

# The Favor Request Effect: Requesting a Favor from Consumers to Seal the Deal

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When consumers and sellers negotiate on price, the seller's goal is to complete the sale at a profitable price. In this research, we show that sellers who pair a discounted offer with a favor request can increase the probability that a consumer will accept the offer. The effect, which we refer to as "the favor request effect", is found across multiple shopping contexts and multiple types of favor requests (experiment 1) and in negotiations involving financial consequences (experiment 2). The favor request effect operates by increasing consumers' perceptions that the interaction with the seller is reciprocal, which in turn increases their confidence that they have obtained the lowest price (experiments 3 and 4). Finally, the moderating role of the magnitude of the discount offered on the effectiveness of the favor request is explored (experiment 5).

**Keywords:** persuasion, social influence, negotiation, reciprocity, buyer–seller interactions

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A consumer purchase involves an exchange of payment for a good or service. For an exchange to make economic sense, the consumer must value the item more than its price. Thus, before buying in a posted price setting, consumers must determine whether they value an item more than its posted price. In negotiated price settings, the consumer's problem is more complex because the consumer and seller must agree to a price that is both below the consumer's subjective valuation of the item and above the seller's marginal costs. Agreement on a price can be difficult to achieve for two reasons. First, the perceived zero-sum

nature of these exchanges can cause consumers to adopt a competitive orientation, which can make achievement of a mutually beneficial outcome unlikely (Evans and Beltramini 1987). Second, because consumers generally have a poor understanding of sellers' closely guarded cost and profit information (Bolton, Warlop, and Alba 2003), consumers often lack confidence that they have obtained the lowest price (Chandon, Wansink, and Laurent 2000; Dutta 2012; Dutta and Bhowmick 2009; Srivastava and Lurie 2004).

If these two obstacles can be overcome, many price negotiations that might otherwise end without a deal would produce a mutually beneficial exchange. That is, both parties ultimately want to strike a deal in which the seller receives a profit and the buyer a surplus. Unfortunately, even consumers who value an item above the currently negotiated price may refuse the deal if they have adopted a competitive orientation and/or are uncertain about having obtained the lowest price. In such situations, welfare is lost because the seller has lost profit and the consumer has lost surplus.

This article suggests that a path to more successful price negotiations is paved by two conditions: (1) consumers regarding the negotiation less as a competitive and more as a reciprocal interaction and (2) an increase in consumer

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confidence in having obtained the lowest price. To create these conditions, we propose that sellers in a negotiation pair a price concession with the request of a favor from consumers. Adding a favor request to a price concession should help consumers view the interaction as more reciprocal because the favor request makes the seller's willingness to negotiate on price seem more like a sacrifice, which is the first step in a reciprocal interaction.

This change in perception of the seller-buyer interaction should have both a direct and an indirect effect on the consumer's willingness to accept the deal. The direct effect occurs because reciprocal interactions involve two parties giving to each other. In a price negotiation, the consumer can reciprocate to a price concession via one of the following steps: (1) giving money to the seller (i.e., making the purchase), (2) providing the requested favor, or (3) both. Because the consumer is likely to regard providing the favor as contingent on making the purchase, reciprocation typically involves accepting the deal. A favor request should thus help seal the deal by first transforming the consumer's perception of the interaction into one that is more reciprocal. Second, this change in the consumer's perception should also have an indirect influence on deal acceptance by affecting inferences about the price offer itself. Because those in reciprocal interactions are less likely to regard the actions of others as solely self-interested (Flynn 2005), viewing the price negotiation as a more reciprocal interaction should cause the consumer to believe that the discounted price is more representative of the seller's price floor. In other words, when the price offer is viewed through the lens of a reciprocal interaction, the consumer will be more certain that he or she has received the lowest possible price, which will increase deal acceptance.

## THEORETICAL DEVELOPMENT

### Obstacles to Exchange in Price Negotiations

If we accept that the role of marketing is to facilitate exchange by helping consumers solve problems and satisfy unmet needs (Kohli and Jaworski 1990; Kotler 2000), then one key to successful marketing lies in removing impediments to exchange. A wealth of consumer research focuses on removing exchange constraints in settings wherein price is exogenous to preferences. Exchange constraints in posted price settings include consumers' lack of awareness of the solutions available in the marketplace (Spiggle and Sewall 1987), inability to identify the best item from those available (Iyengar and Lepper 2000; Luce 1998), and difficulty in valuing ambiguous attributes (Hsee et al. 1999).

When these obstacles have been overcome and the consumer has identified a sufficiently appealing item, the consumer's problem converts to an examination of price and

value; the consumer must decide if the posted price is below the item's value. From an economic standpoint, this is a necessary condition of willingness to purchase, although it is not sufficient because consumers may opt to wait if they believe there is a high probability that a lower price will be available in the near future (Corbin 1980; Dhar 1997; Greenleaf and Lehmann 1995).

In contrast to posted price settings, there are many items for which the purchase price is not simply posted but rather is negotiated by the seller and the prospective buyer. Settings where price negotiation is common in the United States include the sale of houses, art, designer or vintage fashion, personal loans (e.g., mortgages), and cars. In some countries, such as India, price negotiation is common for an even wider array of consumer products and services. Price negotiation is also the norm in many business-to-business markets.

In price negotiation settings, the pre-exchange comparison of value with price is replaced by a negotiation that can culminate in exchange if the process reaches a price that is both profitable for the seller and below the consumer's valuation of the item. While these conditions are economically necessary for exchange, they are not sufficient. This is because consumers generally assume that sellers' actions are focused on trying to get the most for themselves. That is, consumers generally assume that sellers are strictly pursuing their own best interests. According to Campbell and Kirmani (2000, 72), the default assumption is that consumers regard most salespeople as "motivated by the desire to sell the product or make a commission" and thus expend cognitive resources to recognize and cope with persuasive tactics that a seller is perceived to be using (Friestad and Wright 1994). In their study of buyer and seller behaviors at swap meets, Belk, Sherry, and Wallendorf (1988) found that nonregular sellers were more likely to expect to bargain and engage in price negotiations, behavior consistent with inexperienced consumers holding the belief that the seller and buyer have mutually opposing interests (Angelmar and Stern 1978; Corfman and Lehmann 1993; Pruitt 1981; Raiffa 1982; Schurr and Ozanne 1985). In fact, prior research has suggested that a seller's offer of a discount can even decrease consumer confidence in the value of the deal offered (Chandon et al. 2000; Raghurir, Inman, and Grande 2004; Wansink and Laurent 2000).

