Executive summary and implications for managers and executives

Executive summary of “Peak-end pizza: prices delay evaluations of quality”

This summary has been provided to allow managers and executives a rapid appreciation of the content of the article. Those with a particular interest in the topic covered may then read the article in toto to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present.

Different theorists have claimed that consumer assessment of an experience is based on the aggregate of evaluations conducted at different stages of the event. Although such “additive models” have been applied within a variety of contexts, questions about their validity have increasingly emerged.

An alternative approach to gain credence is what has been termed the “peak-end rule”. The rationale is that people make judgments based on the most intense part of an experience and the final moments of it. The process is described as the outcome of “simplifying heuristics” by certain psychologists. Various other researchers argue that particular moments during an experience helps people to more accurately recall it.

A diverse range of situations have been used to illustrate the peak-end rule. In one case, scholars predicted how film clips would be evaluated by averaging the most enjoyed moment and the end impression. In another context, it was claimed that any perceptions of intense pain experienced from certain surgical procedures could be appeased somewhat if pain was minimal at the climax of the process. It was similarly shown that people might express greater contentment with life overall if they felt particularly happy near to its end. Participants in a survey indicated that happiness with life would be greater than in situations where they had experiences years of “mild happiness”.

In addition, the peak-end rule has been deployed to rate such as advertisements, material goods and sounds. Different studies also purport that the approach can help predict the reference price consumers will hold for a particular product or service. This is based on the highest price paid and the last actual price noted.

Another research stream notes that how an experience is evaluated is partly determined by the price paid. The cost of food can similarly impact on perceptions of taste. Connections between price and objective quality have been explored previously. One frequent conclusion is that quality perceptions become more positive as price increases. When the price of something is high, there is an expectation among consumers that the experience will be superior.

Prior expectation is developed as a result of gaining knowledge or information about a particular product or service. It is widely seen as helping to influence how someone will ultimately evaluate an experience. Theory posits that an experience which exceeds what the consumer anticipates triggers “positive disconfirmation”. On the other hand, “negative disconfirmation” arises when the experience fails to live up to what is expected.

Given these apparent connections, Just et al. propose that a relationship between price and the peak-end rule must exist. To date, research has not considered the rule with regard to variations in pricing. The suggestion is that evaluation of a product or service could deviate from peak-end rule norms under certain pricing conditions. This is based on the price as price shapes the consumer’s prior expectations. Specifically, consumers who will pay a low price are likely to expect less than those set to pay a high price. The authors purport that the respective disconfirmation may impact on perceptions of the “peak” to the extent that evaluation might end up being based on other stages of the experience, such as the beginning.

These issues are investigated in a survey of diners visiting an Italian restaurant in the New York area. Subjects were chosen during the weekday buffet luncheon. Some were informed that the all-you-can-eat buffet would cost $8, whereas $4 was the price paid by the remainder. Average age of the 139 study participants was 45.12 years and the demographic details obtained were found to be insignificant.

Respondents were asked to complete a short questionnaire after finishing their meal. Pizza was easily the most popular choice, although various non-pizza food items were also included on the menu. Questions related to overall evaluation of the pizza, with specific reference to taste, enjoyment and satisfaction. The modal amount of pizza slices consumed was three, so consumers were asked to rate the first, middle and end slices wherever possible. Relevant adjustments to this were made for those consuming a different number of slices.

Analysis revealed that:
- initial evaluation was high in the half-price group and then declined with subsequent slices;
- for those in the full-price condition, taste evaluation for first, middle and last pizza slices did not differ significantly overall evaluation in the half-price group appears to be predicted by taste evaluation of the peak and last slices. This provides support for the effectiveness of the peak-end rule under this condition; and
- in the full price condition, a model using just the taste rating for the first pizza slice appears most appropriate.

The peak-end rule cannot be confirmed for this group as the taste of the last piece seems irrelevant.

The difference in which slice constitutes the peak for half-price groups and full-price groups prompts the authors to suggest that an order effect might have emerged.

On this evidence, Just et al. contend that the peak-end rule may not be as widely applicable as previously assumed. It appears to be relevant for evaluation of food when the price is low. However, appraisal is based on the initial taste in the high price condition. Their view is that prior expectations about a service based on price could prompt consumers to evaluate an experience solely on the first evaluation.

Managers of higher-priced restaurants are advised to expose customers to what they regard as their best food first. In a buffet
scenario, this might be achieved through signs which make certain items on the menu more salient. Creating a stronger initial impression is not considered necessary in lower priced restaurants where the peak-end rule is evidently more influential.

In similar future work, scholars could factor in subjective evaluations of different pizza types and consumption of other items on the menu. Additional analysis of the peak taste position might also further illustrate how this ordering impacts on overall evaluation of the experience. Degree of familiarity both with the restaurant and price of the buffet could also be significant, while exploring the effect of contextual factors such as variations in pizza quality is another research possibility.

To read the full article, enter 10.1108/JPBM-01-2015-0802 into your search engine.

(A précis of the article “Peak-end pizza: prices delay evaluations of quality”. Supplied by Marketing Consultants for Emerald.)