation (Kirmani and Rao, 2000; Kukar-Kinney and Walters, 2003).

4.3. Model Fit parameters

The models were assessed using established essential fit indices in SEM to ensure statistical validity and model adequacy (Boomsma, 2000; Kline, 2015), as illustrated in Table 3.

Statistical analysis of measurement models fit illustrated in Table 3 confirmed that both PBG and APP models significantly differed from the

Table 3
Essential fit indices in SEM – statistical analysis of measurement model.

Fit Indices	Endorsed Value	Reference (s)	Obtained Value	
			PBG	APP
P-value	Insignificant	Hair et al. (2019)	0.00	0.00
CMIN/df	<3-5	Hair et al. (2019); Bagozzi and Yi (1988)	3.99	4.14
TLI	>0.90	Bentler (1990)	0.95	0.95
CFI	>0.90	Bentler (1990)	0.95	0.96
PCFI	>0.50	Mulaik et al. (1989)	0.84	0.84
SRMR	<0.08	Hair et al. (2019); Hu and Bentler (1999)	0.05	0.05
RMSEA	<0.07	Hair et al. (2019); Hu and Bentler (1999)	0.05	0.05

PBG = Price-Beat Guarantee; APP = Automatic Price-Adjustment Promise. CMIN/df = Chi-Square statistic/degrees of freedom; TLI = Tucker Lewis Index. CFI = Comparative Fit Index; PCFI = Parsimony Comparative Fit Index. SRMR = Standardised Root Mean Residual. RMSEA = Root Mean Square Error of Approximation.

null model, with results indicating strong statistical significance ($p < 0.001$). All metrics fall within widely accepted thresholds for model acceptance, confirming a strong overall fit and establishing a reliable basis for further hypothesis examination. This finding supports the robustness of the proposed models in explaining variations in consumer responses.

4.4. Measurement model assessment

Confirmatory factor analysis (CFA) was employed to validate the reliability of the data against composite reliability (CR), internal consistency (Cronbach’s alpha, ‘ α ’), and indicator loadings, while convergent validity (CV) of the data was measured through average variance extracted (AVE) (Fornell and Larcker, 1981; Hair et al., 2019).

The CFA results (Table 4) show all factor loadings surpassed the minimal limit of 0.50 (Wixom and Watson, 2001), ‘ α ’ values for each construct exceeded 0.60 (Nunnally and Bernstein, 1994), and CR

Table 4
CFA outcomes - Measurement model assessment of construct reliability and validity.

Constructs	Items	Convergent Validity (CV)		Internal Consistency Reliability	
		Loadings	AVE	(α)	CR
Recommended threshold		>0.50	>0.50	>0.60	>0.70
Perceived Believability (PBG)	PBB1	0.85	0.73	0.93	0.93
	PBB2	0.90			
	PBB3	0.89			
	PBB4	0.79			
	PBB5	0.86			
Perceived Believability (APP)	APB1	0.91	0.84	0.96	0.96
	APB2	0.95			
	APB3	0.94			
	APB4	0.90			
	APB5	0.86			
Trust (PBG)	PBT1	0.88	0.84	0.94	0.94
	PBT2	0.96			
	PBT3	0.91			
Trust (APP)	APT1	0.92	0.91	0.97	0.97
	APT2	0.98			
	APT3	0.96			
Store Price Image	SPI1	0.90	0.73	0.85	0.89
	SPI2	0.90			
	SPI3	0.75			
	SPI4	0.75			
Perceived Service Quality	PSQ1	0.89	0.67	0.85	0.86
	PSQ2	0.85			
	PSQ3	0.71			
Post-purchase Perception of Value	PPV1	0.74	0.70	0.91	0.92
	PPV2	0.86			
	PPV3	0.92			
	PPV4	0.90			
	PPV5	0.73			
Confirmation of Service Quality	CSQ1	0.87	0.71	0.91	0.91
	CSQ2	0.87			
	CSQ3	0.82			
	CSQ4	0.81			
Repurchase Intention	RI1	0.87	0.76	0.93	0.93
	RI2	0.90			
	RI3	0.87			
	RI4	0.85			
Price Consciousness	PC1	0.66	0.57	0.84	0.87
	PC2	0.60			
	PC3	0.77			
	PC4	0.81			
	PC5	0.91			
Information Focus	IF1	0.82	0.68	0.86	0.86
	IF2	0.76			
	IF3	0.88			

PBG = Price-Beat Guarantee; APP = Automatic Price-Adjustment Promise CR = Composite Reliability; AVE = Average Variance Extracted; (α) = Cronbach’s alpha.

coefficients for each construct surpassed the 0.70 criterion (Hair et al., 2019), confirming strong internal consistency reliability.