If mutually beneficial exchanges are undermined by consumer beliefs that sellers engage in negotiations solely out of self-interest, then one key to promoting exchange and fostering deal acceptance (i.e., the purchase of a discounted offer as is) lies in altering the way consumers view the interaction. We thus propose that one effective way to foster deal acceptance during a price negotiation is to help consumers perceive the interaction as more reciprocal.

## Perceiving the Interaction as Reciprocal

Although reciprocity is most commonly understood as a norm activated by a sense of indebtedness (Gouldner 1960), research has also treated it as an interpersonal construct that helps stabilize relational exchange (Bagozzi 1995; Becker 1986; Pervan, Bove, and Johnson 2009). According to Bagozzi (1995, 276) reciprocity plays “a complementary role to self-interest in economic exchanges. . . [it is] a social glue and shock absorber that, temporarily at least, satisfies the parties to an exchange, within reasonable bounds.” Social interactions, including price negotiations, can vary in the degree to which reciprocal norms hold. That is, a price negotiation might be seen under some circumstances as a competitive transaction between two adversaries or as a reciprocal interaction that provides benefit to both.

In line with this expanded view of reciprocity, we propose that the seller’s willingness to negotiate on price might be seen under some conditions as more of a self-serving activity and under other conditions as a willingness on the part of the seller to sacrifice to support a mutually beneficial outcome (i.e., an exchange). The idea that an activity undertaken by a seller can be viewed differently under different circumstances is consistent with DeCarlo (2005), who contends that the context of the sales setting can influence how suspicious consumers are of sales agents’ motives.

We argue that willingness to engage in a price negotiation can be viewed along a spectrum from a competitive ploy to a first step in a reciprocal process intended to lead to a mutually beneficial outcome. Because negotiations are often hindered when one party adopts a competitive orientation (Cross et al. 2007; Williams and Attaway 1996), we expect that any activity taken by the prospective seller that moves the buyer’s perception of the negotiation from the competitive end of the continuum toward the reciprocal end of the spectrum will increase consumers’ willingness to accept the deal. To appreciate how this might work, consider the following sequence of events. The seller makes a price concession. For many consumers who enter the negotiation with a competitive orientation, this willingness to negotiate on price will be seen as nothing more than a persuasion tactic (Campbell and Kirmani 2000). However, if the consumer can be helped to view the interaction as more reciprocal, the same price concession will be seen by the consumer as more of a sacrifice to achieve a mutually beneficial exchange. Given that the consumer’s main way to reciprocate to such a sacrifice is to trade money for the item the seller is selling, such a change in perception of the interaction should increase consumer willingness to make the purchase (i.e., accept the deal).

If this view of the price negotiation between a seller and a prospective buyer is correct, the key to facilitating deal acceptance lies in changing how the consumer views the

interaction as more reciprocal. We suggest that one way to do so is for the seller to request a favor of the prospective buyer.

## The Favor Request Effect

We propose that sellers can alter how the consumer perceives the interaction by pairing a price concession with a favor request (i.e., the seller requests an action on the part of the consumer beyond what would be considered usual in the exchange). We expect the seller’s favor request to change the perceived nature of the interaction because of the strong association between favors and reciprocity—the pan-cultural social norm that obligates people to repay received favors (Gouldner 1960). While a consumer may by default see a seller’s willingness to negotiate on price as a self-interested activity, adding the request for a favor should alter the consumer’s perception of this activity, causing the consumer to see it more as the first step in a reciprocal interaction, where the consumer’s reciprocation is the second (reciprocating) step. This is in stark contrast to simply offering a discount as a self-serving ploy to sell a product.

This view of the negotiation interaction is consistent with prior research that shows that negotiation partners who provide a small concession can make their negotiation partner feel the need to reciprocate (Maxwell, Nye, and Maxwell 2003; Mintu-Wimsatt and Graham 2004; Smith, Pruitt, and Carnevale 1982). It is also consistent with prior research on perceptions of reciprocity (Pervan et al. 2009) that suggests reciprocity is a form of exchange in which balance between parties can be achieved with reciprocating actions that occur across issues (Homans 1958), such that reciprocity involves favors that are not necessarily repaid immediately or in kind (Burger et al. 2009). As such, whereas consumers’ default perception is that their interaction with a seller is nonreciprocal, pairing a price discount with the request for a favor can change this perception by making the favor request seem like the second step or “bookend” to a reciprocal interaction, in which the first step or “bookend” is the seller’s willingness to negotiate on price. In sum, the sequence of these two steps or the co-presence of these two bookends should facilitate consumer perceptions of their interaction with the seller as more reciprocal.

Changing the perception of the interaction from more competitive to more reciprocal should have a direct positive effect on the consumer’s willingness to accept the price offer the favor was paired with because the ways the consumer can reciprocate are limited to (1) buying the item at the deal price, (2) performing the favor, and (3) doing both. Put differently, the favor request should alter the perception of the interaction to be more reciprocal, which should compel the consumer to reciprocate to the seller’s willingness to lower price by accepting the deal with which

the favor request was paired, a phenomenon we refer to as the “favor request effect.” Our predictions thus far are captured by our first two hypotheses.

**H1:** When a seller offering a discount also requests a favor of a consumer, the consumer will be more inclined to perceive the negotiation interaction as reciprocal.

**H2:** When a seller offering a discount also requests a favor of a consumer, the consumer will be more inclined to accept the offer than when no request for a favor is made (favor request effect).

Reciprocity has been shown to lead to self-presentation concerns, guilt, and interpersonal connectedness (Dahl, Honea, and Manchanda 2005). It has also been shown to alter internalized standards of behavior (Perugini et al. 2003) and perceptions of a party who performs a favor (e.g., increased trust in the seller; Ert, Creary, and Bazerman 2014). Relatedly, reciprocity has been found to change how actions of others are perceived. For example, people in reciprocal interactions are less likely to regard the actions of others as self-interested (Flynn 2005).

In the context of a price negotiation, altering the consumer’s perception of the interaction to be more reciprocal should cause the consumer to view the deal offered as less of a ploy and more of a sacrifice, thereby increasing the consumer’s confidence in having obtained the lowest price. Given that some consumers are often tempted to hold out for a better (lower) price in the future (Dutta 2012; Dutta and Bhowmick 2009; Srivastava and Lurie 2004), increasing this confidence should also increase deal acceptance.

**H3:** An increase in the consumer’s perception that the negotiation interaction is reciprocal will also increase the probability of deal acceptance via an increase in confidence in having obtained the lowest price.

