

6.8 Effect of perceived risk and context on consumer inferencing about missing information

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ABSTRACT

Consumers adopt different strategies for evaluation of a brand when information regarding an attribute is not available. One of those inferencing strategies is consumers' inference or 'Construct' the values for missing attributes and evaluate the brand.

Past studies have shown that inferencing has significant effect on likelihood of purchase of a brand. However, determination of the proportion of consumers who adopt inferencing strategy has received less attention. Simmons and Lynch (1991) attempted this and found that inferencing occurred only in 13-19 percent of the cases. They measured incidence of inferencing by asking respondents to describe their thought process during the evaluation and identifying those who had mentioned the word infer in their description of the process. Since inferencing is a cognitive process, such elicitation of the process is likely to result in under reporting. There has been no other study to corroborate the above findings. The present study attempted to measure inferencing using indirect methods. The study also examined influence of consumers perception of risk associated with a choice and the composition of the set of brands available to the consumer at the time of evaluation on inferencing.

Respondents were classified into those who inferred and those who did not, by comparing their overall evaluations of brands with overall evaluations of the same brands by respondents in control conditions. The composition of the set of brands presented to the respondents was manipulated varying the number of brands with complete and incomplete information. Different purposes of buying were used proxy for different levels of perceived risk. Data from 200 respondents in Gampaha district were analyzed using ANOVA.

The major findings of this study are:

- i. Inferencing occurred in about one third of the cases, far more than previously reported.
- ii. It was found that respondents were not risk averse while making and inference. This is in contrast to the normal tendency of people to be risk averse.
- iii. The composition of the set of brands available to the respondent at the time of evaluation had influence on inferred value and probability of making an inference.

As inferencing is a spontaneous cognitive process and influences consumer's evaluation of brands, it is absolutely vital for marketers to understand the phenomena. The findings of the study would provide marketers a better understanding about inferencing. It has the potential to help them in formulating their communication strategy and in designing advertisements in a comparative format.