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Effect of Response Time on Perceptions of Bargaining Outcomes

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[to cite]:

Joydeep Srivastava and Shweta Oza (2006) , "Effect of Response Time on Perceptions of Bargaining Outcomes", in NA - Advances in Consumer Research Volume 33, eds. Connie Pechmann and Linda Price, Duluth, MN : Association for Consumer Research, Pages: 514-515.

[url]:

<http://www.acrwebsite.org/volumes/12485/volumes/v33/NA-33>

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EXTENDED ABSTRACT

Although consumers in the U. S. are predominantly exposed to fixed, non-negotiable prices, many consumer purchases including those that require substantial resources such as buying a house or an automobile involve negotiations. Despite the significance of these purchase decisions, consumer research on bargaining is relatively sparse (cf. Buchan, Croson, and Johnson 2004; Corfman and Lehmann 1993). Additionally, the few studies in the marketing literature have studied bargaining in the context of industrial purchases (e.g., Srivastava, Chakravarti, and Rapoport 2000). There is thus a need for research on bargaining from a consumer perspective.

In bargaining with incomplete information, bargainers may use features of the bargaining process as referents to infer their own and/or opponents' payoffs in at least two ways based on opponents' active or passive behavior. Bargainers may infer some information about payoffs when opponents actively respond to an existing offer positively (i.e., accept) or negatively (i.e., reject and make a counteroffer). Another important cue that may emerge from within the bargaining context, and the focus of this research, is opponent's passive behavior or the time taken by an opponent to respond to an existing offer (positively or negatively). While a few studies have examined bargainers' inferences based on active behavior (e.g., Srivastava 2001), relatively little research has focused on how opponents' passive behavior affects perceptions of bargaining outcomes.

Broadly, this research takes a consumer-focused approach to examine the effect of time taken by an opponent to respond to an offer on perceptions of bargaining outcomes, independent of actual outcomes. The focus is to identify behavioral regularities and thereby highlight the malleability of bargaining perceptions and behavior. Identification of systematic biases and their underlying reasons represent the first step towards helping consumers make wiser decisions by making them more vigilant of tactics that may be used by some to manage perceptions and behavior. It is in this spirit that this research examines the extent to which bargaining outcomes are judged comparatively as they are evaluated relative to the inferences about a bargaining opponent based on the time taken to respond to an offer.

This research argues that perceptions of bargaining outcomes may be influenced by cues that emerge from the bargaining environment, such as the time taken by an opponent to respond to an offer. Based on the idea that individuals evaluate outcomes by comparing their outcomes with those of people around them, particularly when objective referents are unavailable (Festinger 1954), the time taken by an opponent to respond to an offer may be used to infer the quality of his/her outcome, which in turn, is used in evaluating one's own bargaining outcomes. In examining the conditions under which cues that emerge from the bargaining context affect inferences about opponents and thereby perceptions of one's own bargaining outcomes, this article traces the mediating role of social comparison judgments in how cues, that are not necessarily social in nature, affect perceptions of bargaining outcomes.

Study 1 tests the hypotheses that bargainers will be less satisfied with their outcomes when their offer is accepted immediately than after a delay. We manipulate the response time using a three factor (no delay, some delay, and negotiated delay) between-

subjects design. Results of study 1 demonstrates that experiencing delay in real time, bargaining outcomes were perceived to be better when an offer was accepted after a delay than when it was accepted immediately, even though the actual outcomes were monetarily equivalent. Also, the intensity of "I could have done better" thoughts mediates this effect.

Study 2 tests the hypothesis that the influence of time taken to respond to an offer on perceptions of bargaining outcomes will be mediated by inferences of conflict within the opponent. We explicitly manipulate response time and level of opponent conflict associated with response time in a four factor (no delay, delay, no delay-associated with conflict, and delay-associated with little or no conflict) between-subjects design and show that perceived level of opponent's conflictedness mediate the effect of response time on perceptions of own bargaining outcomes for the no delay and delay conditions. However, the pattern or results is reversed for the no delay-associated with conflict and delay-associated with little or no conflict, such that the perceptions of own bargaining outcomes are superior in the no delay-associated with conflict condition as compared to delay-associated with little or no conflict condition. Consistent with hypothesis 2, these data showed that the inferred level of conflict within the opponent underlie the effect of response time.

Study 3 explores the boundary conditions for the effect of response time on perceptions of bargaining outcomes and tests the hypothesis that the time taken by an opponent to respond to an offer is likely to have a stronger effect on perceptions of bargaining outcomes in the absence (vs. presence) of an objective (or diagnostic) referent. We manipulated response time and referent presence using a 2 (response time: no delay and delay) x 2 (objective referent: present and absent) between-subjects design. The results corroborate and extend the earlier findings by showing that effect of time taken to respond to an offer is moderated by the presence of an objective referents. Individuals are thus more susceptible to cues that emerge from the bargaining environment in the absence of objective or diagnostic referents.

Together, these three studies demonstrate that the bargaining outcomes were perceived to be superior when an offer was accepted after a delay than when it was accepted immediately. The findings highlight the role of attributions for an opponent's behavior in influencing bargaining perceptions. The results are consistent with the idea that the time taken by an opponent to respond is used to infer the level of conflict within the opponent in making a decision. Specifically, the findings are consistent with the notion that immediacy is linked with little or no conflict whereas a delay in responding to an offer is linked with conflict. The level of inferred conflict, in turn, is used in assessing one's own outcomes. The finding that time taken to respond affected perceptions of bargaining outcomes in the absence versus presence of an objective referent suggests that uncertainty prompts causal analysis and individuals are more susceptible to cues when the need to seek a causal explanation for others' behavior is high.

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