## Experimental Overview

Our objective is to demonstrate the favor request effect, in which the pairing of a price discount with a favor request increases the probability that the consumer will accept a deal. We also outline conditions under which this effect occurs. Experiments 1 and 2 provide initial evidence of the favor request effect. Specifically, experiment 1 demonstrates the positive effect using two product categories and two types of favor requests. Experiment 2 replicates this effect using a third product category as well as a multi-stage negotiation setting with real monetary stakes. Experiments 3 and 4 show that the favor request effect operates by increasing consumers’ perception that their interaction with the seller is of a reciprocal nature. Finally, experiment 5 examines the critical role of price in the effectiveness of the favor request effect.

## EXPERIMENT 1: INTRODUCING THE FAVOR REQUEST EFFECT

This experiment provides a first test of whether pairing a discounted offer with a favor request increases the probability of deal acceptance. We test two product categories (record player and coffee table) and two favor requests (recommending the store to a friend and writing a positive review).

### Method

Participants were randomly assigned to one of six conditions in a 2 (scenario: shopping for a record player vs. shopping for a coffee table)  $\times$  3 (favor request: none vs. write an online review vs. recommend the store to a friend) between-subjects design.

*Shopping Scenario Manipulation.* Participants began by reading a shopping scenario in which they adopted the role of a consumer seeking either a record player or a coffee table. Participants were then asked to imagine that while visiting a *vintage furniture store/electronics dealer*, they found an appealing product. Specifically, participants read, “You find a *coffee table/record player* that is appealing to you, but it’s listed at a price of \$80 and you don’t have much spare money at this point in time. Given the nature of the store, however, you are fairly certain that the dealer will be open to negotiating on the selling price, so you initiate a negotiation with the seller.”

On the next page, participants were offered a reduced price by the shop owner. Specifically, the coffee table owner said, “I spent a lot of time reclaiming that particular piece, and it cost a fair amount to begin with,” and the record player owner said, “The products we sell are very high quality, and we pride ourselves on our competitive pricing.” The owners in both conditions then said, “I am willing to lower the price, but you need to know that \$80 was already a very good price on this coffee table/record player.” Participants then read, “After deliberating for a while, the seller agrees to sell you the coffee table/record player for \$64, saying that it is her absolute lowest price.”

*Favor Request Manipulation.* Participants in the control condition read no further information. Participants in the two favor request conditions (review/recommend) read, “At that price she [the owner] would hope that there is something in it for her.” Participants in the favor request (review) condition also read, “Specifically, she says that after purchasing the *coffee table/record player* and completing your purchase you should post a positive review on the *vintage furniture store/electronics dealer* review website.” Those in the favor request (recommend) condition also read, “Specifically, she says that after purchasing the *coffee table/record player* and completing your purchase



you should recommend the store to a friend who might be interested in buying *vintage furniture/audio equipment*.”

At this point, we collected participants' reactions to the deal using three responses natural to a negotiation process (accept, reject and counteroffer, or reject). Oftentimes, sellers face limited time resources while engaging in negotiations, and they reach a point in any negotiation where the marginal costs of continuing exceed the marginal costs of abandoning. As such, in all studies (aside from study 2), participants who selected reject and counter were told that the seller abandoned the negotiation, and for purposes of analysis, this response was combined with the reject response. This is consistent with our goal of showing that the favor request increases acceptance of the discounted offer without incurring additional costs to the seller (i.e., deal acceptance).

**Participants and Procedures.** We recruited 338 participants for a “4 minute study about shopping” from Amazon Mechanical Turk (MTurk) in exchange for financial compensation. Each study session lasted approximately four minutes. After we eliminated 17 participants who failed to fully complete the study and 2 who indicated that they would never consider purchasing in their assigned product category, 319 participants remained for analyses.

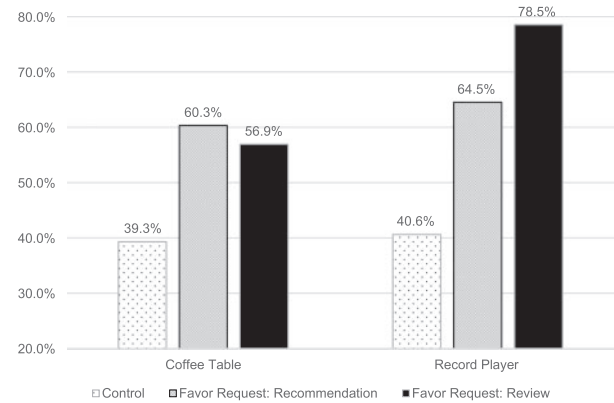
## Results

We examined the effect of the favor request on the probability of accepting the discounted offer. Figure 1 illustrates the conditional probabilities of accepting based on condition. We analyzed the probability of accepting (vs. rejecting) the offer using logistic regression, with binary variables for scenario (coffee table vs. record player), recommendation favor request, review favor request, and the two favor requests' interactions with the scenario. Both scenarios led to an equal probability of offer acceptance (coffee table = 52.38% vs. record player = 61.26%;  $\beta = .053$ ;  $Z = .02$ ,  $p = .88$ ). In addition, for each scenario we found that both favor requests increased the probability of acceptance as compared with the control. This provides initial evidence for the favor request effect (hypothesis 2).

Specifically, the request for a recommendation increased the probability of acceptance from 40.00% to 62.40% ( $\beta = .914$ ;  $Z = 12.37$ ,  $p < .01$ ); this effect did not differ significantly between the coffee table (60.32%) and record player (64.52%) scenarios ( $\beta = .126$ ;  $Z = .06$ ,  $p = .81$ ). The request for an online review increased the probability of acceptance from 40.60% to 67.69% ( $\beta = 1.191$ ;  $Z = 19.75$ ,  $p < .01$ ). We found that the effect of the review request was marginally stronger in the record player scenario ( $\beta = .961$ ;  $Z = 3.21$ ,  $p = .07$ ), with a probability of acceptance of 78.50%, than in the coffee table scenario (56.90%). Despite this difference, the review favor request still significantly increased the probability of discounted

FIGURE 1

### EXPERIMENT 1: THE EFFECT OF FAVOR REQUESTS ON DEAL ACCEPTANCE



offer acceptance for both the coffee table (56.90% vs 39.30%;  $\beta = .712$ ;  $Z = 3.85$ ,  $p = .05$ ) and record player (78.5% vs 40.6%;  $\beta = 1.672$ ;  $Z = 17.95$ ,  $p < .01$ ) scenarios.

## Discussion

Experiment 1 establishes the favor request effect. That is, requesting a favor increased the probability that consumers would accept a discounted offer. We replicate this effect across two purchasing scenarios (a coffee table from a vintage furniture store and a record player at an electronics store) and two types of favor requests (review the store online and or recommend the store to a friend).

