

First Amongst Equals? A Study on How Dynamic Ranks Influence Consumer Perceptions

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Abstract

While previous research has documented the impact of ranked lists on consumer psychology, there is scant research on how consumers evaluate a firm when its rank is dynamic and its position on the list changes. Drawing from reference dependence literature, we investigate the impact of temporal changes in ranks on consumer evaluations and purchase likelihood. Across four experiments spanning multiple categories, dependent measures, and contexts we demonstrate that for the same current rank, consumers evaluate a firm less (vs. more) positively if the current rank has been reached through a fall (vs. rise) in rank. This impact is mediated by perceptions of the firm's past performance, and the effect is amplified for larger rank changes as compared to smaller changes in ranks. We also identify important boundary condition for this phenomenon and demonstrate that the effect is stronger amongst consumers who are incremental theorists as compared to those who are entity theorists.

Keywords: *Dynamic Ranks; Ranked Lists; Firm Evaluation*

Track: Consumer Behaviour