MARKETING HIGH-TICKET PRODUCTS: HOW TO SELL EXPENSIVE ITEMS ON THE WEB

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ABSTRACT

Marketing theory developed in regular business, suggests that people who buy expensive products demand more information about the product than those purchasing inexpensive products. We predicted that potential Web customers will demand (a) more information and (b) more information types for expensive than for inexpensive products. A scale was created to measure the amount and type of information desired by potential web purchasers. Participants were given descriptions of various information types and asked to rate them on usefulness in their purchase process (percent of the time they would use the given information type). Items were included for information relevant to all five purchasing steps in subscales. The scale was administered to approximately 200 business college students under two conditions. In the Low Ticket Condition the Participants were told to role play the purchase of either a cheap Motor Cycle or a Keyboard and Mouse. In the High Ticket condition the participants were told to role play the purchase of either a Luxury SUV or a Powerful Computer. Both hypotheses were confirmed.

Keywords: E-Commerce, Buyer Behavior, Information Need, High-Cost Products, Product Price

INTRODUCTION

Many researchers debate on how to select a successful strategy for marketing a product on the web. In developing such strategy, a lot depends on the type of a product [2], or its properties. One of the key properties is product price. The amount of money an online consumer spends for a purchase has a great impact on his or her behavior in the purchase process [2]. If a consumer is shopping for a high-cost product, then he or she will be more cautious and will probably need more information than when shopping for some routine inexpensive item.

Adoption of purchasing high-cost products on the Internet (such as cars and expensive apparel) is still relatively low, but it has a lot of advantages. For example, research shows that those people, who use an online buying service, save approximately $490 on a purchase of a new car [7]. More and more consumers are willing to accept Internet in buying high-cost products [3], [7]; as such, 54% of car buyers use Internet in their purchase in 2000, compared to 40% in 1999 [8]; 37 billion dollars were spent on buying expensive apparel online in 2000 [4], and these numbers continue to grow.

There has been a lot of research done on selling various types of high-cost items: cars [3], [5], [7], [8] airplane tickets [6], apparel (mainly expensive computers) [4], and others. However, each of these studies is just a single case, where one product is considered. It will be interesting to
investigate if the amount of information that the online buyers need when shopping for any high-
cost product is different from the amount of information needed in purchasing a low-cost
product.

THEORY OF PURCHASING BEHAVIOR

Purchasing Behavior Processes

The purchase process includes five possible sub-processes: (1) Recognition & clarification of
need for product, (2) Information search on product alternatives, (3) Evaluation of product
alternatives and choice decision, (4) Purchasing the product, and (5) Post-purchase steps, e.g.
configuration and maintenance [2].

High-Cost/Low-Cost Product Purchasing Behavior

The cost of the product influences the purchasing behavior. In purchasing low cost impersonal
products, buyers use only two of the five purchasing sub-processes: (Recognition and
Clarification of Need, and Purchasing the Product). In purchasing high cost, personal products,
buyers use all five of the purchasing processes described above.

The Buyer’s Perceived Need for Information

The buyer’s perceived need for information depends on the buying processes he or she is using.
For example, if the user is in the second process (Information search on product alternatives)
then he or she will have a perceived need for information on the possible product alternatives,
e.g., the price, appearance, reliability, etc. Hence, the amount and type of information, perceived
as needed by the buyer, will depend on the number and types of buying processes he or she uses
in the purchasing process.

Perceived Information Need Hypotheses

H1: Buyers will perceive the need for more information in purchasing high-cost than in
purchasing low-cost products,
H2: Buyers will perceive a need for information on all five purchasing sub-processes when
purchasing high-cost products and
H3: Buyers would perceive a need for mainly two sub-processes in purchasing low-cost products
(Recognition of Need) and (Product Purchase).

METHODS

Subjects

A “purposeful sample” [9] was used to select students enrolled in three sections of an
undergraduate course in the College of Business at Middle Tennessee State University,
Murfreesboro, Tennessee. This course is required for a business degree in Entrepreneurship and
a minor degree in the Recording Industry, College of Mass Communication.
The Website Perceived Information Needs (WPIN) Scale

The scale includes standardized instructions and a subscale for the first four of the five sub-processes described previously (information needed on the purchase and the post-purchase steps is merged). The instructions, the answer scale, and the sample items are summarized in Figure 1.

FIGURE 1
Instructions & Sample Items from the WPINS

Instructions: We would like to know the importance of various kinds of information available on many websites to help you purchase products on the Web. On the next several pages are examples of such information. Please rate each example using the following scale with respect to the product you have been assigned:

0 – I would never use this information to make a purchase of this type
25 – I would use this information about a quarter of the time to make a purchase
50 – I would use information half the time in making a purchase of this type
75 – I would use this information three quarters of the time in making a purchase
100 – I would use this information all of the time in making purchases of this type

Sample Items:
- Need Recognition & Clarification
- Information Search on Product Alternatives
- Information on alternative brand products, e.g., descriptions, pictures, prices
- Evaluation of Alternatives
- Information on time to delivery of alternatives
- Choice of product alternative
- Purchasing
- How easy and fast the product can be located and purchased.