### EXPERIMENT 2: THE FAVOR REQUEST EFFECT IN A NEGOTIATION WITH FINANCIAL STAKES

Experiment 1 demonstrated the positive effect of pairing a discounted offer with a favor request in hypothetical single discount scenarios. In experiment 2, we investigate whether the effect persists when monetary stakes are at play in price negotiations and where the seller has lowered the price more than once. We do so by using a multistage negotiation paradigm adapted from Srivastava and Oza (2006), who incentivized negotiation in advance of a consumer choice. We created an iterative negotiation between a seller and a prospective consumer, in which consumers requested a (lower than initially listed) price and received at least one counteroffer. To further generalize across product categories, the negotiation took place over a piece of art.

Showing that the favor request effect extends to a situation where the seller has lowered price at least twice is

important because many real-world negotiations involve multiple rounds of concessions. It is possible that the favor request effect will not manifest in such a setting because the willingness of the seller to lower the price more than once may be met by the consumer with a sense that there is always a lower price to be had (more strongly entrenching perceptions of a competitive relationship and concerns about not having obtained the lowest price). If so, then adding a favor request to this setting might backfire. However, the consumer knows the price negotiation has to stop at some point, and adding a favor request to a concession may operate as it did in the first experiment, namely by providing evidence that the current price concession represents a sacrifice by the seller in the interest of achieving an exchange. If so, the favor request effect should persist after multiple price concessions as well.

## Method

As in experiment 1, participants were told that they would be involved in a shopping scenario from the perspective of a consumer interested in purchasing a product; in this case a piece of art. In addition, they were told that they would have the opportunity to negotiate the price of this product and would have a chance to earn a monetary bonus based on the outcome of the negotiation. This bonus was contingent, however, on successfully completing a negotiation (at the lowest possible price). We thus incentivized participants to try to obtain the lowest price for an agreed upon offer, and participants had real money at stake during the negotiation. To ensure that participants negotiated in a realistic manner, they were also told that the seller would likely reject "extremely low-ball" offers and then terminate the negotiation process. Participants thus were motivated to consider the amount of their offers as carefully as they would in a real-life purchase setting. The appendix provides the instructions verbatim.

After reading these instructions, participants were introduced to the actual shopping scenario. They were told to imagine that they were browsing a local art shop and found a painting that was appealing to them, "but it's listed at a price of \$100 and you don't have much spare money at this point in time. Given the nature of the store, however, you are fairly certain that the dealer will be open to negotiating on the selling price, so you initiate a negotiation with the shop owner."

*Setting the Stage: First Consumer Offer and First Seller Counteroffer.* Participants began the price negotiation with an initial offer of their choosing (less than \$100). After making an initial offer, they wrote a short justification of their offer to the shop owner. Because we wanted to select only the participants who would actively (and seriously) engage in negotiations with the seller, we programmed the survey instrument so that any initial offer

below \$40 was rejected outright, with participants being informed that the seller refused to negotiate further. Participants who provided an offer of greater than \$40 (denoted as X) read the following response from the shop owner: "Your offer of \$X isn't acceptable. My artists spend a lot of time on their paintings, and I have to respect the value of their work. I am willing to lower the price to \$Y, but you need to know that \$100 was already a very good price on this piece." We calculated Y as a 25% movement from \$100 toward the participant's offer. For example, if the participant offered \$60, the seller would respond with an offer of  $\$100 - (\$100 - \$60) \times \frac{1}{4} = \$90$ . At this point, participants were given the choice to accept the offer, reject the offer, or reject the offer and make a counteroffer. We eliminated participants who either rejected or accepted the offer from further analyses. Those who continued to the next step of the negotiation provided the sample for our analyses.

The remaining participants were asked to provide a counteroffer (W) and another short justification for the value of their offer. After doing so, they read, "After deliberating for a while, the dealer agrees to sell you the painting for Z, an amount higher than your last offer of W. She says that Z is her absolute lowest price." We calculated Z by splitting the difference between the seller's counteroffer (Y) and the participant's counteroffer (W). That is, Z was a 50% movement between the participant's most recent offer and the seller's previous offer. For example, if the participant offered \$70 in response to the seller's reduced offer of \$90, the seller responded with an offer of  $(\$90 - [\$90 - \$70] \times \frac{1}{2}) = \$80$ .

*Favor Request Manipulation.* We randomly assigned participants to either the favor request condition or the control condition. Those in the control condition read no further information, while those in the favor request condition read the same protocol as participants in experiment 1's review request condition, which we adapted to be a review posted on "the local art dealer's website." Subsequently, all participants decided among accepting the offer, rejecting the offer, or rejecting the current offer and providing another counteroffer. Those who opted to reject and counter were told that the seller ended negotiations without making the sale, and they were denied the opportunity to provide a counteroffer. As in experiment 1, the ability of the seller to close the deal at this stage was the focus of our analysis. Following the negotiation task and their final decision, participants indicated if they remembered whether the seller requested anything as part of the deal (yes, no), as a check on whether they carefully read the scenario.

*Participants and Procedure.* Participants were 276 adults from MTurk who were paid \$0.20 base compensation for completing the experiment. Each participant also had the opportunity to earn up to \$0.50 extra (250% of the

base payment) depending on how low a price they managed to obtain successfully from the seller in the final deal, as described in the appendix. After we filtered out 115 participants who exited negotiations before the final stage (before the manipulation could occur) and 25 who failed to remember whether they were requested a favor, 136 participants remained for analyses.

## Results

We found a positive effect of pairing a favor request with a discounted offer on the probability that participants would accept the offer (68.9% vs. 48.4%;  $\chi^2(1) = 5.90, p = .01$ ), providing evidence that the favor request effect (hypothesis 2) holds in the context of incentivized negotiations. Separating the two types of rejections, post hoc tests indicated that consumers who did not accept the offer were not more (or less) likely to exit the negotiation (9.5% vs 12.9%;  $\chi^2(1) = .02, p = .89$ ). That is, while requesting a favor increased the probability of closing the deal, it did not come at the cost of encouraging other consumers to exit the negotiation.

## Discussion

This experiment provides further evidence of the favor request effect—namely, that it persists in an art purchasing context when consumers have received multiple price concessions and also when consumers face real financial stakes. Furthermore, we showed that while pairing a favor request with a price discount increases acceptance, failure to do so does not necessarily increase the likelihood that nonaccepting participants will exit the negotiation.

### EXPERIMENT 3: THE FAVOR REQUEST EFFECT, PERCEIVED RECIPROCITY, AND CONFIDENCE IN HAVING OBTAINED THE LOWEST PRICE

Thus far, we have argued that the favor request effect operates by affecting the perception that the interaction is reciprocal, which in turn provides a new lens through which the consumer can view the discount offered. Whereas experiments 1 and 2 focused on demonstrating the favor request effect, experiment 3 explores why this effect occurs. Specifically, we test the idea that the favor request effect operates through a change in perception of the interaction (toward being more reciprocal), as well as indirectly through an inference that the lowest price has been achieved.

