

Ownership increases the value of products

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The price a consumer will pay for a product is often significantly less than the price they will accept to sell it. According to a new study in the *Journal of Consumer Research*, this occurs because ownership of a product enhances its value by creating an association between the product and consumer identity.

"Our studies support the idea that ownership enhances the attractiveness of a product because ownership creates an association between the item and the self," write authors Sara Loughran Dommer (Georgia Institute of Technology) and Vanitha Swaminathan (University of Pittsburgh).

In several studies, the authors found a link between [possessions](#) and consumer identity. They also discovered that men are more likely to consider a product's association with specific [social groups](#) when making a purchase. "Men strive to differentiate themselves and group distinctions are more significant for them. In contrast, women are focused on forming connections and less likely to classify themselves as separate from others. They are less likely to purchase products because of an association with a particular social group," the authors write.

Businesses can benefit from creating [feelings](#) of ownership through promotional strategies such as free trials, samples, and coupons. For instance, a consumer may be more willing to purchase a couch if they are offered a free trial, clothing stores increase sales by having customers try on items, and sporting goods stores could allow consumers to try out equipment in the store to boost sales.

However, companies wanting women to identify with and purchase their brands need to work harder to emphasize the identity differences across brands. A good example would be Apple's recent Mac versus PC [advertising campaign](#) that depicted the distinct identities of the two brands.

"If ownership increases the value consumers place on products, then companies could benefit from any action that creates feelings of ownership before actual purchase. Our findings regarding gender differences also suggest that in certain situations companies may benefit from prompting female consumers to make intergroup comparisons," the authors conclude.

More information: Sara Loughran Dommer and Vanitha Swaminathan. "Explaining the Endowment Effect Through Ownership: The Role of Identity, Gender, and Self-Threat." *Journal of Consumer Research*: February 2013.

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