Product “Position”-Ing: Implications of Vertical and Horizontal Shelf Space Placement

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This paper investigates consumers’ inferential process based on a product’s physical position on a shelf. It examines whether consumers extract meaning from the position of products in both horizontal and vertical arrays, and, as a consequence, whether the position of a product on a shelf array systematically affects its choice likelihood. Three different experimental studies support that i) consumers believe that products offered are ordered according to general, meaningful criteria, ii) consumers hold shared vertical and horizontal price schemas, and these schemas translate into quality perceptions, iii) these inferences lead to their belief that items in the middle of an array represent the best price/quality trade-off, iv) this implicit ordering criterion favours the central item as a position-based compromise between price and quality, which leads to a center advantage in choice.

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EXTENDED ABSTRACT
Battles for shelf space between manufacturers and retailers are intense and costly due to the proliferation of brands, new product introductions, and the scarcity of what is considered prime shelf space. Aggressive negotiation for prime shelf space is justifiable if managers believe that purchasing decisions are likely to be made at the point of sale and that product placement can somehow influence the relative attractiveness of offerings. In fact, P&G calls the three to seven seconds when someone notices an item on a store shelf, the “first moment of truth” and believes they are a crucial determinant of product choice (Nelson and Ellison 2005).

Prior research on product placement has shown that the spatial position of products affects consumers’ inferences about prices (Inman, McAlister and Hoyer 1990), their allocation of attention across brands (Chandon, Hutchinson, Bradlow and Young 2007), inferences of their popularity (Valenzuela and Raghubir 2008), the number and type of product comparisons that buyers make before deciding what to buy (Breugelmans, Campo, and Gijsbrechts 2007), the level of exposure and physical interaction with a good (Folwell and Moberg 1993), as well as brand sales (Desmet and Renaudin 1998). However, there have been inconsistent effects noted for the influence of product placement on choice, ranging from an extreme position advantage (Nisbett and Wilson 1977), a middle position advantage (Christensen 1995), no position advantage (Chandon et al. 2007), and position advantages contingent on product category (Drèze et al. 1994). Drèze et al. (1994) examined the effect of vertical and horizontal placement on brand choice. Across eight product categories (with an average of 115 items per category), they showed that while physical location had a general effect on sales, the magnitude of the shock varied according to product category and, more importantly, position on the shelf. For example, moving a product from the worst to the best vertical position increased sales by up to 40%, whereas a similar horizontal movement increased sales by 15%; although the “best” position was contingent on product category itself.

This paper investigates whether, how, and when consumers extract meaning from the position of products in both horizontal and vertical shelf space arrays, and how these inferences translate into their preferences. We test three basic hypotheses: consumers believe products are placed in decreasing order of price from top to bottom rows (H1: verticality) and from right to left rows (H2: horizontality), leading to preferences for center positions in both vertical and horizontal orientation. Results show asymmetric effects for the horizontal and vertical schema: schema interference eliminates verticality effects and attenuates horizontality effects (Study 4), while schema diagnosticity only has an effect on verticality-based inferences (Study 5). The center effect remains robust at an overall level, because even if the specific meaning associated with order changes, the center position may still represent a compromise option. However, the preference for the center of an array is stronger in the horizontal orientation than in the vertical orientation. Finally, mediation analyses demonstrate that verticality effects are perfectly mediated by schematic inferences, while horizontal effects are not. This implies that the use of the vertical schema is contingent on its accessibility and diagnosticity, reflecting that it is a controlled and conscious process (Feldman and Lynch 1988), whereas the use of the horizontal schema may be contingent on its mere accessibility, an effect shown to reflect automatic processes in judgments (Menon and Raghubir 2003). Finally, Study 6 finds that when consumer purchase goals move towards a higher quality/higher price alternative, choice patterns move from the center to the extreme.

REFERENCES