## Method

*Shopping Scenario Manipulation.* Participants read a scenario that was adapted from experiment 2 to feature a

single-stage negotiation paradigm akin to experiment 1. The scenario first told participants that they would read a shopping scenario as a consumer interested in purchasing a product at a local art gallery. Participants were then told, “You find a painting that is appealing to you, but it’s listed at a price of \$100 and you don’t have much spare money at this point in time. Given the nature of the store, however, you are fairly certain that the dealer will be open to negotiating on the selling price, so you initiate a negotiation with the seller.” On the next page, participants were offered a reduced price by the shop owner. Specifically, the owner said, “My artists spend a lot of time on their paintings, and I have to respect the value of their work. I am willing to lower the price, but you need to know that \$100 was already a very good price on this painting.” Participants were then told, “After deliberating for a while, the owner agrees to sell you the painting for \$80, and says that it is her absolute lowest price.”

*Favor Request Manipulation.* In the control condition, participants read no further information. Those in the favor request condition read the same protocol as those in the review request condition in experiments 1 and 2; the only difference was that we softened the request from the seller to the following: “It would be nice if you would consider posting a positive review on the local art dealer’s website.” Subsequently, all participants indicated their preference for accepting the offer, rejecting the offer, or rejecting the offer and providing a counteroffer.

*Stimuli and Measures.* After making their decisions, participants completed two scales to help identify the mechanisms underlying the favor request effect—namely, perceived reciprocity (of the interaction) and confidence in having obtained the lowest price. Regarding the first mechanism, our approach was to measure perceived reciprocity of the interaction and show that it increases under the favor request condition. To do so, we used the “perceived reciprocity” scale from Pervan et al. (2009), which extends the quid pro quo notion of reciprocity to a relationship-governing norm wherein “returns are not necessarily immediate or in kind, but where over time a balance of exchange is achieved” (2009, 61). This scale is composed of three items: “Overall with the owner, there is a balance in our dealing”; “Overall with the owner, we provided each other with equal benefits”; and “Overall with the owner, the benefits we provide and receive even out over time” ( $\alpha = .90$ ) rated on a 7 point Likert scale. Regarding confidence in having obtained the lowest price, participants rated the following series of statements adapted from the perceived overpayment risk scale (Dutta 2012;  $\alpha = .78$ ), also on a 7 point Likert scale: “I am confident that I was offered the painting at the lowest possible price by the owner,” “The final offer for the painting is probably the lowest price available in the market for this painting,” “I did NOT risk paying too much if I bought the painting,”

and “I am NOT likely to find a lower price for this painting from another store.” We randomized the presentation order of the scales between participants; we also randomized the order of all items within each scale for each participant. Finally, participants provided demographic information, which did not affect any of our results.

*Participants and Procedure.* We recruited 299 participants for a “5-minute study about art shopping” from MTurk in exchange for \$0.40. Participants completed the study in five minutes on average.

**Results**

The objective of experiment 3 was to provide evidence that the favor request effect operates (1) directly, through changes in perceived reciprocity and (2) indirectly, through an increase in consumers’ confidence that they obtained the lowest price. Table 1 provides the descriptive statistics, by condition.

To test the hypotheses, we conducted a serial mediation analysis following Preacher, Rucker, and Hayes (2007).

We obtained the bias-corrected and accelerated confidence intervals (95% CIs) for the indirect effects using 10,000 bootstrap samples (Preacher and Hayes 2008). We present the individual coefficients, for illustrative purposes, in figure 2.

First, we find that the favor request increased the perceived reciprocity in the interaction ( $\beta = .33$ ;  $t(297) = 2.43, p = .02$ ) and that this perceived reciprocity, in turn, increased the probability (controlling for stated confidence in having obtained the lowest price) that the deal was accepted ( $\beta = .77$ ;  $Z = 4.55, p < .01$ ). The 95% CI for the indirect effect of perceived reciprocity excluded zero (paths  $a \times c2 = .2563$ ; 95% CI: [.0473, .5711]), providing evidence that perceived reciprocity mediates the favor request effect (even after we accounted for measured confidence in having obtained the lowest price). Thus consistent with hypothesis 1, the favor request effect operates by making the interaction seem reciprocal.

Second, we also hypothesized that the perceptions of a reciprocal interaction would increase consumer confidence in having obtained the lowest price. Consistent with hypothesis 3, we find that an increase in perceived reciprocity also increased consumer confidence in having obtained the lowest price ( $\beta = .54$ ;  $t(296) = 10.51, p < .01$ ). As expected, this confidence increased the probability of deal acceptance ( $\beta = 1.12$ ;  $Z = 6.32, p < .01$ ). To assess whether this effect provides additional explanatory evidence, we also calculated the conditional indirect effect through both perceived reciprocity and confidence in having obtained the lowest price (serial paths  $a \times b1 \times b2$ ). Again consistent with hypothesis 3, we found that the 95% CI excluded zero (.2014 [.0380, .4197]). Finally, we failed to find evidence for an indirect effect through only confidence in

**TABLE 1**

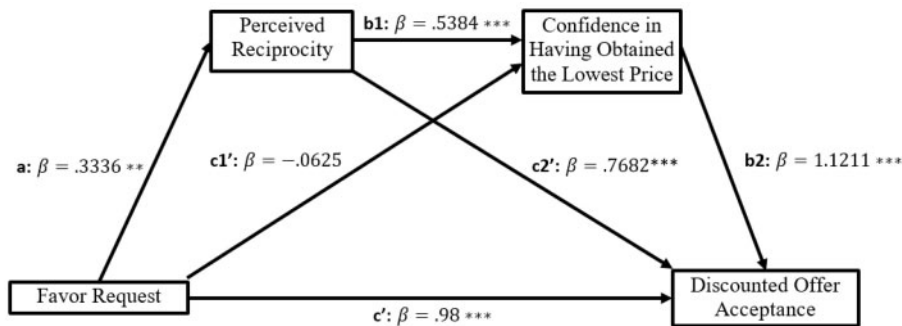
EXPERIMENT 3: DEAL ACCEPTANCE, PERCEIVED RECIPROCITY, AND CONFIDENCE IN HAVING OBTAINED THE LOWEST PRICE

Condition	Deal acceptance	Mean perceived reciprocity	Mean confidence in having obtained the lowest price
Control	54.8%	4.76 (1.10)	4.26 (1.20)
Favor Request	73.2%	5.09 (1.26)	4.37 (1.24)

NOTE.—Number in parentheses indicates the standard deviation.

