

In-store displays: How do consumers perceive pricing?

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A new study in the *Journal of Consumer Research* unlocks the key to making the price of a product seem less expensive to consumers.

Consumers tend to perceive products as more expensive when they are grouped with expensive item—and less expensive when grouped with inexpensive ones, according to authors Marcus Cunha, Jr. and Jeffrey D. Shulman (both University of Washington, Seattle). But the researchers found that marketers can help consumers form more accurate perceptions of prices by helping them create a "discriminating" mindset.

"In three experiments, we examine how perceptions of a price depend on other prices in the set and on whether consumers want to discriminate items or make a general inference about the prices in a product category," the authors write.

Advertisements or displays that elicit a "generalization mindset" can lead consumers to perceive a product price to be closely related to other products in the vicinity. "The opposite price perceptions will occur if a marketer's action encourages consumers to think about the uniqueness of a product in the set," the authors explain. In this case, when the consumer is being discriminating, a given price will be perceived as less expensive if it is viewed in the presence of other high-priced projects and more expensive when viewed in the context of less-expensive products.

As an example, the authors propose a strategy for an in-store display for

a new MP3 player that emphasizes how the player is different from its competitors. "Our research shows that this puts consumers in a discrimination mindset," the authors explain. "As a consequence, when examining prices, [consumers](#) will focus on the relative differences of the prices leading to a lower-price perception for this MP3 player when it is in a set with more expensive players but to a higher-price [perception](#) when it is in a set with less-expensive players.

Marketers should note the way these situational factors affect consumers' [judgments](#), the authors conclude.

More information: Marcus Cunha, Jr. and Jeffrey D. Shulman. "Assimilation and Contrast in Price Evaluations." *Journal of Consumer Research*: February 2011. A preprint of this article (to be officially published online soon) can be found at journals.uchicago.edu/jcr

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