

The Influence of Consumer Expertise and Psychological Value on Product Pricing: An Examination of the Consumer Evaluation and Psychological Value Pricing Theory

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Abstract

This paper introduces a new theoretical framework, the "Consumer Evaluation and Psychological Value Pricing Theory," which focuses on the influence of consumer evaluation abilities and psychological value on product pricing. By examining the interplay of these two elements, we aim to enhance our understanding of consumer behavior and pricing strategies, offering practical guidelines for real-world applications.

Introduction to the Theory

The Consumer Evaluation and Psychological Value Pricing Theory draws from and synthesizes a variety of concepts and theories in economics and consumer behavior, including Consumer Decision Theory, Information Asymmetry Theory, and Pricing Strategy Theory. The core tenet of the theory is that consumer evaluation abilities and psychological value significantly influence product pricing and consumer purchase decisions.

Theoretical Propositions

Consumer Evaluation Abilities: The evaluation abilities of consumers, particularly their expertise, affect their judgments of the actual value of a product. Consumers lacking the objective ability to evaluate certain products often accept price increases resulting from enhanced psychological value.

Psychological Value: In addition to the actual value of a product, consumer purchase decisions are also influenced by psychological value, which could stem from brand image, advertising, social influence, among others. The sensitivity of consumers to psychological value depends on their evaluation abilities.

Expert Consumers versus Average Consumers: Expert consumers, those possessing specialized knowledge in a certain field, are able to more accurately and comprehensively evaluate the quality of products. Average consumers, who lack specialized knowledge, tend to be more influenced by the psychological value in their purchasing decisions.

Implications for Consumer Behavior and Marketing

The theory can explain the differing effectiveness of marketing for various types of products. For products like skincare and clothing, where consumers generally lack related expertise, the role of marketing is to enhance the psychological value of the product, thereby making consumers willing to accept higher prices. However, in fields where consumers typically have relevant knowledge, such as digital products and automobiles, the impact of advertising in boosting psychological value is less pronounced.

Application in B2B Transactions

In B2B transactions, expert consumers usually make more objective assessments of products, thus their influence on product pricing differs from that in B2C markets. The application of this theory in B2B markets further demonstrates its significant value in understanding and predicting consumer behavior and product pricing.

Theoretical Innovation

The Consumer Evaluation and Psychological Value Pricing Theory offers the following innovations:

It integrates consumer evaluation abilities and psychological value, studying their combined influence on product pricing and consumer purchasing decisions.

It categorizes consumers as either expert or average consumers, taking into account consumer heterogeneity.

It focuses not only on consumer behavior but also on product pricing, thereby enhancing the practicality of the theory.

It takes into account the impact of marketing and the specifics of the B2B market.

In summary, the Consumer Evaluation and Psychological Value Pricing Theory provides a comprehensive framework for understanding the dual influences of consumer expertise and psychological value on product pricing, offering novel insights into consumer behavior and pricing strategies in both B2C and B2B markets.