All constructs met the required AVE minimal limit of 0.50 (Bagozzi and Yi, 1988; Hair et al., 2019), ensuring adequate CV. Fornell and Larcker (1981) examined squared values of AVE concerning correlations among constructs to evaluate discriminant validity. Table 5 shows that squared AVE values (bolded diagonal) exceed construct correlations (off-diagonal), confirming discriminant validity. These findings suggest that the model’s constructs are reliable and valid, allowing further structural model testing.

4.5. Structural Model Fit parameters

Fit parameters of both PBG and APP structural models indicated a strong alignment with the input data, as all indices satisfied the recommended thresholds (Table 6). With a P-value <0.001, both models show a statistically significant outcome, suggesting that there is minimal possibility that these outcomes would occur by coincidence, and all fit indices of both models show statistical robustness and are suitable for the research, offering substantial evidence for their application in analysing how PGs affect consumer behaviour.

4.6. Structural model assessment and reporting outcomes of hypotheses

The structural model supports all hypothesised relationships, validating the proposed PG–Believability–Trust–Behavioural (BTB) model that integrates Signalling Theory and ECT. The results provide robust empirical evidence for how consumers interpret PG advertising claims and how these perceptions influence trust, satisfaction, and repurchase intentions across pre- and post-purchase stages. Fig. 4 visually summarises the results of the structural models, with PBG paths highlighted in red and APP in black. At the same time, Table 7 presents the corresponding path estimates (β or coefficients), t-values (where values $> \pm 1.96$ indicate statistical significance), and p-values for each hypothesis. These results confirm the model’s strength, consistency, and practical importance across both formats, offering clear support for the BTB framework’s theoretical assumptions and empirical validity.

- H1: Believability → Trust
Perceived believability significantly enhances trust for both PG formats, with APP yielding a stronger effect. This reinforces the role of credible signals in reducing pre-purchase uncertainty and enhancing retailer trustworthiness (Atkin and Beltramini, 2007; Kirmani and Rao, 2000; Spence, 1973).
- H2: Trust → Satisfaction
Trust directly and significantly predicts satisfaction, consistent with ECT and relational marketing literature, which posit trust as a foundational element in fostering positive post-purchase evaluations and affective response formation (Boshoff and Du Plessis, 2009; Morgan and Hunt, 1994; Oliver, 1980).
- H3 & H4: Trust → Expectations (Store Price Image and Service Quality)
Trust enhances expectations regarding store price image and perceived service quality, particularly under PBG. These findings support the dual function of trust as both a cognitive precursor and relational belief shaping price-value judgments and retailer reliability (Biswas et al., 2006; Boshoff and Du Plessis, 2009; Chaudhuri and Holbrook, 2001; Kirmani and Rao, 2000; Olaru et al., 2008).
- H5 & H8: Expectations (Store Price Image and Service Quality) → Confirmation
Expectations regarding store price image and perceived service quality are positively confirmed post-purchase. High expectations fulfilled in practice strengthen consumer confidence and reinforce perceived value and service delivery (Bhattacharjee, 2001; Oliver, 1980).

Table 5
CR, squared AVE values (bolded), and construct correlations (off-diagonal).

Latent Constructs	CR	AVE	Latent Constructs													
			PBB	APB	PBT	APT	SPI	PSQ	PPV	CSQ	RI	PC	IF			
PBB	0.93	0.73	0.86													
APB	0.96	0.84	0.41	0.91												
PBT	0.94	0.84	0.40	0.25	0.92											
APT	0.97	0.91	0.27	0.41	0.55	0.95										
SPI	0.89	0.73	0.27	0.23	0.4	0.33	0.82									
PSQ	0.86	0.67	0.26	0.47	0.43	0.47	0.60	0.82								
PPV	0.92	0.7	0.31	0.41	0.5	0.26	0.63	0.37	0.84							
CSQ	0.91	0.71	0.3	0.2	0.49	0.34	0.49	0.29	0.45	0.84						
RI	0.93	0.76	0.17	0.43	0.32	0.08	0.34	0.37	0.61	0.61	0.87					
PC	0.87	0.57	-0.01	0.08	-0.03	0.04	-0.05	-0.11	-0.25	-0.24	-0.03	0.73				
IF	0.86	0.68	0.32	0.24	0.47	0.41	0.45	0.47	0.70	0.64	0.32	-0.29	0.82			

CR = Composite Reliability; AVE = Average Variance Extracted.

