The Impact of Effort on Consumers’ Willingness-To-Pay in Hedonic Vs. Utilitarian Purchases

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EXTENDED ABSTRACT
This research investigates the impact of effort on consumers’ willingness-to-pay (WTP) in hedonic vs. utilitarian purchases. We propose that effort can generally increase consumers’ WTP, and more importantly and interestingly, effort will have a higher impact on consumers’ WTP of hedonic than utilitarian products. This and other related predications are tested in a series of studies using both hypothetical and real effort tasks and various products in different price ranges.

The first set of studies (Studies 1–3) examines the impacts of higher effort on consumers’ WTP and price sensitivity. Study 1 tests the basic hypothesis that higher effort will increase consumers’ WTP. Respondents were randomly assigned to one of two conditions (low effort vs. high effort). Participants were first told to imagine that they had spent some hours (2 hours vs. 10 hours in the low effort vs. high effort conditions, respectively) on their business trip and were now browsing a department store near the hotel. They were then given the product information (a pair of sunglasses) and were asked to give their highest WTP. Consistent with our hypothesis, the results showed a significant positive effect of effort level on consumers’ WTP (159 RMB < 224 RMB, t(119) = 2.6, p < .05).

Study 2 tests the basic hypothesis that higher effort will increase consumers’ WTP using a real effort task and relative effort manipulation. Respondents were randomly assigned to one of two conditions (low relative effort vs. high relative effort). The effort task required all participants to construct 9 sentences in a sentence construction task. In the low (high) relative effort condition, participants were told that all participants were randomly assigned to construct between 8 and 16 (between 2 and 10) sentences. They were then given a supposedly unrelated product evaluation task in which there were given the product information (a box of chocolate) and were asked to give their highest WTP. Consistent with our hypothesis, the results showed a significant positive effect of consumers’ perceived relative effort level on their WTP (35 RMB < 62 RMB, t(43) = 1.8, p < .05).

Study 3 further tests the conceptualization by testing the hypothesis that higher effort will lower consumers’ price sensitivity. Respondents were randomly assigned to one of the four conditions in a 2 (effort level: low vs. high) X 2 (price level: low vs. high) between-subjects design. Participants were first told to imagine that they had spent some hours (2 hours vs. 12 hours in the low effort vs. high effort conditions, respectively) on their homework assignment and were now browsing a department store. They were then given the product information (a leather purse) and price information (100 RMB vs. 150 RMB in the low price vs. high price conditions, respectively) and were asked about their purchase decision of the product. Consistent with our hypothesis, the results showed a significant interaction between effort level and price level on consumers’ purchase likelihood. More specifically, when the effort level is low, the price increase (from 100 RMB to 150 RMB) significantly lowered their purchase likelihood (46% vs. 13%, p < .005). In contrast, when the effort level is high, the same price increase did not affect their purchase likelihood (31% vs. 30%, p > .1). The interaction effect of effort level and price level on the purchase likelihood is statistically significant (p < .05).

More importantly and interestingly, the second set of studies (Study 4 and 5) examines the differential impacts of effort on the WTP of hedonic vs. utilitarian products. In Study 4, participants were randomly assigned to one of the four conditions in a 2 (effort level: low vs. high) X 2 (product category: hedonic vs. utilitarian) between-subjects design. Participants were first told to imagine that they had spent some hours (2 hours vs. 12 hours in the low effort vs. high effort conditions, respectively) on their homework assignment and were now browsing a supermarket on campus. They were then given the product information (an ice cream vs. a USB drive in the hedonic product vs. utilitarian product conditions, respectively) and were asked to give their highest WTP. Consistent with our hypothesis, the results show that while higher effort had a significant positive effect on the WTP for the hedonic product (standardized WTP: -.4 < .4, t(50) = 2.9, p < .05), higher effort did not have a significant effect on the WTP for the utilitarian product (standardized WTP: -.07 vs. .07, t(53) = .5, p > .1). The interaction effect between effort level and product category on consumers’ WTP was statistically significant (F(1,103) = 2.6, p = .05).

Study 5 further tests the proposed conceptualization by holding constant the product (a set of English DVD Movies) in all conditions while manipulating consumption goals (hedonic vs. utilitarian) across conditions. Respondents were randomly assigned to one of the four conditions in a 2 (effort level: low vs. high) X 2 (consumption goal: hedonic vs. utilitarian) between-subjects design. The effort manipulation was similar to that of Study 4. The results show that while higher effort had a significant positive effect on the WTP of DVD movies when the consumption goal was hedonic (for entertainment) (WTP using interval scale: 3.1 < 4.4, t(73) = 2.2, p < .05), higher effort did not have a significant effect on the WTP of the same product when the consumption goal was utilitarian (for studying foreign language) (WTP using interval scale: 4.1 vs. 3.9, t(72) = .3, p > .1). The interaction effect between effort level and consumption goal on consumers’ WTP was statistically significant (F(1,145) = 2.9, p < .05).

In sum, the findings of Studies 1-5 are consistent with our proposed conceptualization that effort can generally increase consumers’ WTP, and more importantly and interestingly, effort will have a higher impact on consumers’ WTP of hedonic than utilitarian products. In the final section, we discuss the implications of the findings for marketing managers and for the literature of pricing and self-control.