

Early product launches: How will consumers respond?

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A new study in the *Journal of Consumer Research* explains why consumers often indicate they are willing to pay more for a product that is not yet available—but are reluctant to pay that price when the product is ultimately launched.

The answer lies in the consumers' distance from the purchase. "In many product evaluations, a purchase is somehow removed from one's direct experience," write authors Torsten Bornemann and Christian Homburg (both University of Mannheim, Germany). For example, [consumers](#) may evaluate a preannounced new product long before it is available for purchase (temporal distance), or they may evaluate a product for someone else rather than for themselves (social distance).

The researchers discovered that consumers who evaluated a high-priced product when the purchase was temporally or socially distant tended to interpret high prices as reflecting high quality. "Consumers who face an immediate purchase, however, focus more on the role of price as an indicator of monetary sacrifice," the authors write.

"An examination of the underlying cognitive processes reveals that psychological distance leads people to focus more on the benefits of a product, thus increasing the likelihood of price-quality as opposed to price-sacrifice inference," the authors write.

Sometimes consumers evaluate [products](#) first from a distant perspective (like a product preannouncement) and later from a closer perspective

(when a product is launched and available for [purchase](#)). In one study, the authors simulated a preannouncement and subsequent launch of a product. They showed that once the participants evaluated the item's price from a distance, their perceptions of the quality of the product "stuck." Those consumers were more willing to pay more than participants who had no prior exposure to the product's price.

"Consumers often delay the adoption of a newly introduced product because they feel its price is too high," the authors write. "Our findings suggest that consumers' reluctance due to sacrifice-related concerns at the time of launch may be attenuated by announcing the product's price well in advance of the actual product launch."

More information: Torsten Bornemann and Christian Homburg. "Psychological Distance and the Dual Role of Price." *Journal of Consumer Research*: October 2011 (published online March 18, 2011).

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