

# **CONSUMER SIGNALING**

# Consumer Signaling

- What is it?
- Why is it important?

# EXERCISE: What signal quality?

- E.g. Country of origin (COO)...
- What else?

# Group Discussion

1. How does “advertising expenditure” signal quality?
2. On one hand, high price signals high quality. On the other hand, consumers usually look for price discount? What occasion would the “high price signals high quality” work?
3. Do the different alphabet (on packaging or advertisement) signal quality? Give examples.
4. When multiple cues are not consistent (e.g. high price, but poor warrantee), which one will consumers rely on (the positive one or the negative one)?

Q & A