ELSEVIER

Journal of Retailing xxx (xxx, 2017) xxx–xxx

Journal of Retailing

Research Note

Price Font Disfluency: Anchoring Effects on Future Price Expectations

James A. Mead [a,*], David M. Hardesty [b]

[a] *Department of Marketing, Supply Chain Logistics, and Economics, University of West Florida, 11000 University Pkwy, Pensacola, FL 32514, USA*
[b] *Department of Marketing and Supply Chain, University of Kentucky, 550 S. Limestone, Lexington, KY 40506, USA*

Abstract

Novel, unique, or otherwise disfluent fonts are often used to draw consumer attention. However, disfluent fonts may also create metacognitive processing challenges. Therefore, consumers may devote more cognitive resources to process disfluent price fonts and will consequently be more likely to accurately recall and anchor on disfluent price displays when forming their future price expectations. Three experiments demonstrate that disfluent sale prices can reduce future price expectations, while disfluent manufacturer-suggested retail prices (MSRPs) can increase future price expectations. Additionally, price recall accuracy mediates the effect. Moderation analysis demonstrates that disfluent MSRP displays are more likely to affect price-conscious and less-involved consumers.

Keywords: Anchoring; Assimilation; Fluency; Involvement; Price consciousness; Pricing

Novel, unique, or otherwise disfluent price fonts are often used to draw consumer attention, for example in bargain bins near checkouts, in hardware stores, and in food trucks (Fig. 1). Disfluent stimuli are generally unfamiliar, unexpected, and more difficult to process than fluent stimuli (Reber, Wurtz, and Zimmermann 2004) because they challenge perceptual processing (Diemand-Yauman, Oppenheimer, and Vaughan 2011). When used in advertising, disfluent fonts are salient and evoke interest, and thus are known to capture consumer attention and affect purchase intentions (Motyka et al. 2016), but are they always advantageous? Do they have potential negative consequences? For example, the extra effort required for processing disfluent price fonts may cause consumers to recall prices more accurately (Diemand-Yauman, Oppenheimer, and Vaughan 2011), which could increase the likelihood that consumers will anchor on disfluent price fonts to inform their future price expectations. What types of consumers may be most impacted by price font disfluency?

In this research, we demonstrate that disfluent price fonts increase the degree to which consumers anchor on observed price displays to inform their future price expectations, a memory-based standard against which external prices are compared (Kalyanaram and Winer 1995). Consequently, retailers can suffer negative consequences when they present sale prices in disfluent fonts because doing so can decrease consumers' future price expectations. In contrast, retailers can benefit by presenting manufacturers' suggested retail prices (MSRPs) in disfluent fonts because consumers will expect future prices to be higher, especially among price-conscious consumers or those less involved in the product category. Furthermore, price recall accuracy is demonstrated to partially mediate the price disfluency effect, which supports an anchoring and adjustment explanation of our results.

We offer theoretical contributions to the pricing literature by demonstrating that disfluent fonts can cause consumers to anchor on reference price displays to influence future price expectations. We also enhance the collective understanding of the underlying cognitive processes that affect internal reference price updating. Our research contributes to the anchoring and adjustment literature by demonstrating that perceptual font disfluency can promote numerical anchoring. We show that retailers can use disfluent price fonts to influence future price expectations without affecting purchase intentions. However, they should use disfluent price fonts cautiously for sale price displays. In contrast, disfluent MSRP displays can generate favorable consumer responses, protect brand equity, and increase profits by increasing future price expectations, especially for price-conscious consumers and those less involved in the product category (Hardesty and Bearden 2003).

* Corresponding author.
E-mail addresses: jmead@uwf.edu (J.A. Mead), david.hardesty@uky.edu (D.M. Hardesty).

http://dx.doi.org/10.1016/j.jretai.2017.09.003

Please cite this article in press as: Mead, James A., and Hardesty, David M., Price Font Disfluency: Anchoring Effects on Future Price Expectations, *Journal of Retailing* (xxx, 2017), http://dx.doi.org/10.1016/j.jretai.2017.09.003

Fig. 1. Examples of disfluent font use.