**FIGURE 2**

EXPERIMENT 3: THE FAVOR REQUEST EFFECT THROUGH PERCEIVED RECIPROCITY AND CONFIDENCE IN HAVING OBTAINED THE LOWEST PRICE



NOTE.—The 95% confidence interval for the effect of favor request on acceptance through both perceived reciprocity and confidence in having obtained the lowest price ( $a \times b1 \times b2$ ) excludes zero (.2014 [.0380, .4197]), which indicates a significant serial mediation effect. We also find evidence for a mediating effect solely through increased perceptions of a reciprocal interaction ( $a \times c2 = .2563$ ; 95% CI: [.0473, .5711]). However, we find no evidence for an indirect effect solely through confidence in having obtained the lowest price ( $c1 \times b2 = -.0701$ ; 95% CI: [-.3538, .2134]).



having obtained the lowest price (paths  $c1 \times b2 = -.0701$ ; 95% CI:  $[-.3538, .2134]$ ), suggesting that the favor request only improves confidence in having obtained the lowest price if the consumer perceives the interaction as reciprocal.

Two additional pieces of data suggest that the perception of a reciprocal interaction is necessary for the increase in confidence in having obtained the lowest price to occur. First, in the equation where both perceived reciprocity and the favor request are used to predict confidence in having obtained the lowest price, the effect of the favor request on confidence in having obtained the lowest price was not significant (path  $c1 : \beta = -.06$ ;  $t(296) = -.51$ , not significant). Second, using the same bootstrap samples, we estimated a serial model in which the two mediating variables were interchanged. We found no evidence for a serial indirect effect (.0454  $[-.0574, .1879]$ ) or an effect only through confidence in having obtained the lowest price (.1313  $[-.1783, .5008]$ ); rather, only the mediating effect through perceived reciprocity still held (.2109  $[.0386, .4715]$ ). We did not expect the favor request to have a direct effect on confidence in having obtained the lowest price (i.e.,  $c_1$  or mean difference in table 1) but only indirectly, through an increase in the perception that the interaction is reciprocal (i.e.,  $a_1 \times b_1$ ). Such a direct effect of the favor request on confidence in having obtained the lowest price is not required for identifying the indirect effect that occurs through both mediators.

For completeness, a parallel mediator model (perceived reciprocity, confidence in having obtained the lowest price) revealed a significant indirect effect through perceived reciprocity only (.2080  $[.0408, .5076]$ ); we observed no mediating effect solely through confidence in having obtained the lowest price (.1167  $[-.1593, .4539]$ ). Taken together, our mediation results provide strong evidence that the favor request effect occurs through two path that involve a change in the perception that the interaction is reciprocal: one directly and one indirectly, through an increase in confidence that the lowest price has been obtained.

## Discussion

In this experiment, we provided evidence that the favor request effect operates by making the exchange seem more reciprocal. Then, it continues to operate by increasing consumer confidence in having obtained the lowest price.

### EXPERIMENT 4: A FAVOR REQUEST AS THE RECIPROCAL BOOKEND: THE IMPORTANCE OF SELLER-PROVIDED DISCOUNTS

Prior research on reciprocity has established that concessions that are unique and personal are superior as

reciprocity triggers to concessions that are neither unique nor personal (Cialdini 1993; Strohmets et al. 2002). If concessions need to be personal and unique to fully activate a sense of reciprocity in social exchanges, then a price concession that is neither unique nor very personal in nature should be less effective in promoting consumer perceptions of a reciprocal interaction than a price concession that is personal or unique. To examine this idea, the current experiment tests whether a price concession to the consumer must be unique and personal for the favor request effect to manifest. In other words, we predict that the favor request effect will be largely mitigated when price concessions are offered to consumers in a relatively impersonal way. Specifically, we compare magnitude of the favor request effect with price concession conditions like those in experiment 3 versus a price concession that results from a “scratch-and-save” promotion made available to all patrons. To do so, participants read the art shopping scenario from experiment 3 as part of a 2 (favor request: review vs. none)  $\times$  2 (discount type: seller discount vs. storewide discount) between-subjects design.

## Method

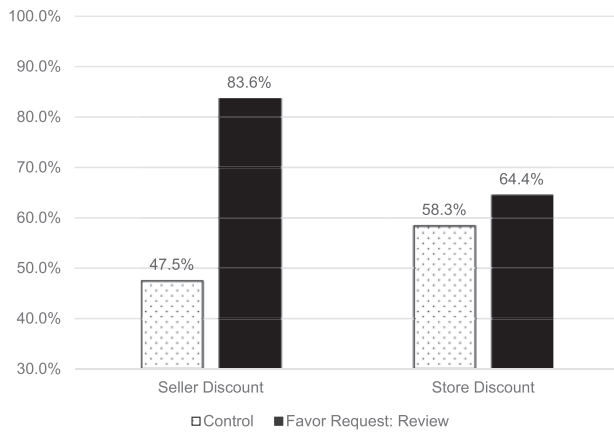
*Shopping Scenario Manipulation.* The shopping scenario was identical to that in experiment 3. Participants were told, “You find a painting that is appealing to you, but it’s listed at a price of \$100 and you don’t have much spare money at this point in time. Given the nature of the store, however, you are fairly certain that the dealer will be open to negotiating on the selling price, so you initiate a negotiation with the seller.”

*Discount-Type Manipulation.* The next page provided the seller’s response to the participant. In the seller discount condition, the text was identical to that in experiment 3. Specifically, it stated, “In response to your query, the shop owner tells you, ‘My artists spend a lot of time on their paintings, and I have to respect the value of their work. I am willing to lower the price, but you need to know that \$100 is already a very good price on this piece. After deliberating for a while, the dealer agrees to sell you the painting for \$80. She says that it is her ‘absolute lowest price.’”

In the store discount condition, participants were told, “My artists spend a lot of time on their paintings, and I have to respect the value of their work. You need to know that \$100 is already a very good price on this piece.” However, participants were then informed that the entire store was currently having a scratch-and-save promotion and that “any discount applied from this would represent her [the owner’s] absolute lowest price. She hands you a coupon, which you scratch to reveal the following discount.” A 20% discount coupon was displayed.

FIGURE 3

## EXPERIMENT 4: EFFECT OF THE FAVOR REQUEST AND DISCOUNT TYPES ON DEAL ACCEPTANCE



**Favor Request Manipulation.** The favor request manipulation was identical to that in experiment 3. In the control condition, participants read no further information. In the favor request condition, participants were told, “In fact, she [the owner] would hope you would consider posting a positive review on the local art dealer’s website.” Subsequently, all participants chose among accepting the offer, rejecting the offer, or rejecting the offer and providing a counteroffer.

