Idea 2

1. **Method**

This research is conducted in order to find difference in strength of the below average effect for private label products compared to premium label products. The variables were measured by conducting a Prolific survey among 200 respondents in the United Kingdom. Respondents were all fluent in English and took part voluntarily and anonymously. It is expected that the below average effect is stronger for private label products than for premium label products.

Survey respondents in the research were asked how often they think they buy premium label soft drinks compared to other consumers and how often private label compared to others. The two versions of the survey (premium label vs. private label) were randomly assigned among the respondents. A relative rank was created for both types of products, using a scale that varied from 0 (“I am at the very bottom”) to 50 (“I am exactly average”) and 100 (“I am at the very top”).

A different dependent measure was added by measuring whether this perceptive relative rank affects the willingness to pay (WTP). The respondent was asked how much s/he is willing to pay for a 2 litre (0.5 gallon) bottle of either a private label drink or a premium label drink, after which the respondent had to fill in an amount in pound sterling (£). Additionally, the respondent was asked what s/he think the average consumer is willing to pay for the same product (2 litre/0.5 gallon). Again the respondent had to fill in an amount in £. The outcome for the WTP of the respondent was then subtracted from the perceived average WTP to create a value representing the difference between the respondents’ WTP and their own perception of the average WTP. If this value is >0, the respondent expects the average WTP to be higher than their own. If <0, the respondent expects their own WTP to be higher than the average.

The expected outcome can be formulated as follows:

*The more people tend to see themselves below average, the larger the difference should be between what they think their WTP is compared to the average person.*

1. **Conceptual model**

WTP average – WTP self

Relative purchase rank

Private label product

(vs. premium label product)

1. **Results**

The survey was conducted on May 9th 2022. The data generated from the research was then prepared and analysed using RStudio. The first part of the results consists of insightful descriptive statistics regarding the survey and it’s respondents. The second part consists of multiple regression models that were computed using the data collected by the survey research.

* 1. **Descriptive statistics**
  2. **Linear regression**