Buying What You Can Get For Free: How Self-Presentation Motives Influence Payment Decisions in Pay-What-You-Want Contexts

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Why do consumers buy products that they can get for free? Three studies show that self-presentation motives explain this behavior. Individuals with high self presentation concerns demonstrate a higher willingness-to-pay and are more sensitive to reference prices in Pay-What-You-Want contexts, but they also find the experience to be aversive.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/1010150/volumes/v39/NA-39

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**EXTENDED ABSTRACT**

When setting a price, firms can choose from a number of different strategies ranging from maximum seller control to maximum buyer control. Most firms choose the former, where the seller has maximum control and the buyer is purely a price-taker—they must pay the seller’s posted price to secure their desired good. However, some firms employ a Pay-What-You-Want (PWYW) pricing strategy where the buyer has maximum control and the seller is purely a price taker. In these instances, the seller must provide the good to the buyer at any price the buyer sets—including zero.

Standard economic theory holds that the most rational response by the buyer in a PWYW scenario is to pay nothing; yet, research shows that consumers rarely do (Gneezy, Gneezy, Nelson, and Brown 2010; Kim, Natter, and Spann 2009). Researchers offer a number of different explanations for this seemingly irrational behavior, including social exchange norms (Elster 1989), fairness and reciprocity (Bolton and Ockenfels 2000), and altruism (Maner and Gailliot 2007), to name a few. We add to this stream by proposing and demonstrating that consumers’ self presentation motives significantly influence willingness-to-pay (WTP) in PWYW contexts.

Self presentation has been defined as the use of behavior to communicate information about oneself to others (Baumeister 1982). In a PWYW context, we posit that consumers pay more than zero because their payment acts as a means to project a favorable image of themselves to others. Therefore, we predict that the percentage of participants who pay for their product will be significantly greater than zero, and that relative to individuals with low self presentation concerns, those with high self presentation concerns will: 1) have higher WTP, 2) be more sensitive to reference prices in the environment, and 3) have a more aversive experience. The two studies we have conducted to date support these predictions.

In Study 1, participants were offered the opportunity to PWYW for a breakfast combo consisting of coffee or tea and their choice of a bagel, danish, or donut. Self presentation was manipulated by whether payment was made publicly or privately (Baumeister 1982). A suggested retail price for the combo was either provided or not. We measured participants’ willingness to pay, how motivated they were to impress others when they generated their payment price, and how motivated they were to spend an appropriate amount. Participants also evaluated how much they enjoyed the PWYW process, what emotions they felt, and whether they would prefer to PWYW or pay a regular posted price in the future.

As predicted, the number of subjects who paid more than zero was significantly greater than zero—in fact all subjects submitted a non-zero payment amount. Participants in the public condition had a significantly higher WTP and a motivation to impress others than their private payment counterparts. Furthermore, the motivation to impress others mediated the effect of visibility on WTP, whereas the effect of a spend accuracy motive did not. Relative to participants in the private condition, those in the public condition enjoyed PWYW less, had lower positive emotions, and had a greater preference to pay a regular posted price vs. PWYW in the future.

Study 2 tests whether our predictions hold for individuals with chronic self presentation concerns, and further examines how reference price magnitude moderates WTP and consumers’ emotional reaction to PWYW. Since individuals with high self presentation concerns tend to be more attuned to social norms and cues in their environment and actively manage their behavior to please others, we expected high self monitoring individuals to be more sensitive to reference price information. In this study, self presentation was a measured individual difference variable based on Snyder’s (1974) 25-item Self Monitoring Scale. Reference price magnitude was manipulated by having the retailer provide a very low or a very high suggested price for the breakfast combo. No reference price information was provided in the control condition. We expected high self monitors to pay significantly less (more) than low self monitors when provided with a very low (high) reference price. Furthermore, we expected a more aversive subjective experience of PWYW for high self monitors.

The results supported our predictions. First, when a very low (high) reference price was provided, high self monitors paid significantly less (more) than low self monitors. In deciding on what to pay, high self monitors were more motivated by impressing others, and low self monitors were more motivated by spending the right amount of money. High self monitors reported a more aversive subjective experience, as well as higher levels of negative emotions such as anger, guilt, sadness, shame, frustration, and worry. Interestingly, the interplay between external references and self monitoring appears to influence post-purchase behavior as well. When no or low reference prices are provided, high self monitors reported being more likely to avoid the vendor in the future, but when a high reference price is provided, they are less likely to avoid the vendor in the future.

We are currently running a third study to test overt pressure as a boundary condition of self presentation motives in PWYW. Baumeister (1982) argues that if one is primarily concerned with one’s public image, then conformity should decrease as overt pressure increases, since in these conditions yielding and conforming is bad for one’s public image. In study 3 we manipulate overt pressure based on learning what close others pay in these settings (paying zero or very low prices). So far, preliminary results support our predictions. This study and an extension will be completed in the next few months.

In sum we show that self presentation concerns explain why consumers pay more than zero in PWYW pricing, how they react to firm provided reference prices, and how they react to social pressure. This research demonstrates the powerful effects of social forces in economic transactions, and why a buyer might prefer the economic disadvantage of traditional pricing structures over the economic advantages of PWYW.

**REFERENCES**


