Effect of Delay on Perceptions of Bargaining Outcomes: Moderating Role of Persuasion Knowledge

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This research examines the influence of time taken by a bargaining opponent to respond to an offer on bargainers’ perceptions of their own bargaining outcomes. Extending previous research in several important ways, we propose and test a conceptualization where inferences of opponent’s reservation price lie at the core of the underlying explanation. We provide additional insight into the underlying process by showing that delay influences perceptions of bargaining outcomes only when it is related to the bargaining. Second, we identify and test the role of persuasion knowledge as a moderator on the influence of response time on perceptions of bargaining outcomes. Results of two studies show that activation of persuasion knowledge attenuates the influence of response time on perceptions of bargaining outcomes.

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EXTENDED ABSTRACT

Bargaining and negotiation are perhaps the most fundamental of marketing processes through which buyers and sellers establish terms of exchange. Bargaining is important in consumer markets as well because the prices of many products are negotiated (e.g., automobiles, real estate). Bargaining is the norm rather than the exception in many cultures. However, consumer researchers have devoted disproportionately little attention to bargaining (c.f. Buchan, Croson, and Johnson 2004; Corfman and Lehmann 1993; Schurr and Ozanne 1985; Srivastava and Oza 2006). This anomaly has led to calls for more research on bargaining from consumer researchers (Bazerman 2001).

Recognizing that time and information are two key factors in bargaining, this paper examines the influence of time taken by an opponent to respond to an offer on perceptions of bargaining outcomes. Although the role of costly delay has been empirically examined (e.g., Rapoport et al. 1995; Srivastava et al. 2000), only a few studies examine the effect of opponent’s response time on perceptions of bargaining outcomes (Galinsky et al. 2002; Srivastava and Oza 2006).

This research further examines the influence of delay or the time taken by an opponent to respond to an offer on perceptions of bargaining outcomes. Specifically, this research extends the previous work in two important ways. First, we propose a conceptualization in which inferences of opponent’s reservation price lie at the core of the underlying explanation for the effect of response time on perceptions of bargaining outcomes. Although our conceptualization, based on attribution theory, is similar to Srivastava and Oza (2006), we explicitly examine the extent to which inferences of opponents’ reservation price mediate the influence of response time. Additionally, to provide deeper insight into the underlying process, we explore whether delay per se influences perceptions of bargaining outcomes. To the extent that bargainers infer opponent’s reservation price based on the time taken to respond to an offer, it is necessary for the delay to be directly related to the bargaining situation. Second, exploring the boundary conditions for the influence of response time, we examine whether activation of persuasion knowledge moderates the influence of response time on perceptions of bargaining outcomes.

Three studies are reported in this research. Together, the studies provide insight into the underlying process by identifying and testing the boundary conditions. Identifying conditions in which the effect of response time can be attenuated suggests potential ways of making consumers less prone to falling prey to tactics such as the time taken to respond to an offer.

Study 1 demonstrates that inferences of opponent’s reservation price mediate the effect of response time and that it is not delay per se that affects perceptions of bargaining outcomes. Replicating previous findings, bargainers were more satisfied with their outcomes when their offer was accepted after a short delay than when it was accepted immediately. However, response time influenced perceptions of bargaining outcomes only when the delay was related to the bargaining but had no influence when it was caused by an unrelated event.

Studies 2 and 3 demonstrate that activation of persuasion knowledge attenuates the influence of response time on perceptions of bargaining outcomes. When delay is recognized as a persuasive tactic, persuasion knowledge and its associated defense mechanisms reduce the potential influence of the tactic. Study 2 showed that when bargainers are primed with a description of bargaining processes and associated tactics, opponent’s response time does not influence perceptions of bargaining outcomes. The implications of the priming are clear in that the results show that consumers can be educated to guard against bargaining tactics such as response time. Study 3 showed that persuasion knowledge can be activated without the external intervention of a prime. In fact, persuasion knowledge may be activated spontaneously by cues that may exist in the bargaining situation. For example, study 3 showed that persuasion knowledge was activated by altering the description of the opponent. When the opponent was described as an expert in selling, time taken to respond had no effect on perceptions of bargaining outcomes. It is noteworthy that unlike previous research that activates persuasion knowledge via ulterior motives (e.g., Campbell and Kirmani 2000; William et al. 2004), we activated persuasion knowledge by altering whether the opponent had the ability and knowledge to employ bargaining or persuasive tactics. Importantly, this research highlights the relevance and applicability of the persuasion knowledge model to a bargaining setting.

Overall, this research examines an interaction process factor, such as time taken to respond, that may emerge from within the bargaining environment to influence bargaining processes and outcomes. In addition, the findings provide insight into the boundary conditions for the influence of time taken by an opponent to respond to an offer. From a consumer welfare perspective, we identify a factor that can attenuate the influence of response time on perceptions of bargaining outcomes. Given consumers’ susceptibility to respond time in inferring whether they are better off or worse off in the bargaining relative to opponents (Thompson et al. 1995), knowledge of these factors may help make consumers less prone to attributions and fall prey to bargaining tactics.

