Consumers judge risk of illness by the cost of the cure

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When it comes to calculating their odds of getting the flu, consumers look to an unlikely gauge – the price of the flu shot – to measure their risk, according to a new study co-authored by a Freeman School researcher.



Janet Schwartz

The study found that consumers make judgments about their risk of catching an illness based on the cost of its medication. The higher the price, the less they think they're at risk, says co-author Janet Schwartz, assistant professor of marketing at the A. B. Freeman School of Business at Tulane.

"Your chance of winning at blackjack has nothing to do with how big the payout is and most people know that," Schwartz says. "But when it comes to understanding what prices reflect for medicine, people look at the price and they do think that it somehow tells them something about their own risk of getting a disease. In reality,

those two factors are completely independent.”

Researchers conducted several surveys to gauge consumers’ reactions to different medications based on cost and perceived risk. For example, they presented different health messages about getting a flu shot, emphasizing individual risk in one scenario and the larger public health risks in another. They told some that the vaccine cost $25 and others $125. Even though all were told the cost would be covered by insurance, those in the high-price group felt that they were at a lower risk of getting the flu.

Researchers found that consumers instinctively believed that important medication like flu vaccine should be affordably priced to be widely accessible. When priced high and perceivably out of reach for some, consumers inferred that the medicine must not be all that necessary and the risk of getting the illness must be lower. The results of the study, which is co-authored by Adriana Samper of the W.P. Carey School of Business at Arizona State University, will be published in the April issue of the *Journal of Consumer Research*.