Journals Division

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High Quality or Poor Value: When Do Consumers Make Different Conclusions about the Same Product?

Depending on which naive theory consumers use, a low price can indicate either good value or low quality, whereas a high price may imply either poor value or high quality, according to a new study in the Journal of Consumer Research.

“Consumers rarely have complete information and use various strategies to fill the gaps in their knowledge as they consider and choose products. One of these strategies involves using naive theories: informal, common sense, explanations that consumers use to make sense of their environment. For example, consumers may believe that popular products are high in quality while also believing that scarce products are high in quality,” write authors Hélène Deval (Dalhousie University), Susan P. Mantel (Ball State University), Frank R. Kardes (University of Cincinnati), and Steven S. Posavac (Vanderbilt University).

In one study, consumers were shown an ad for a bottle of wine with either a high or low price. When subtly reminded of quality, consumers evaluated the expensive wine more favorably than the cheap wine. However, when subtly reminded of value, they rated the cheap wine more favorably.

Sales promotions succeed when consumers perceive that they are getting a good deal, but they can also backfire if consumers perceive that lower prices indicate poor quality. Or, as J.C. Penney recently discovered, a company may implement an everyday low-pricing strategy that manages to reduce brand value and alienate consumers if many of them believe that low prices equal low quality. Over the years, J.C. Penney customers had become so used to sales that they no longer believed they were getting a good deal.

“Using subtle tactics, companies can bring a pre-existing naive theory to the consumer’s mind in order to guide favorable interpretation of their message. Yet, these tactics can backfire dramatically if they design a strategy by assuming that a certain naive theory is going to drive consumer evaluation and choice when, in fact, several naive theories are available to the consumer,” the authors conclude.

Hélène Deval, Susan P. Mantel, Frank R. Kardes, and Steven S. Posavac. “How Naive Theories Drive Opposing Inferences from the Same Information.” *Journal of Consumer Research*: April 2013. For more information, contact Hélène Deval (helenedeval@gmail.com) or visit http://ejcr.org/.