The role of price when products are really new: Single, dual, or multiple?

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Abstract

Researchers typically study the dual role of price on the outcomes of buying a product, i.e., perceived quality and perceived monetary sacrifice. For really new products (RNPs), it is appropriate to shift the focus to uncertainties related to these outcomes. Uncertainties are key features of RNPs and constitute barriers to adopt. In an online experiment (N=278), we investigate the effect of launch price on adoption intention through five important uncertainties. When targeting the mass market, the only significant indirect effect is negative and through financial uncertainties. However, when targeting innovators, the indirect effect becomes insignificant. Our results challenge conventional wisdom related to the dual role of price and helps managers to make better pricing decisions for RNPs.

Keywords: Dual role of price, adoption barriers, really new product, consumer innovativeness

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