PBB = Perceived Believability (PBG); APB = Perceived Believability (APP); PBT = Trust (PBG); APT = Trust (APP).

SPI = Store Price Image; PSQ = Perceived Service Quality; PPV = Post-purchase Perception of Value.

CSQ = Confirmation of Service Quality; RI = Repurchase Intention; PC = Price Consciousness; IF = Information Focus.

Table 6
Measurement and structural model fit indices for PBG and APP.

Fit Indices	Recommended Value	Measurement Model		Structural Model	
		PBG	APP	PBG	APP
P-value	Insignificant	0.00	0.00	0.00	0.00
CMIN/df	<3-5	3.99	4.14	4.63	4.94
TLI	>0.90	0.95	0.95	0.94	0.94
CFI	>0.90	0.95	0.96	0.95	0.95
PCFI	>0.50	0.84	0.84	0.84	0.84
SRMR	<0.08	0.05	0.05	0.07	0.07
RMSEA	<0.07	0.05	0.05	0.06	0.06

PBG = Price-Beat Guarantee; APP = Automatic Price-Adjustment Promise.
 CMIN/df = Chi-Square statistic/degrees of freedom; TLI = Tucker Lewis Index;
 CFI = Comparative Fit Index.
 PCFI = Parsimony Comparative Fit Index; SRMR = Standardised Root Mean Residual.
 RMSEA = Root Mean Square Error of Approximation.

- H6 & H9: Expectations (Store Price Image and Service Quality) → Satisfaction
 Fulfilled expectations significantly enhance satisfaction, confirming that initial pre-purchase beliefs about fair pricing and competent service are foundational to positive emotional post-purchase outcomes delivery (Bhattacharjee, 2001; Oliver, 1980).
- H7 & H10: Confirmation (Post-purchase Perceived Value and Service Quality) → Satisfaction
 Post-purchase confirmations of perceived value and service further reinforce satisfaction. These findings highlight the role of value realisation and experiential confirmation in shaping post-purchase attitudes (Dodds et al., 1991; Sweeney and Soutar, 2001; Zeithaml, 1988).
- H11: Satisfaction → Repurchase Intention
 Satisfaction strongly predicts repurchase intention across both models, confirming its central role as a loyalty antecedent (Hamadi, 2010; Kim, 2012; Meadow, 1983).
- Moderating and Control Effects
 Price consciousness and information focus positively influence

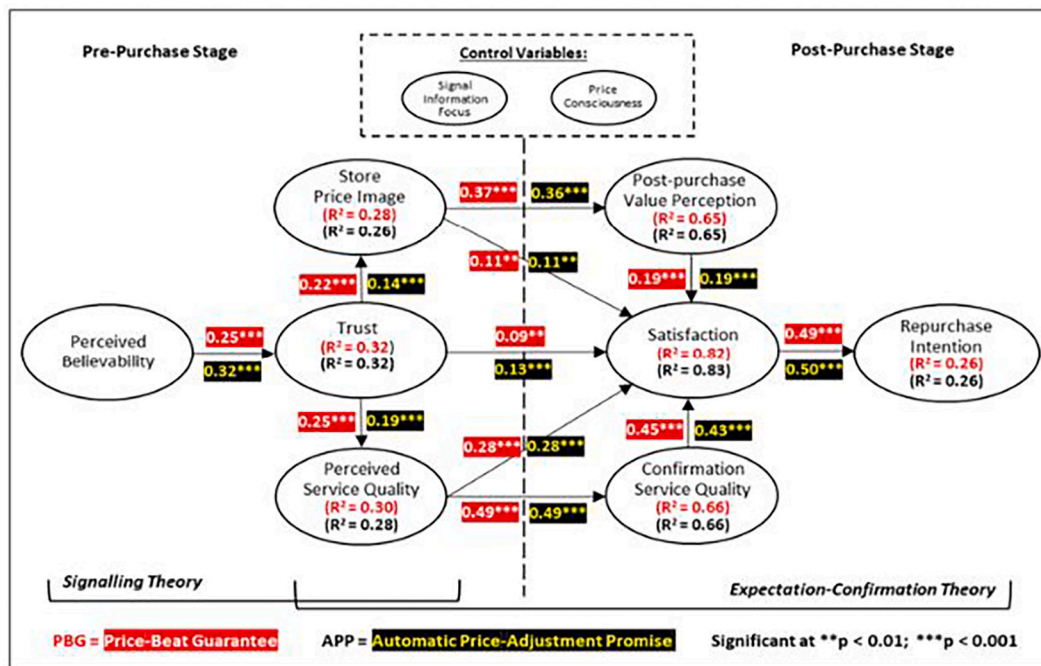


Fig. 4. Assessment outcomes of PG-BTB structural model for PBG and APP.

