Information Sort and Consumers’ Evaluation of Prices

Rajneesh Suri, Drexel University
Jane Zhen Cai, Drexel University
Mrugank Thakor, Concordia University, Canada

Several online retailers provide information filtering tools like sorting by brand name and by price. This research argues that such tools influence consumers’ reliance on past covariation beliefs. The results show that when consumers have motivation to process information, sorting by brand names rather than price will increase consumers’ reliance on past covariation beliefs leading to the use of price information to evaluate a target product. However, when motivation to process information is low, irrespective of whether the information was sorted by price or by brand name, consumers relied on covariation beliefs to evaluate the target product.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/13296/volumes/v35/NA-35

[copyright notice]:
This work is copyrighted by The Association for Consumer Research. For permission to copy or use this work in whole or in part, please contact the Copyright Clearance Center at http://www.copyright.com/.
H1: For highly motivated consumers, low (high) price information presented in the right visual field will be associated with a lower (higher) perceptions of sacrifice and higher (lower) perceptions of quality and value than when it is presented in the left visual field.

H2: For consumers who are less motivated, low (high) price information presented in the right visual field will be associated with a higher (lower) perceptions of sacrifice and higher (lower) perceptions of quality and value than when it is presented in the left visual field.

Past research has also argued that price information is more accurately recognized than recalled (Monroe and Lee 2000). Krugman (1977) showed that right brain processes facilitate recognition, whereas recall requires the involvement of the left-brain processes. Consequently:

H3a: Price information presented on the right visual field will be recalled more accurately than when the same information is presented in the left visual field.

H3b: Brand information presented on the right visual field will be recalled less accurately than when the same information is presented in the left visual field.

Methodology
An exploratory study examined the placement of prices in relation to products advertised in advertising inserts in weekend newspapers for four weekends (n=750 price points). Three additional studies measured reaction times (n=20), recall accuracy (n=32) and the evaluation of the dependent measures for stimuli manipulated in a 2 (price: high and low) X 2 (motivation: low versus high) X 2 (visual field: left vs. right) between subjects design (n=128).

Results show that competing retailers use different price presentations in their weekly advertising inserts with value oriented retailers more likely to present prices in the right visual field than competing retailers (F(1, 741)=18.90, p<.001, ρ=.41). As expected though there was no difference in the perceptions of sacrifice (p>.20), the reaction times were significantly higher when price information was presented in the left visual fields with the lowest reaction times being achieved by price information presented in the top right visual field (F(1, 36)=3.82, p<.05, ρ=.31). Consistent with H3 the price recall was more accurate when price information was located in the right visual field (χ²=2.93, p<.05) while the brand information was more accurately recalled (χ²=6.31, p<.05) when it was located in the left visual field. The results from the fourth study (Manova interaction; Pillai’s. F(3, 118)=3.56, p<.05, ρ=.29) showed that the perceptions of quality and value were higher for the lower price cue when it was in the right visual field and the participants were motivated or in the left visual field when the participants had low motivation to process information. Opposite results were observed for the high price cue.

References

**Information Sort and Consumers’ Evaluation of Prices**

Rajneesh Suri, Drexel University, USA
Jane Z. Cai, Drexel University, USA
Mrugank V. Thakor, Concordia University, USA

Many online retailers provide customers with information filtering tools that enable them to sort products by brand name or price. While research has studied factors underlying information search online (Lynch and Ariely, 2000), the effect of such filtering approaches on consumers’ processing of information has not received much attention. Some questions that arise are: Does sorting of information on competitive products by either price or by brand name influence the information processing on a focal product? Does such a filtering approach improve or hinder the evaluation for a relatively high or a low priced focal product? We investigate these issues using previous research regarding consumers’ reliance on covariation beliefs.

**Conceptual Framework**
A covariation belief such as “you get what you pay for” is often used by consumers (Monroe, 2003). Several studies have shown that people have a tendency to rely on such covariation beliefs rather than on the objective data (Baumgartner, 1995; Pechmann and Ratneshwar, 1992), which may lead to quicker but less accurate judgments (e.g., Broniarczyk and Alba, 1994). Alloy and Tabachnik (1984) pointed out that people rely on prior beliefs about covariation only when situational factors impede their use of data driven judgments. Similarly, it is argued that as the diagnosticity of the data increases, encoding of information is easier and consumer reliance on past covariation beliefs is reduced (Pechmann and Ratneshwar 1992).