The Benefits Leader Reversion Effect: How a Once Preferred Product Can Recapture Its Standing

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When consumers evaluate product attributes serially, they generally establish a tentative preference for one of the products. When this preference does not include consideration of product prices, the preferred product is called the benefits leader. This article shows that even though a product with fewer benefits can become preferred because it is sufficiently cheaper, consumers do not entirely abandon their benefits leader. In two studies, we find that a majority of consumers re-adopt the benefits leader as their preferred product when shown additional information after price. This reversion to the benefits leader occurs even when the new information disfavors the benefits leader. We speculate that new (non-price) information directs consumers to think about benefits more than costs, thereby helping the benefits leader to re-emerge as the preferred product.

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EXTENDED ABSTRACT
The current work makes a qualitative distinction between preferences that result from learning about product prices versus those that result from learning about product benefits. In a binary choice setting, we posit that consumers who prefer one option (the “leader”) over another, but who adopt a deeply discounted brand as their new leader, may also maintain a preference for their pre-price leader. That is, the original leader is more appealing in terms of benefits and remains so, even though the cheaper product is preferred overall net of price. We further posit that any benefits-oriented information processed after price will transport the consumer back to benefits space, causing the benefits leader to re-emerge as the overall leader. In two studies we find evidence of benefits leader reversion, even when the information after price objectively favors the cheaper brand.

A substantial body of research suggests that decision makers establish a cognitive element associated with whichever option emerges as preferred or leading during the choice process (Beckman and Kuhl 1984; Gerard 1967; Jecker 1964; Montgomery 1983; Russo, Meloy, and Medvec 1998; Svenson 1992). This article extends the work on predecisional cognitive elements by proposing and testing for the simultaneous existence of two different leaders. One of these leaders is the benefits leader, the option that is preferred based on the information overall, absent price. The other leader is the net-p leader (net of price leader). Under a specific set of conditions, one brand can be the net-p leader, while the other is maintained as the benefits leader. In a binary choice between two brands, this can occur when a slightly preferred brand is discovered to be substantially more expensive than the other brand. That is, the originally preferred brand is the benefits leader, while the cheaper brand becomes the net-p leader.

We expect that consumers who switch from a brand that has better benefits (benefits leader) to a cheaper brand (the net-p leader) will retain the benefits leader in memory. We further expect that this benefits leader will exert a gravitational pull on the predecisional processing of benefits-based information encountered after the price information. Specifically, we hypothesize that consumers who see additional non-price information about the choice options after price will revert to their benefits leader as their overall preferred option, even if the new information objectively favors the net-p leader. We examine these hypotheses in two studies.

In study 1, participants (n=64) made a choice between two resort hotels for spring break. The price attribute, which revealed one of the hotels was 20% cheaper than the other, was the fifth attribute in a six attribute sequence. Of the 64 participants, 18 exhibited a leadership pattern that qualified them for testing the benefits reversion hypothesis. Specifically, 18 participants switched to the cheaper hotel as a result of price. Twelve of these 18 participants (66.6%) switched back to their benefits leader after the last attribute, a proportion significantly greater than the normative proportion benchmark (z=2.03, p<.05). Importantly, these 18 participants were not more likely than other participants to exhibit leadership reversals before the price attribute.

Study 2 was designed to replicate study 1 and to test whether reversion to the benefits leader would occur even when the last attribute favored the cheaper hotel. To this end, we used the same stimuli from study 1, with one exception—the last attribute was designed so that it diagnostically favored the cheaper brand. Our data revealed that 16 of the 50 participants in this study adopted the cheaper brand as their new leader after seeing the price attribute. As in study 1, a majority of these (n=11, or 68.8%) switched back to their benefits leader after the last attribute, even though this benefits based attribute favored the cheaper brand. This proportion was significantly greater than the normative benchmark for study 2 (28.3%; z=3.59, p<.001). Again, no individual differences in pre-price switching rates were found.

Two studies revealed that a majority of those who switched from their benefits leader to a cheaper option switched back to their benefits leader upon reading new non-price information. In study 2, a majority reverted back to their benefits leader even though the last attribute objectively favored the currently leading net-p leader (i.e., the cheaper option). These results have implications for pricing strategy, sales closing techniques, and the design of comparative advertising. They also have theoretical implications for the role of price as an attribute. Namely, most choice models of consumer behavior (e.g., conjoint analysis) do not afford unique status to price beyond suggesting that it should be given adequate weight to reflect its universal importance. Our findings suggest that price, as an attribute, should be treated as a unique entity.

REFERENCES