**Stimuli and Measures.** After making their decisions, participants completed two scales to help replicate our prior findings for the mechanism of the effect—namely, perceived reciprocity (Pervan et al. 2009,  $\alpha = .90$ ) and confidence in having obtained the lowest price (Dutta 2012,  $\alpha = .78$ ). For each participant, we randomized the order of all items within each scale, as well as the presentation order of the two scales. Finally, participants provided demographic information (age, gender) that did not affect any of our results.

**Participants and Procedure.** We recruited 237 participants for a “5-minute study about art shopping” from MTurk in exchange for \$0.40. Participants completed the study in five minutes on average.

## Results

The objectives of experiment 4 were twofold. First, we wanted to show that when the favor request is present, consumers must have the ability to reinterpret the discount as indicative of a reciprocal interaction. Second, we aimed to provide replicating evidence that the favor request effect operates both (1) directly, through an increase in the perception that the interaction is reciprocal, and (2) indirectly,

TABLE 2

## EXPERIMENT 4: DEAL ACCEPTANCE, PERCEIVED RECIPROCITY, AND CONFIDENCE IN HAVING OBTAINED THE LOWEST PRICE, BY DISCOUNT TYPE

Discount type	Condition	Deal acceptance	Mean perceived reciprocity	Mean confidence in having obtained the lowest price
Seller discount	Control	47.5%	4.81 (1.13)	4.16 (1.35)
	Favor request	83.6%	5.28 (0.95)	4.42 (1.20)
Store discount	Control	58.3%	4.87 (1.21)	4.23 (1.20)
	Favor request	64.4%	4.83 (1.26)	4.31 (1.23)

NOTE.—Numbers in parentheses indicate the standard deviation.

through an increase consumers’ confidence in having obtained the lowest price.

Figure 3 depicts the descriptive statistics for acceptance of the discounted offer, by condition. Using a logistic regression, we predicted that the probability of acceptance of the discounted offer would be a function of the presence of the favor request, the type of discount (0: seller discount, 1: store discount), and their interaction. As expected, we found a significant interaction ( $\beta = -1.47$ ;  $Z = -2.57$ ,  $p = .01$ ). Exploring the simple effects, we found that the favor request increased acceptance in the seller discount condition (83.6% vs. 47.5%;  $\beta = 1.73$ ;  $Z = 4.00$ ,  $p < .01$ ) but had no effect in the storewide discount condition (64.4% vs. 58.3%;  $\beta = .26$ ,  $Z = .68$ ,  $p = .50$ ).

**Process Evidence.** Table 2 presents the descriptive statistics for our dependent variables and process measures. To assess the moderating effect of discount type on the favor request effect, we first regressed perceived reciprocity as a function of the favor request, type of discount, and their interaction. We found a marginally significant interaction ( $\beta = -.51$ ;  $t(233) = -1.73$ ,  $p = .08$ ), such that the favor request increased perceptions of reciprocity in the seller discount condition ( $\beta = .48$ ;  $t(233) = 2.28$ ,  $p = .02$ ) but had no effect in the storewide discount (scratch-and-save) condition ( $\beta = -.04$ ;  $t(233) = -.17$ ,  $p = .86$ ). A separate regression revealed that the type of discount did not influence the (lack of) effect of the favor request on confidence in having obtained the lowest price ( $\beta = .18$ ;  $t(233) = .52$ ,  $p = .61$ ). As such, although the two types of discount had identical magnitudes (20% off), when the discount could not be reinterpreted, perceptions of the interaction being reciprocal were not affected.

We also wanted to provide additional evidence that the favor request effect occurred both directly through increased reciprocity of the interaction and indirectly through a subsequent increase in consumer confidence in having obtained the lowest price. To do so, we conducted a moderated serial mediation analysis following Hayes

TABLE 3

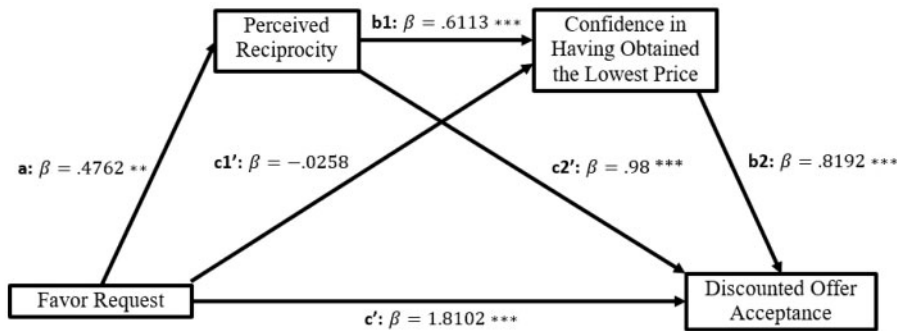
EXPERIMENT 4: CONDITIONAL INDIRECT EFFECTS OF THE FAVOR REQUEST ON DEAL ACCEPTANCE (BY DISCOUNT TYPE)

Discount type	Perceived reciprocity			Perceived reciprocity → confidence in having obtained the lowest price			Confidence in having obtained the lowest price		
	Coefficient	LLCI	ULCI	Coefficient	LLCI	ULCI	Coefficient	LLCI	ULCI
Seller Discount	<b>0.47</b>	0.10	0.94	<b>0.24</b>	0.05	0.53	-0.02	-0.37	0.35
Store Discount	-0.04	-0.50	0.46	-0.02	-0.26	0.22	0.07	-0.24	0.51

NOTE.— LLCI/ULCI indicates lower/upper limit of the 95% confidence interval (CI). Coefficients in bold type indicate significant conditional indirect effects (CI excludes zero).

FIGURE 4

EXPERIMENT 4: SELLER DISCOUNT CONDITION – FAVOR REQUEST EFFECT THROUGH PERCEIVED RECIPROCITY AND CONFIDENCE IN HAVING OBTAINED THE LOWEST PRICE



(2015). Specifically, we obtained conditional indirect effects using 10,000 bootstrap samples on the entire data, but we included a moderating effect of discount type. Table 3 presents the results including the coefficients and the 95% bootstrap CIs, and figure 4 presents the individual regression coefficients for the seller discount condition.