References


Inferences of Interpersonal Preference Similarity Based on Unrelated Product Categories
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EXTENDED ABSTRACT

In e-stores such as Amazon.com, someone contemplating any product can be directed to recommendations from users who have bought this product. Such recommendations do not necessarily refer to the product category originally contemplated. Do people think they will like products someone else bought just because this other person likes some unrelated product they themselves like? We propose that the answer to this question is yes. We present a phenomenon we call similarity extrapolation—the psychological transfer of similarity in preferences between self and others from a specific, yet arbitrary, domain to unrelated domains.

We propose that, in the comparison of another person’s preferences with self preferences, people categorize the other in relation to the self, and this categorization serves as a basis for future inferences about the other person. This process is called categorical inference. People form impressions of new individuals based on an active categorization process (Brewer 1988). Moreover, as people often interpret information about others according to its congruency with the self (Gramzow et al. 2001), it is likely that the categorization occurs as a function of how similar to the self individuals are perceived to be. Once categorization takes place, additional attributes of individuals will be inferred (Brewer 1988) according to how individuals fit in the category. In similarity extrapolation, the fit would determine a graded structure leading to an increasing trend that relates degree of similarity in a domain and people’s predicted similarity in other domains.

We explore similarity extrapolation in two studies. The first study was designed to show insensitiveness to domain, that is, that people extrapolate similarity to the same extent from one domain to extremely different domains. In this study, participants first chose one vase in each of 20 pairs. Participants were then matched with another participant (hereafter, partner) who had preferences either similar or dissimilar from theirs for the set of vases. Subsequently, participants learned their partners’ choices for these 20 pairs of vases. Participants were then presented pairs of stimuli in one of four domains—which are new series of vases, sculptures, tourist activities, or comic strips—and were asked to choose the option they preferred, and the option they thought their partner chose. We had 40 participants per domain (20 in the similar and 20 in the dissimilar condition.) Thus, we had 160 participants in total. As we expected, participants picked the same option for the partner and themselves more times with a similar ($M = 14.9, SD = 3$) than with a dissimilar partner ($M = 11.3, SD = 3.2, p < .001$), and this difference was significant by domain. As we hypothesized, participants’ inferred similarity with partners based on preferences for vases was independent of predicted domain.

The second study was designed to both provide evidence for categorical inference as an explanatory mechanism and demonstrate similarity extrapolation with similarity information clearly selected from sets likely to contain disconfirming information. In this study we tested similarity extrapolation from opinions for vases to opinions for tourist activities. Pairs of items were shown side-by-side on the computer screen. Preferences were measured on a six-point scale ranging from “(1) strong preference for the item on the left” to “(6) strong preference for the item on the right.” For the analyses, we report dichotomized responses (choice of one of the two options.) Study 2 involved two selection conditions: full and partial. In the full condition ($N = 59$), participants evaluated three pairs of vases and were then shown the opinions of their partners for the same three pairs of vases. The partial condition involved a second manipulation: partner’s similarity, which could be either similar ($N = 20$) or dissimilar ($N = 20$). Participants first evaluated 12 pairs of vases and were then explicitly told they would be shown their partners’ opinions for either the three pairs for which there was strongest (similar condition,) or weakest agreement between self and partner (dissimilar condition.) After learning partners’ preferences, participants in all conditions were asked to estimate how many times in a set of 10 pairs of tourist activities they would choose the same item as their partner (predicted agreement question.) Participants were then shown 10 pairs of tourist activities and asked to rate each pair on the same scale used to rate vases. Participants were also asked to predict their partners’ preferences (item-by-item prediction.) Results from the partial condition demonstrate insensitiveness to information selection, that is, we observed significant similarity extrapolation in the number of times participants chose the same tourist activity for themselves and for their partners (item-by-item): similar partner ($M = 7.8, SD = 2.14$) versus dissimilar partner ($M = 5.2, SD = 2.48, p = .001$). Participants did not predict significantly higher overall agreement for tourist activities (predicted agreement question) in the similar partner condition ($M = 5.15, SD = 2.43$) than in the dissimilar partner condition ($M = 4.65, SD = 1.53, p > .1$). In the full condition we found evidence for categorical inference. A significant linear trend contrast was obtained from agreement for vases to the predicted agreement question for tourist activities (participants were divided in four groups according to the number of times participants agreed with their partners for the three pairs of vases—denoted by the subscripts from 0 to 3: $M_0 = 3.14, SD_0 = 1.77$; $M_1 = 3.71, SD_1 = 2.02$; $M_2 = 4.05, SD_2 = 1.96$; $M_3 = 6.46, SD_3 = 1.81; p = .001$). A significant linear trend contrast was also obtained from agreement for vases to the item-by-item agreement ($M_0 = 5.71, SD_0 = 2.5$; $M_1 = 5.12, SD_1 = 2.23$; $M_2 = 6.36, SD_2 = 1.71$; $M_3 = 7.31, SD_3 = 1.93; p = .043$). These linear trends suggest categorization occurred in a graded structure such that the more similarity was perceived for vases, the more similarity was inferred for tourist activities.

We conclude with implications of similarity extrapolation for agent decision making, gift-giving, brand extensions, and online recommendations of the type “People who bought this also bought that.”

References