Experimental Design

The testing process consisted of two testing sessions. Fifty-two questionnaires were in the first set of booklets and consisted of four conditions, 13 booklets per condition, based on Product to Purchase (Table 1). These booklets were assigned a booklet number B1 through B52. The booklets were stacked with B1 being the first booklet and B52 the last. Each questionnaire booklet was assigned a random. This number was placed in the upper right corner of the questionnaire booklet as follows, R12. The first set of questionnaires were stacked in order of the random numbers with R1 being the first booklet and R52 the last.

A second set of questionnaires consisting of fifty-two questionnaire booklets and were identical to the first set in format. However, the second set of booklets was assigned numbers beginning with B53 and ending with B104.

The random numbers assigned to the first set of questionnaires were also used with the second set except the letter “A” was added behind the number. As an example, if the first booklet was
assigned B24, then the second set was assigned B24A. This numbering system ensured the participant received the opposite Product to Purchase as shown in Table 2. The “opposite” product means the product from the same group (transportation or computers), but of the opposite price. For example, if a participant got a mouse and a keyboard for purchase in the first session, the same participant was asked to purchase an expensive computer in the second session.

**TABLE 1**
Experimental design

<table>
<thead>
<tr>
<th>Group</th>
<th>Assigned Product</th>
<th>Product Type</th>
<th>Product Price</th>
<th>Instruction: Respond to the WPIN as if purchasing assigned product</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Motorcycle</td>
<td>Transportation</td>
<td>Low</td>
<td>Respond for Motorcycle Purchase</td>
</tr>
<tr>
<td>2</td>
<td>Sport Utility Vehicle</td>
<td>Transportation</td>
<td>High</td>
<td>Respond for SUV Purchase</td>
</tr>
<tr>
<td>3</td>
<td>Keyboard &amp; Mouse</td>
<td>Apparel</td>
<td>Low</td>
<td>Respond for Keyboard/Mouse</td>
</tr>
<tr>
<td>4</td>
<td>Powerful PC System</td>
<td>Apparel</td>
<td>High</td>
<td>Respond for PC System</td>
</tr>
</tbody>
</table>

**TABLE 2**
Distribution of Booklet Numbers

<table>
<thead>
<tr>
<th>Original Number</th>
<th>First Product to Purchase</th>
<th>Secondary Number</th>
<th>Second Product to Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>B24</td>
<td>The most powerful computer for about $10,000</td>
<td>B24A</td>
<td>A mouse and keyboard for about $50</td>
</tr>
<tr>
<td>B25</td>
<td>A used motorcycle for about $300</td>
<td>B25A</td>
<td>A luxury SUV for about $50,000</td>
</tr>
<tr>
<td>B26</td>
<td>A mouse and keyboard for about $50</td>
<td>B26A</td>
<td>The most powerful computer for about $10,000</td>
</tr>
<tr>
<td>B27</td>
<td>A luxury SUV for about $50,000</td>
<td>B27A</td>
<td>A used motorcycle for about $300</td>
</tr>
<tr>
<td>B49</td>
<td>A mouse and keyboard for about $50</td>
<td>B49A</td>
<td>The most powerful computer for about $10,000</td>
</tr>
<tr>
<td>B50</td>
<td>A luxury SUV for about $50,000</td>
<td>B50A</td>
<td>A used motorcycle for about $300</td>
</tr>
<tr>
<td>B51</td>
<td>The most powerful computer for about $10,000</td>
<td>B51A</td>
<td>A mouse and keyboard for about $50</td>
</tr>
<tr>
<td>B52</td>
<td>A used motorcycle for about $300</td>
<td>B52A</td>
<td>A luxury SUV for about $50,000</td>
</tr>
</tbody>
</table>

**Variables**

The independent variable was the cost of the product (high/low). The dependent variables were Total score (the sum of the rating scores assigned to all items) and Subscale scores (the sum of the rating scores assigned to items in the four subscales).
RESULTS AND DISCUSSION

The scores given by participants to different types or information were analyzed, and the mean scores on each step, as well as the total mean score, were found (Table 3).

<table>
<thead>
<tr>
<th></th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-cost</td>
<td>69.85%</td>
<td>83.27%</td>
<td>75.64%</td>
<td>79.89%</td>
<td>77.35%</td>
</tr>
<tr>
<td>Low-cost</td>
<td>59.07%</td>
<td>73.85%</td>
<td>65.71%</td>
<td>73.48%</td>
<td>68.78%</td>
</tr>
</tbody>
</table>

The results were analyzed with the help of ANOVA, and the conclusion was made that there is a significant difference between the amounts of information needed to purchase high-cost and low-cost products. Online buyers demand more information and more types of information when buying expensive products (Figure 2); research hypotheses H1 and H2 were supported.

FIGURE 2
Mean Sub-Scale Scores

Amount of Information Needed for Buying High- and Low-Cost Products

However, the survey showed that buyers need information on each purchase step in low-cost product purchase; therefore, the hypothesis H3 was rejected.

Internal Consistency and Reliability

The major threat to the reliability is the selection of sample. To avoid this threat, the same experiment will be later conducted on samples of people with different backgrounds. To avoid
the influence of participants’ personal shopping strategies, we paired the products from the same group, so that each participant answered the questions related both to high- and to low-cost purchases. The order in which the products were given was random, it was randomly selected whether a participant received high- or low-cost item in the first place.

Buyers perceived information need and the actual information need are often different; therefore, the next step in this research will be testing buyers’ actual satisfaction with the sites where the amounts of information of different types are manipulated.

REFERENCES: