“Wanna Supersize That?” Consumers’ Choice of Superior Options

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This research provides a clarification of the consumer’s decision process underlying an upsell choice and answers the question of when and why consumers decide in favor of a superior option. It shows that consumers’ choice depends upon initial cognitive effort investments and the framing of the upsell arguments.

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EXTENDED ABSTRACT

“Would you like to supersize that?” In many industries, consumers are offered the opportunity to revise their initial decision in return for a superior but more expensive product or service option. For instance, when checking in at an airport or hotel counter, consumers are frequently encouraged to reconsider their initial reservation and book a higher-quality but more costly flight or room (Verrecellis 2009). This marketing technique is referred to as upselling. Even though upselling attempts are commercially appealing, there is little research on how consumers respond to upsell offers. While research on sequential decision making (Novemsky and Dhar 2005) and preference reversals (Bechwati and Siegal 2005; Okada 2001) may provide initial insights into this phenomenon, it does not explicitly examine when and why consumers decide to accept an upsell. Hence, the purpose of this research is to develop a conceptual model of the upselling decision process and to clarify when consumers may accept such offers. Specifically, we develop a theoretical model that argues that the upselling process is best conceptualized as a three-step decision process (step 1: initial decision; step 2: upsell offer; step 3: final decision). Based on this model, we propose that the cognitive effort invested in the initial choice stage affects the decision in the final choice stage and that the framing of the upsell offer moderates this relationship. According to the effort-accuracy framework, individuals strive to maintain a balance between cognitive effort and the accuracy of a decision strategy (Bettman et al. 1993). Moreover, choice tasks that require high amounts of effort raise switching barriers (Burnham, Frels, and Mahajan 2003) and lead to a cognitive lock-in (Murray and Häubl 2007; Zauberman 2003). In the context of upselling, consumers that invested high amounts of effort in the initial choice stage may thus be more likely to experience a cognitive lock-in regarding their initial decision. As a result, they may be more prone to stick to that decision even when they are offered a superior option. Hence, this raises the question of how cognitive lock-in may be attenuated.

Arguably, the goal frame used for communicating the upsell may help to reduce lock-in and to increase the effectiveness of upsell offers (Levin, Schneider, and Gaeth 1998). As such, upsells may either be framed in terms of the advantages of accepting the offer and revising one’s initial decision (gain frame) or in terms of the disadvantages of rejecting the offer and confirming one’s initial decision (loss frame). We postulate that consumers will respond more favorably to upsell offers that emphasize losses rather than gains, especially when they expended high amounts of effort in the initial decision stage. In such situations, loss-framed messages may enhance anticipated inaction regret and may suggest stronger reasons for a decision switch (Connolly and Zeelenberg 2002). In contrast, when cognitive effort is low, there should be little lock-in so that the effectiveness of upsell offers should not differ across different frames. Three studies were conducted to test this prediction.

Study 1 (n = 103) used a 2 (cognitive effort: low, high) x 2 (goal frame: loss, gain) between-subjects design in a hotel setting. A 2 x 2 ANCOVA revealed the predicted interaction between effort and goal frame. In the high effort condition, upsells featuring loss frames were more effective than those featuring gain frames. In the low effort condition, the likelihood of choosing the upsell did not vary across goal frames.

Study 2 (n = 155) was designed to replicate the results of study 1 and incorporated a number of important variations (e.g., different industry, sample of adult consumers, use of filmed scenarios). In addition, we also sought to provide evidence of the underlying process. As in study 1, the results revealed the critical interaction between effort and goal frame. When cognitive effort was high (but not when it was low), loss frames were more persuasive than gain frames. Moreover, a mediation analysis showed that anticipated inaction regret mediated the impact of different goal frames in the high effort condition.

Finally, study 3 (n = 301) was designed to identify a boundary condition for these effects. As such, loss frames may be more effective because they provide consumers with better reasons for justifying a decision change. If this is the case, then the difference between gain and loss frames should disappear when consumers feel that need for justification is absent. The results revealed a significant interaction between need for justification and goal frame. As such, loss frames were more effective when need for justification was present but not when it was absent.

Summarizing, all studies provide converging evidence that consumers’ responses to superior upsell offers depend on the amount of cognitive effort exerted at the initial choice stage and the goal frame (see Table 1). These results not only enhance our understanding of upselling processes, but may also contribute to research on preference reversals and decision justification. That is, our studies suggest that preference reversals may be more likely to be observed when loss frames rather than gain frames are used since the former may enhance anticipated inaction regret and may provide a better justification for revising one’s initial decision.

REFERENCES


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