Table 7
Hypotheses testing results and R² value – PBG and APP model.

Hypotheses	Price-Beat Guarantee (PBG)			Auto. Price-Adj. Promise (APP)		
	Estimates (β)	t-value (above ± 1.96)	p-value	Estimates (β)	t-value (above ± 1.96)	p-value
H1: PB → TT	0.25	8.82	0.000 ***	0.32	11.86	0.000 ***
H2: TT → OS	0.09	2.66	0.008 **	0.13	3.82	0.000 ***
H3: TT → SPI	0.22	6.55	0.000 ***	0.14	4.41	0.000 ***
H4: TT → PSQ	0.25	7.54	0.000 ***	0.19	6.02	0.000 ***
H5: SPI → PPV	0.37	13.55	0.000 ***	0.36	13.36	0.000 ***
H6: SPI → OS	0.11	2.71	0.007 **	0.11	2.89	0.004 **
H7: PPV → OS	0.19	3.55	0.000 ***	0.19	3.46	0.000 ***
H8: PSQ → CSQ	0.49	17.57	0.000 ***	0.49	17.39	0.000 ***
H9: PSQ → OS	0.28	5.88	0.000 ***	0.28	6.09	0.000 ***
H10: CSQ → OS	0.45	7.91	0.000 ***	0.43	7.54	0.000 ***
H11: OS → RI	0.49	8.36	0.000 ***	0.50	8.31	0.000 ***
PC → PB	-0.01	-0.44	0.66	0.08	2.63	0.009 **
PC → TT	0.10	3.55	0.000 ***	0.13	4.44	0.000 ***
PC → OS	0.05	1.58	0.12	0.04	1.17	0.24
PC → RI	0.05	1.55	0.12	0.05	1.58	0.12
IF → PB	0.34	10.04	0.000 ***	0.26	8.10	0.000 ***
IF → TT	0.44	13.53	0.000 ***	0.40	13.06	0.000 ***
IF → OS	0.03	0.44	0.66	0.03	0.46	0.64
IF → RI	0.03	0.54	0.59	0.03	0.43	0.67
R ²						
	TT	0.32		0.32		
	SPI	0.30		0.29		
	PPV	0.28		0.26		
	PSQ	0.66		0.66		
	CSQ	0.65		0.65		
	OS	0.82		0.83		
	RI	0.26		0.26		

To be considered significant, the t-value must be larger than ± 1.96 at *p < 0.05, **p < 0.01, and ***p < 0.001.

H = Hypotheses; PB = Perceived Believability; TT = Trust; SPI = Perceived Store Price Image.

PSQ = Perceived Service Quality; PPV = Post-purchase Perception of Value.

CSQ = Confirmation of Service Quality; OS = Overall Satisfaction; RI = Repurchase Intention.

PC = Price Consciousness; IF = Information Focus.

believability and trust, but do not directly affect satisfaction or repurchase intention. Consumers with higher price consciousness respond more favourably to APP, which offers lower effort and post-purchase assurance. In contrast, those high in information focus engage more with both PG formats, supporting segmentation-based targeting.

• **Model Fit and Predictive Strength**

The model explains 32 % of the variance in trust (TT), 82–83 % in satisfaction (OS), and 26 % in repurchase intention (RI), which exceeds the 0.20 benchmark for substantial explanatory power in consumer research (Hair et al., 2019). These results confirm the PG-BTB model’s robustness and predictive validity.

These findings underscore that believable PG advertising activates trust, sets expectations, and drives satisfaction and repurchase intentions. APP’s automated, effort-minimising structure yields stronger affective outcomes, while PBG strengthens pre-purchase value perceptions. The study empirically validates the PG-BTB model and highlights the need for retailers to design PG strategies that emphasise transparency, simplicity, and emotional assurance to foster long-term consumer trust in increasingly competitive and digitalised retail environments.

