The Impact of Price Display Size on Processing and Evaluation of Comparative Price Advertisements

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We examine the effect of changes in the font size of price information in print advertisements where both regular and sale price information is provided. Using a diagnosticity/accessibility framework, we show that such changes affect purchase intentions but through different moderating variables. Increasing the relative font size of regular price information positively affects the normal price estimate of an individual. Similarly, increasing the sale price font size results in increased message processing. However, the two effects cannot be had simultaneously.

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EXTENDED ABSTRACT
Although the impact of price presentation on consumer price perceptions has been studied in the past, such studies have generally ignored any evaluation of how the physical representation of price cues in an ad (using ad execution elements such as size or color) affects consumer judgments. In this study, we examine the effect of relative font sizes of pricing cues in print advertisements where both regular and sale price information is provided. In the context of print ads that have both regular price and sale price information, we attempt to answer the following questions: (a) Does the relative size of price information make a difference?, (b) If yes, what are some possible underlying mechanisms to explain the effect?, and (c) Is there any dominant format that practitioners can use to maximize perceived value of a deal?

Drawing on research in information processing and numeric cognition, we propose that changing the relative size of price cues affects the accessibility of those cues and the two price cues (regular and sale price) serve diagnostic purposes for two important mediating variables—normal price estimate and message processing of the ad.

We argue that the relative sizes of price cues in the comparative price advertisement affect two components of deal evaluation: perceived savings and situational sensitivity to the offered deal. Making the regular price more salient will affect perceived savings while making the sale price more salient will increase sensitivity to the deal offered in the ad. Both of these affect deal evaluation and willingness to buy.

We used a sample of 231 undergraduate students at a Midwestern university. The ad stimulus was for a Canon digital camera. The price cues in the ad were realistic and based on real average market prices (regular price: $299.99; sale price $179.99) for the advertised model. The ad stimuli were created so that the larger font was always 150-point and the smaller font was always 50-point.

Most of the hypotheses were supported. As the proportion of the ad space occupied by the price information went up, the amount of attention paid to the message went up. Increasing the size of the regular price (keeping everything else constant) resulted in a significant increase in the normal price estimate of subjects, which, in turn affected perceived savings. On the other hand, increasing the size of the sale price relative to the regular price increased sensitivity to the deal and then positively affected deal evaluations.

Making the regular price salient relative to the sale price boosts normal price estimates but lowers deal sensitivity. On the other hand, making sale price salient relative to the regular price boosts deal sensitivity, but at the expense of the boost in subjects’ normal price estimates. As a result of these opposite effects, switching the salience of these price cues appears to have no overall effect on value perceptions purchase intention.

This study demonstrates the psychological mechanism by which changing the size of the price cue influences purchase intention through its effects on intervening variables (normal price estimates and message processing). What is more interesting about these findings is that the two effects cannot be had simultaneously. Thus, while it is beneficial to increase the relative size of the sale price cue or the regular price cue in a print ad, the two advantages cannot be garnered simultaneously. One can either increase the normal price estimate by increasing the size of the regular price cue, or increase the deal sensitivity by increasing the size of the sale price cue.

References
