



Category Expertise and Strategic Cue Congruency as Determinants of Consumer New Product Evaluations

**Barney G. Pacheco & Karishma Mohammed
Department of Management Studies
UWI, St. Augustine**

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Agenda

- 1. Background Context**
- 2. Literature Review**
- 3. Methodology**
- 4. Key Findings**
- 5. Discussion**



Background Context

Product innovations - viewed by firms as critical to achieving a sustainable competitive advantage.

Consumers

Experts - transfer knowledge from a familiar category unto the unfamiliar target product

Novices - rely on product cues and promotional messages

Company

Use Hype (exaggerated claims) or more subtle communication

Expectations are affected by the price – may be perceived as congruent or inconsistent with the type of promotion used.

Research Question

How does the interaction of consumer expertise, product price and communication format influence the evaluation of new products?



Literature Review

Product Category Knowledge

Experts develop deep category knowledge which they can access to process information about a new product.

Novices are more likely to rely on superficial cues and processing heuristics (Bettman and Sujan 1987)

Experts more easily assign the innovation to a product category with which they are familiar to make a judgement.

Novices are more likely to rely on cues provided by the marketer making them vulnerable to persuasion.

(Gentner and Markman 1997).



Literature Review

Promotion Type and Category Knowledge

Hype is focused more on the macro image of the product and abstract attributes (e.g. flashiness, fun, enjoyment) while subtle messages focus on product attributes and benefits.

Alba and Hutchinson (1987) – Novices rely on cues such as price and brand name that may be easier to process while experts engage in deeper processing

Wilcox (2003) - Novices are more easily persuaded by messages that highlight non-attribute cues (e.g. catchy tunes, bright colours or celebrity endorsements)



Literature Review

Price Congruence

Incongruence between price expectations and the advertised price can affect the consumer's evaluation of the product (Brown and Krishna 2004).

It is easier for novices to eliminate the new product from further consideration when cue incongruence exists since this allows them to conserve cognitive effort.

Experts are more likely to search for new information to reconcile this incongruence because they are confident in their ability to accurately assess the new product (Wells and Prensky 1996).



Hypotheses

H1: Novice (expert) consumers will exhibit greater (lower) confidence in their product judgments when it is promoted with hyped advertising at a high (low) price or subtle advertising at a low (high) price.

H2: Novice (expert) consumers will be more (less) willing to search for additional product information when the product is promoted with hyped advertising at a high (low) price or subtle advertising at a low (high) price.



Methodology

Design – Experiment (Full Factorial)

Subjects - 72 undergraduates

Stimuli - 4 ads with the promotion type (hype or subtle) and product price (\$750 or \$150) being manipulated

Product – The Tutor (a palm sized electronic teaching aid with voice recognition technology)

Procedure – Subjects saw 1 ad version without price info and confidence in judgment measured. Then provided with price and confidence measured with a different scale as well as willingness to search for info.

Manipulation Check – Promotion Type ID and Price Recall

Sample Stimuli

The Tutor

A Useful Sports Aid
Many high school athletes have used it to improve their game.

Learn up to graduate level; Accounting, Chemistry, Engineering, anything

A talking device that helps you learn in any location. When charged, battery lasts 30 days.

Availability
For more information- Check press, any Tutor Store or online (www.thetutor.com)

Cellphone size with wireless internet capabilities.

A good lifetime investment.

PRICE
\$750



Key Findings

H1 – Supported

Novices had less confidence in their judgment than experts ($M = 3.00$ vs. $M = 3.79$) when presented with the subtle ad but reported higher levels of confidence than experts ($M = 3.46$ vs. $M = 3.34$) after viewing the hyped ad.

Key Findings

H2 – Supported

- Novices were more willing to search for information than experts when the hyped ad was for a high priced product ($M = 3.00$ vs. $M = 1.89$) and when the subtle ad was used to promote a low priced product ($M = 3.08$ vs. $M = 2.75$).
- Novices were less willing than experts to search for information however, when a low priced product appeared in the hyped ad ($M = 2.00$ vs. $M = 2.88$) and when the subtle ad was paired with a high priced product ($M = 1.75$ vs. $M = 3.25$).