5. Discussion

This study investigated how two structurally distinct PG formats, the PBG and APP, influence key psychological and behavioural outcomes across the retail purchase journey. Drawing from Signalling Theory and ECT, the study examined how these guarantees affect consumer perceptions of advertising believability, trust, store price image, perceived service quality, satisfaction, and repurchase intention. The quasi-longitudinal field design enhanced ecological validity by capturing

how consumer beliefs formed during advertising exposure evolve into post-purchase evaluations and loyalty intentions.

The discussion is organised into four theoretical contributions (Sections 5.1–5.4), followed by practical implications for managers (Section 5.5) and policymakers (Section 5.6). This structure reduces redundancy and distinguishes between academic insights and applied contributions.

5.1. PG format-specific effects on consumer evaluations and behavioural intentions

The findings reveal that PG formats differ in influence across consumer journey stages. APP, which automatically refunds price differences when the retailer reduces its own price post-purchase, strengthens perceptions of fairness and trust, particularly in contexts of information overload and promotion fatigue. Its simplicity aligns with heuristic processing and cognitive fluency theories, which suggest that consumers prefer mechanisms requiring little effort (Erdem and Swait, 2004; Soh et al., 2007).

In contrast, PBG, which requires proactive claims before purchase, operates as a strong pre-purchase signal of competitiveness and fairness (Hamilton and Chernev, 2013). While effort-intensive, PBG appeals to deliberative shoppers who value transparency and control, consistent with effort justification and psychological ownership effects (White and Yuan, 2012). Thus, APP primarily appeals to convenience-oriented consumers seeking post-purchase assurance, whereas PBG resonates with value-maximising consumers engaged in pre-purchase evaluation.

5.2. Believability and trust as mediators

Believability emerged as a pivotal construct, mediating the relationship between PG message framing and trust. Credible guarantees foster perceptions of honesty and reliability, which reduce uncertainty

and strengthen loyalty intentions (Estelami and Bergstein, 2006; McKnight and Chervany, 2001). Trust, in turn, links pre-purchase expectations with post-purchase satisfaction (Lankton and McKnight, 2012; Oliver, 1980), reinforcing the expectation–confirmation mechanism.

The results highlight the importance of clear and transparent PG advertising: when messages are believable, trust is established, satisfaction follows, and repurchase likelihood increases. This condensed mediation pathway underscores believability and trust as central levers in converting promotional signals into enduring loyalty outcomes (Chaudhuri and Holbrook, 2001).

5.3. Trait-based Moderation, dual-process perspectives and cognitive segmentation

Consumer traits moderated responses to PG formats. Price-conscious consumers favoured APP for its effortless protection and reduced risk (Lichtenstein et al., 1993; Sinha and Batra, 1999), while information-focused consumers preferred PBG for its transparency and verification opportunities (Grewal et al., 1998). These findings demonstrate that PG effectiveness depends not only on format design but also on shopper orientation.

Although not explicitly tested, the findings resonate with dual-process theories of cognition (Evans and Stanovich, 2013; Kahneman, 2011). APP align with System 1 processing (fast, heuristic, and low-effort) as refunds are applied automatically, minimising decision friction and appealing to time-constrained or convenience-oriented shoppers. In contrast, PBG maps onto System 2 processing (slow, deliberative, and effortful) since they require consumers to search, verify, and submit claims. This structure makes PBG more attractive to consumers with a high need for cognition or price vigilance (Kukar-Kinney and Grewal, 2006).

Integrating this perspective enriches the PG–Believability–Trust–Behavioural model by linking PG format structures to underlying cognitive styles. It suggests that APP may be most persuasive in high-load or convenience-driven contexts, while PBG resonates with value-maximising consumers willing to invest effort. This dual-process lens clarifies why trust and satisfaction outcomes may differ across consumer segments and highlights how signalling and expectation-confirmation mechanisms interact dynamically across the consumer journey.

Adopting a segmentation-based approach allows retailers to align PG strategies with distinct consumer profiles. APP may be most effective for time-pressed or convenience-driven shoppers, whereas PBG appeals to deliberative shoppers seeking control (Dhar and Simonson, 2003). Such alignment increases message relevance, trust, and loyalty (Mittal and Kamakura, 2001; Tam and Ho, 2006).

