

# MARKETING COLLOQUIA

Spring 2025 - Abstract

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## THE UPSIDE OF INCOMPETENCE: WHEN LOW BRAND COMPETENCE SIGNALS LOW PRICES

It will come as no surprise to marketers that consumers tend to prefer competent (as opposed to incompetent) brands. Research confirms that brands that project competence are appealing to consumers because they seem dependable, reliable, responsible, and consistent, and consumers like to buy from brands with these characteristics. Against this backdrop of the obvious business sense of portraying one's brand as competent are some prominent counter examples. For some retailer brands, low — not high — perceived incompetence seems to be part of their appeal. Picture the store atmospherics of discount clothing retailers like TJ Maxx or the promotional stylings of retailers like Crazy Eddie.

Five studies tested the hypothesis that consumers would infer lower overall price levels at retailers with lower (vs higher) perceived competence. We based this prediction on compensatory reasoning among consumers. In a setting where markets are efficient, an offering that is inferior on some dimensions must be superior in some other way — otherwise, the inferior option would be driven out of business. Using various operationalizations of incompetence, the studies show that consumers predict that incompetent brands have lower prices than their competent counterparts and that this is moderated by the perceived efficiency of the marketplace.