Marketing Colloquia

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Where: *741 JMHH*
When: *12:00 PM* to 1:20 PM

Prominent Attributes

ABSTRACT: Evidence shows that marketers try to make certain attributes “prominent” by influencing which attribute consumers evaluate during decision making. This research asks: How do competitive firms decide which of product attribute to make prominent? We develop a model in which competitive firms price products with two attributes (e.g., styling and performance) after selectively promoting one of them as prominent. The new feature in our model is that firms’ strategies regarding attribute prominence affect consumers’ context-dependent preferences at the category level and subsequently their evaluation of all products. We find when consumers have limited attention and evaluate multiple attributes, perceived differentiation within an attribute can become diluted, an effect we call the dilution effect. This implies that competing symmetric firms may make the same attribute prominent in equilibrium to maintain product differentiation. Only if there is sufficient quality advantages in an attribute do we find equilibria with firms making different attributes prominent. When firms can invest in quality advantages, they may make different attributes prominent to avoid head-to-head competition on quality.