5.4. Theoretical integration and contributions

This study extends marketing theory in four ways. First, it shows that PGs function as dual-purpose signals, simultaneously communicating a retailer's strategic economic signals of competitiveness and its psychological signals of commitment to fairness, thus advancing Signalling Theory (Dawar and Parker, 1994; Erdem and Swait, 2004; Kirmani and Rao, 2000). Second, it demonstrates how Signalling Theory and ECT operate dynamically: believability reduces pre-purchase uncertainty (Spence, 1973; Kirmani and Rao, 2000), while expectation–confirmation shapes post-purchase satisfaction and loyalty (Oliver, 1980; Bhattacharjee, 2001). Third, by applying a quasi-longitudinal design, the study captures temporal shifts from belief formation to evaluation, enhancing the explanatory power of ECT in retail contexts (Bhattacharjee, 2001; Lankton and McKnight, 2012; Oliver, 1980). Finally, it provides a rare comparative analysis of PBG and APP within a unified empirical model, showing how procedural effort and temporal framing (i.e., pre-purchase appeal vs. post-purchase assurance) significantly moderate consumer responses (Hamilton and

Chernev, 2013; White and Yuan, 2012).

This study's consumer-level psychological focus complements recent operations research that positions PGs within supply chain and logistics strategies (Nalca and Cai, 2023; Wei and Chang, 2023), and extends to decentralised channel structures (Lei et al., 2025), and engages with algorithmic pricing research (Vomberg et al., 2024). Parallel studies in retail settings highlight PGs as tools against showrooming and free-riding (Su and Tian, 2023; Wei et al., 2023; Zeng and Hou, 2024). These perspectives link firm-level pricing mechanisms with consumer trust formation, showing how strategic design and psychological credibility interact, offering a more comprehensive theoretical account of how PGs operate across economic, technological, and psychological dimensions, influencing consumer trust and loyalty by integrating signalling, expectation-confirmation, and consumer trait perspectives.

5.5. Managerial implications

This section focuses on the practical implications for retailers. The aim is to provide managers with actionable recommendations derived from the PG–BTB model and empirical findings, while acknowledging operational and contextual challenges that affect implementation, building on the theoretical contributions outlined above.

PBGs, as strong pre-purchase signals, should be clearly communicated and supported by streamlined claims procedures. Staff training is essential to ensure consistent, empathetic communication that enhances perceived fairness (Tax et al., 1998). APPs, by contrast, should be emphasised as post-purchase safeguards that minimise regret and enhance satisfaction. Communicating their simplicity and benevolence can strengthen trust and encourage loyalty (Borges and Babin, 2012; Wirtz and Mattila, 2004).

In omnichannel settings, consistency across online and offline touchpoints is critical, as discrepancies can undermine believability and introduce dissonance (Shankar et al., 2003). Retailers are also encouraged to tailor PG strategies to consumer segments: APP for convenience-oriented shoppers and PBG for deliberative, value-focused consumers (Brucks, 1985; Grewal et al., 2004). Hybrid approaches that combine PG formats across different product lines or customer tiers may further enhance relevance (Grewal et al., 2017; Haans and Gijbrecchts, 2011; Wedel and Kamakura, 2000).

Managers should anticipate implementation challenges. APP requires significant investment in system integration, maintenance, and data handling and transparency safeguards (Aguirre et al., 2016; Martin et al., 2017), while PBG relies on frontline staff to communicate and process claims, which necessitates staff training investment and faces risks of consumer scepticism if claims appear overly complex or unfair (Wirtz and Mattila, 2004; Xia et al., 2004). Competitor-referencing formats such as PBG may also invite retaliation, escalating price competition and compressing margins (Hess and Gerstner, 1991; Salop, 1986; Shaffer and Zhang, 1995, 2000). Channel integration challenges complicate the delivery of consistent guarantees across online, mobile, and physical channels (Herhausen et al., 2015; Verhoef et al., 2015). Therefore, managers should balance each PG format's appeal against its operational costs, organisational capacity, and competitive dynamics to ensure sustainable consumer trust and profitability.

To implement PG strategies effectively, retailers should adhere to several best practices: (1) simplifying guarantee language, (2) automating APP processes, (3) streamlining PBG claims, (4) training staff in trust-enhancing communication, and (5) timely monitoring customer feedback and redemption data. These actions support clarity, reduce friction, and reinforce trust.

5.6. Policy implications

The findings underscore the importance of both external regulations and internal governance in ensuring PG advertising supports market fairness and consumer welfare. Ethically implemented PGs can enhance

price transparency and trust, whereas misleading claims risk undermining these benefits.