Theoretical Background

Reference Price Formation

A consumer's internal reference price (IRP) represents their current expected price for that product (Kalyanaram and Winer 1995), which is based largely on observed price history (Han, Gupta, and Lehmann 2001). When consumers view new prices that are generally aligned with previous price exposures, they integrate the new price information into their IRP and then update future price expectations accordingly; in contrast, when they perceive that new prices are abnormally high or low and thus diverge from previous price exposures, consumers tend to discard the information without integrating it into their IRP (Parducci 1965).

IRP changes are largely driven by whether observed reference prices differ significantly from internal expectations (Chandrashekaran and Grewal 2006), but consumers also appear to weight recent rather than distant price observations more heavily (Mazumdar, Raj, and Sinha 2005), perhaps because recent prices are easier to recall or seem more likely to be current and relevant for the future. Additionally, when sale prices are presented in a percent-off format, consumers are more likely to anchor on sale prices rather than MSRPs to inform their future price exceptions; when MSRP displays are presented in an amount-off presentation format, they are more likely to anchor on MSRP displays rather than on sale prices (Chandrashekaran and Grewal 2006). Although previous research has provided important insights regarding IRP formation, we need to discover whether disfluent price fonts in MSRP or sale price displays affect whether consumers anchor on the displays to inform their future price expectations.

Information Disfluency and Anchoring Effects

Fluency describes easy, rapid, pleasurable processing of stimuli (Reber, Wurtz, and Zimmermann 2004). Fluency is often related to sensory characteristics non-specific to stimuli content, such as the fonts used to present written information (Diemand-Yauman, Oppenheimer, and Vaughan 2011; Winkielman et al. 2003). Fluent stimuli are clear (Whittlesea, Jacoby, and Girard 1990), familiar (Whittlesea 1993), "feel right" (Kidwell, Farmer, and Hardesty 2013), and can be processed more superficially. Conversely, disfluent stimuli may be processed more deeply and effortfully to overcome perceptual processing difficulties (Diemand-Yauman, Oppenheimer, and Vaughan 2011) or because they evoke greater interest (Moytka et al. 2016).

Research has demonstrated that perceptual fluency in printed information can be manipulated using fonts that are relatively less (disfluent) or more (fluent) familiar to respondents (Alter and Oppenheimer 2009; Diemand-Yauman, Oppenheimer, and Vaughan 2011; Hernandez and Preston 2012). For example, educators can use disfluent fonts in classroom material to increase information processing depth and test performance, presumably because students recall disfluent text more accurately (Diemand-Yauman, Oppenheimer, and Vaughan 2011). Furthermore, while not the primary focus of their research, participants in Coulter and Roggeveen's (2014) experiments who viewed disfluent stimuli appeared to spend more time processing advertisements, suggesting increased processing depth.

Increased processing should encode disfluent price fonts more deeply in memory, making them more accessible during later recall and IRP formation, causing consumers to anchor their future price expectations on the disfluent font (Diemand-Yauman, Oppenheimer, and Vaughan 2011; Frederick, Kahneman, and Mochon 2010; Mussweiler and Strack 1999). Typically, in numerical anchoring and adjustment processes, consumers anchor on an externally supplied number as a basis for assessment and then insufficiently adjust their final judgment away from the initial anchor value. However, anchors typically sway judgments only within a range of plausible values (Strack and Mussweiler 1997). That is, during the anchoring and adjustment processes, consumers search their memories for information that supports the anchor as a plausible value for their present judgment. If they find such information, they anchor on it. However, if the anchor misfits with past knowledge and beliefs, they might discount its plausibility via an adjustment process (Dick, Chakravarti, and Biehal 1990; Lynch 2006;

Please cite this article in press as: Mead, James A., and Hardesty, David M., Price Font Disfluency: Anchoring Effects on Future Price Expectations, *Journal of Retailing* (xxx, 2017), http://dx.doi.org/10.1016/j.jretai.2017.09.003