Figure 1

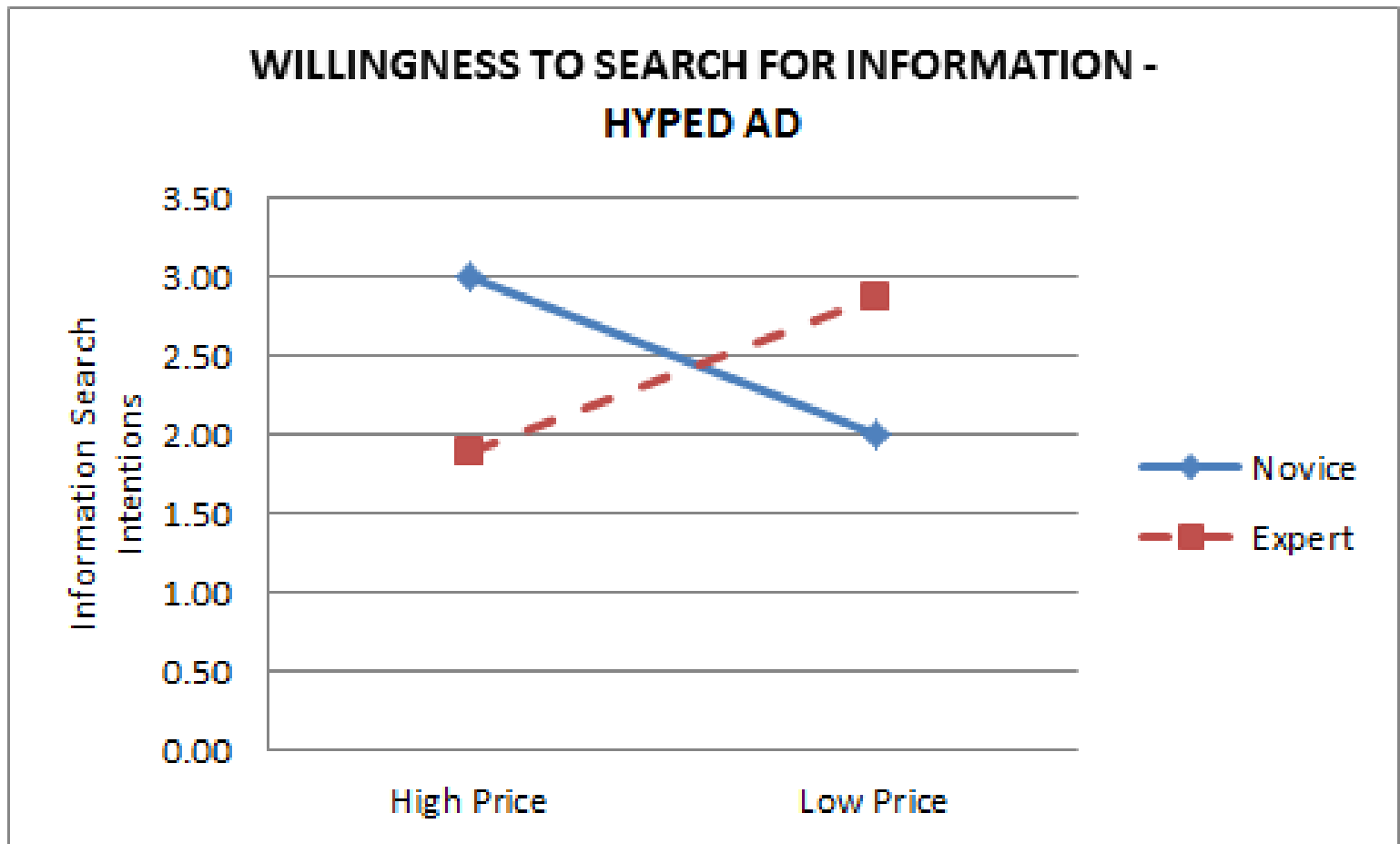
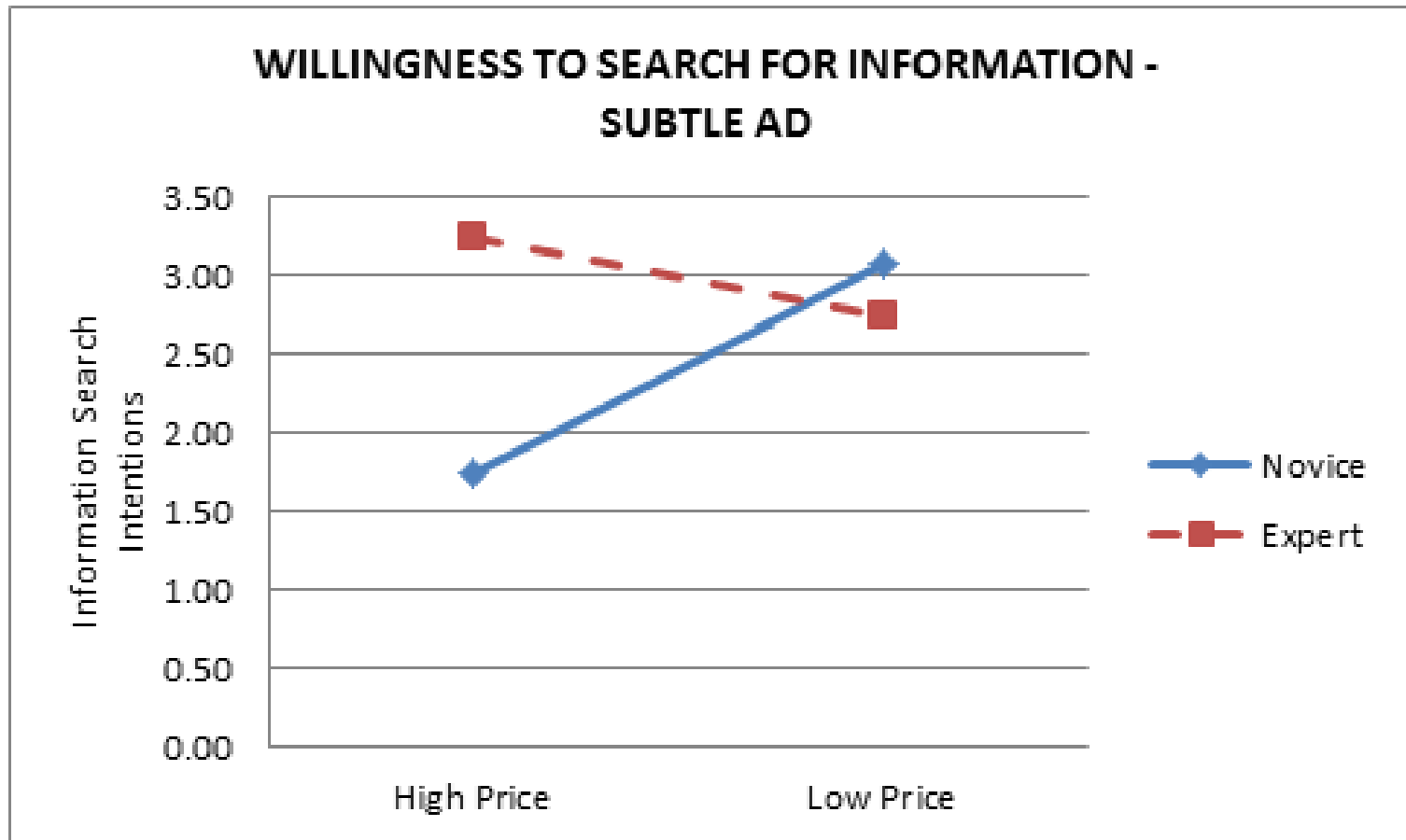


Figure 2





Discussion

Novice and expert consumers differ in the way they process the information provided in advertising messages.

Experts are more likely to be confident than novices about their product judgments when exposed to the subtle ad

*Surprise – both novices and experts appear unwilling to engage in information search to resolve cue incongruity. Additional search activity is more likely to be undertaken when there is cue congruity and consumers are confident in their ability to effectively evaluate the innovative new product.

Why – consumers are cognitive misers who only expend effort when they expect a positive payoff.



Future Research

Collect More Data

– Replicate with different products and larger sample

Include Brand Information

– familiar vs. unknown

Manipulate the level of product innovation

– incremental vs. radical

Publish findings in peer-reviewed journal.



Dr. Barney G. Pacheco
Barney.Pacheco@sta.uwi.edu