Externally, regulatory oversight should ensure that PG claims such as ‘price-beating’ or ‘automatic-refund’ are verifiable, easily understood, and not exaggerated – clear enforcement guidelines and penalties for non-compliance would deter misleading promotions and help sustain consumer trust in competitive retail markets (OECD, 2016, 2022; Wilkie and Moore, 2012). Greater transparency is needed to reduce scepticism arising from complex or hidden conditions – public policy should require retailers to disclose essential PG details such as exclusions, refund processes, and time limits in accessible language across all advertising channels (Advertising Standards Authority, 2013; ICC, 2018). Consumer education campaigns can empower individuals to make better-informed purchase decisions – government agencies and advocacy groups can help raise awareness of PG mechanisms, rights, and common pitfalls, increasing consumers’ willingness to trust and engage with such guarantees (Bashir et al., 2023; OECD, 2009). Mechanisms that strengthen industry accountability are essential, for instance, inconsistent fulfilment of PG promises harms individual retailers and undermines the sector’s credibility as a whole – regulators can play a role by monitoring complaints, incentivising fair practice, and encouraging collaboration between retailers and consumer protection groups to develop best-practice frameworks that balance competitive strategy with consumer protection (Gunningham and Rees, 1997; OECD, 2022).

Beyond external oversight, firms should establish robust internal governance policies for PG advertising – clear internal compliance standards covering claim wording, verification procedures, and redemption protocols can prevent inadvertent consumer deception and ensure consistency across retail channels (Herhausen et al., 2015; Low and Mohr, 2000). Training and monitoring policies should be institutionalised – frontline staff are equipped to communicate PG terms effectively, reducing ambiguity and enhancing perceived procedural fairness (Tax et al., 1998; Wirtz and Mattila, 2004). Firms adopting APP formats must implement strict data governance and privacy safeguards – consumers increasingly expect responsible handling of purchase data used to trigger refunds (Martin et al., 2017). Internal audit mechanisms, such as complaint tracking and periodic PG performance reviews, can further align retailer practice with consumer expectations and regulatory standards. These internal policy initiatives reduce reputational risk and position PGs as long-term trust-building strategies rather than short-term promotional tactics.

5.7. Limitations and directions for future research

Despite its contributions, several limitations of this study merit discussion and directions for future research. The study sample consisted of 1219 respondents drawn from a loyalty program membership at a major New Zealand automotive parts and accessories retailer. This demographic profile (predominantly mid-to-older male consumers) closely mirrors the retailer’s customer base and strengthens contextual realism by providing a near-representative snapshot of the population. The specificity of the sector and demographic skew may limit generalisability to other contexts. The findings likely offer transferable insights to Western, English-speaking markets such as Australia, the UK, the USA, and Canada, where similar retail structures and price-sensitive cultures prevail (Grewal and Levy, 2009; Hofstede, 2001; Lichtenstein et al., 1993). Future studies should adopt broader sampling strategies, including cross-sector and cross-cultural designs, to test the robustness of PG advertising believability and trust mechanisms across product categories (such as consumer electronics, grocery, and hospitality), and among younger, female, and culturally diverse consumers. Such extensions would strengthen external validity and enrich understanding of how different consumer groups interpret and respond to PBG and APP formats (Hamilton and Chernev, 2013; Xia et al., 2004).

Although the quasi-longitudinal design captured pre- and post-purchase evaluations, it did not assess long-term behavioural patterns.

A true longitudinal design would enable stronger assessment of how trust, satisfaction, and loyalty evolve through repeated PG exposure and brand relationship development (Bhattacharjee, 2001; Oliver, 1980). The study’s reliance on self-reported measures may limit behavioural interpretation, as perceptions do not always reflect actual consumer actions (Chandon et al., 2005; Kim, 2012). Satisfaction was captured with a single-item scale, although justified by survey length, repeated measures, and the need to minimise attrition, this approach restricts analysis of satisfaction’s multidimensional nature. Prior research validates single-item measures when satisfaction is not the focal dependent variable (Bergkvist and Rossiter, 2007; Wanous et al., 1997). Future research should, ideally, combine objective behavioural data (i.e., loyalty card use, redemption activity or longitudinal repurchase records) with validated multi-item satisfaction scales (Giese and Cote, 2000) to provide richer insights into how PG strategies drive actual behaviour. Though much of this may be considered commercially sensitive data.

This study focused only on PBG and APP. Other PG formats, such as PMG, LPG or MBG or hybrid formats, may trigger distinct psychological responses, including loss aversion, perceived fairness, regret, and perceived control (Kukar-Kinney and Grewal, 2007; Suwelack et al., 2011). Comparative evaluations of varied PG mechanisms would offer a more holistic framework across product categories, customer segments, and shopping contexts. While the PG–BTB model integrates Signalling Theory and ECT, it did not explicitly test additional cognitive or emotional mediators such as perceived fairness, regret, cognitive fluency or effort justification, nor did it operationalise dual-process models of cognition (System 1 vs. System 2). Future studies could integrate these mechanisms to examine whether APP appeals to heuristic ease and PBG to deliberative effort, and test whether trust, satisfaction, and repurchase vary systematically by cognitive style and cultural orientation (Erdem and Swait, 2004; Vomberg et al., 2024; White and Yuan, 2012).

Industry-partnered and field-based studies are also limited but crucial for testing PG effectiveness in real-world retail environments. Future research collaborations with firms across sectors and regions could examine how message framing, redemption processes, and cultural norms influence consumer responses, enhancing theoretical robustness and applied relevance (Kumar and Reinartz, 2018; Verhoef et al., 2021).

To assess scope conditions more fully, future research should pursue multi-country replications and extensions in both Western (e.g., Australia, Europe and North America) and non-Western contexts (e.g., Asia, the Middle East), as well as cross-sector studies in categories where PGs are prevalent (e.g., consumer electronics, grocery, hospitality, and home improvement). Comparative designs can test whether APP (automatic post-purchase adjustment) and LPG/PBG/PMG (pre-purchase, effortful guarantees) exhibit similar dual-process appeal profiles and whether believability→trust→satisfaction→repurchase loyalty pathways hold under different omnichannel, algorithmic pricing and randomised PG mechanisms (Verhoef et al., 2015; Vomberg et al., 2024; Wu et al., 2025; Zhao and Wu, 2024; Zhao et al., 2025), as well as continued exploration of online PGs and temporal fairness (Bottasso et al., 2025; Feng et al., 2025; Li et al., 2024).

Future work should also extend PG research into showrooming (Su and Tian, 2023; Wei et al., 2023; Zeng and Hou, 2024), decentralised supply chain structures (Lei et al., 2025), and review-driven social learning contexts (Jiang et al., 2025). These studies underscore the enduring relevance of PGs in digital and retail markets and provide concrete contexts for extension. Given heterogeneity in price consciousness and information-processing styles, stratified sampling by age, gender, and traits is recommended to test moderator effects (Lichtenstein et al., 1993; Tellis and Gaeth, 1990).

6. Conclusion

This study contributes to a deeper understanding of how structurally

distinct PG formats, PBG and APP, influence consumer trust, satisfaction, and repurchase intentions. Grounded in Signalling Theory and ECT, the findings reveal that while both formats are effective, they operate through different psychological mechanisms. PBG is a strategic signal of price competitiveness that enhances pre-purchase evaluations, whereas APP provides post-purchase assurance through cognitive simplicity and automation. Advertising believability emerged as a key mediator that activates both Signalling and confirmation processes, while individual traits such as price consciousness and information focus moderated the effectiveness of each format. Theoretically, this study advances the integration of Signalling Theory and ECT by demonstrating their dynamic interaction across the consumer journey from message signalling credibility to expectation-confirmation, positioning PGs as strategic pricing tools and psychological trust mechanisms. Practically, the results suggest that PG strategies should emphasise clarity, credibility, automation, and emotional reassurance to reduce scepticism and foster long-term loyalty. Retailers are encouraged to tailor PG formats' communications to consumer profiles and shopping contexts. Future research should expand the PG typology, explore additional psychological mediators such as fairness and regret, and incorporate behavioural data (e.g., redemption or loyalty activity) to triangulate intention and action using validated multi-item satisfaction scales in diverse real-world retail environments.

CRedit authorship contribution statement

Khim Kheong Hoo: Writing – review & editing, Writing – original draft, Project administration, Methodology, Investigation, Formal analysis, Data curation, Conceptualization. **Ben Wooliscroft:** Supervision. **Megan Phillips:** Supervision.

Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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Appendix A. Supplementary data

Supplementary data to this article can be found online at <https://doi.org/10.1016/j.jretconser.2025.104557>.

Data availability

The authors do not have permission to share data.

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