The results are consistent with our hypotheses and replicate those of experiment 3. Specifically, when the seller provided a discount, we found evidence of two paths through which the addition of a favor request increased deal acceptance: by increasing perceived reciprocity (hypothesis 1: .47 [.10, .94]) and, in turn, by increasing confidence in having obtained the lowest price (hypothesis 3: .24 [.05, .53]). As in experiment 3, we found no evidence that the favor request increased acceptance through an increase in (only) confidence in having obtained the lowest price (-0.02, [-.37, .35]). Furthermore, we found no evidence of a significant indirect effect when the store provided a scratch-and-save discount.

Discussion

In this experiment, we provided additional evidence that the favor request effect operates first by making the exchange seem reciprocal and then by increasing consumers'

confidence in having obtained the lowest price. We also showed that for the effect to occur, consumers must have the potential to reinterpret the discount as part of a reciprocal interaction, a potential that does not exist when the discount offered is generally available to all patrons and thus not potentially representative of a personal sacrifice from the seller.

EXPERIMENT 5: THE FAVOR REQUEST EFFECT AND DISCOUNT MAGNITUDE

Experiments 1 and 2 showed that the favor request effect is robust to a variety of product categories (i.e., coffee tables, record player, and painting) and types of favor requests (i.e., post a positive review and recommend a friend) and that it persists in negotiation settings with monetary stakes and multiple price concessions. Experiments 3 and 4 showed that the favor request makes the interaction seem more reciprocal, which in turn increases consumer confidence in having obtained the lowest price. Experiment 5 aims to identify an important boundary condition to the favor request effect—namely, the extent to which the magnitude of the price discount with which the favor request is paired moderates the effect.

We expect that large price discounts (e.g., 50%) will by themselves provide strong evidence of a sacrifice on the part of the seller, and so they will be more likely to be seen by consumers as evidence the lowest price has been achieved than relatively small discounts (e.g., 10% to 20%). As such, we expect that adding a favor request will do little to improve deal acceptance for large price discounts because most consumers will accept them. However, for smaller price discounts, the importance of the favor request to help close the deal is large. This is because small concessions are less likely to be seen by the consumer as sacrifices without the additional framing provided by the favor request. Moreover, small discounts are, by themselves, unlikely to reduce uncertainty about having achieved the lowest price possible. As such, we expect a favor request to have a larger effect on deal acceptance for small price discounts than for large price discounts.

## Method

**Shopping Scenario Manipulation.** Participants were randomly assigned to one of 10 conditions in a 2 (favor request: review vs. none)  $\times$  5 (price: \$90, \$80, \$70, \$60, \$50) between-subjects design using the same painting scenario as in experiment 3. The only difference was in the magnitude of the discount offered. All participants made the same acceptance decision as those in the previous studies. Note that we measured perceived quality of the painting (“All things considered I would say this painting is of: low quality/high quality”) as an additional control. Although the measure was strongly related to acceptance of the discounted offer, we found no evidence that perceived quality moderated or mediated the interactive effect of favor request and price on deal acceptance. Its inclusion as a covariate also does not affect the results, and thus we present the results without this inclusion.

**Participants and Procedure.** We recruited 375 participants for a “5-minute study about shopping” from MTurk in exchange for financial compensation. Each study session lasted approximately four minutes.

## Results and Discussion

Table 4 presents the observed rates of deal acceptance, broken down by price and favor request condition. Recall that we wanted to determine the extent to which discount levels moderate the favor request effect. To do so, we analyzed the probability of acceptance of the discounted offer through logistic regression, with the favor request, the price (treated as a ratio variable), and their interaction as independent variables. We found a significant interaction between the offered price and the effectiveness of the favor request ( $\beta = .05; Z = 2.76, p < .01$ ). Analysis of the simple effects, consistent with our conjecture, showed that the interaction emerged because price was a stronger predictor

of acceptance when there was no favor request ( $\beta = -.07; Z = -5.52, p < .01$ ) than when there was a favor request ( $\beta = -.02; Z = -1.79, p = .07$ ). The presence of a favor request thus weakened the effect of price on acceptance of the discount offer. Figure 5 illustrates these slopes, which pertain to the probability of accepting the offer instead of the log odds (for simplicity).

Note that if we treat price as a continuous moderator, we can use the Johnson-Neyman technique (Johnson and Fay 1950; Johnson and Neyman 1936; Spiller et al. 2013) to identify regions of significance of the simple effect of the favor request on the (log) odds of accepting the offer at different levels of price at a significance level of  $p < .05$ . Two regions of significance were found. Namely, we found a significant effect of the favor request of price when the discount was 34.49% or less ( $\beta = .51; Z = 1.96, p = .05$ ) but not when the discount is greater.

## GENERAL DISCUSSION

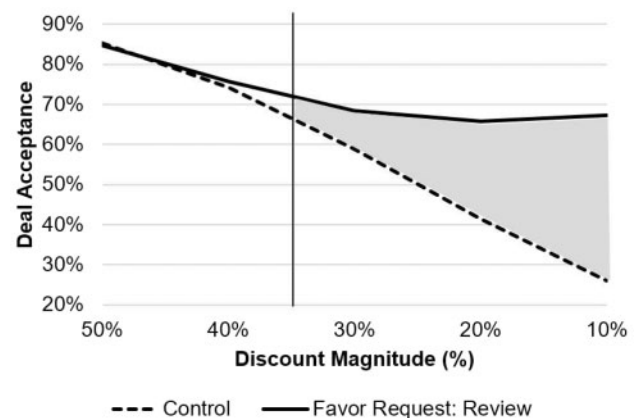
Across five experiments, we demonstrated that sellers that pair a discounted offer with a request for a favor can

**TABLE 4**  
EXPERIMENT 5: THE FAVOR REQUEST AND DEAL ACCEPTANCE AT DIFFERENT DISCOUNT MAGNITUDES (%)

Discount magnitude	50%	40%	30%	20%	10%
Favor request	83.8%	75.7%	75.7%	71.1%	65.8%
Control	83.3%	73.7%	60.5%	28.9%	21.1%

**FIGURE 5**

EXPERIMENT 5: THE EFFECT OF THE FAVOR REQUEST ON OFFER ACCEPTANCE AT DIFFERENT DISCOUNT MAGNITUDES



NOTE.—The shaded area reflects the region of significance for the simple effect of favor request on acceptance at various levels of price (at  $p < .05$ ).



increase the probability that consumers accept the deal. We refer to this phenomenon as the favor request effect. We showed that the effect occurs because the favor request combined with a discount increases consumer perceptions of being in a reciprocal interaction, which in turn leads to an increase in deal acceptance by increasing confidence in having obtained the lowest price. We also identify two important boundary conditions. First, the discount must be reinterpreted as part of a reciprocal interaction; thus when a seller offers a discount available throughout the store (e.g., a scratch-and-save promotion), the effect no longer occurs. Second, we show that price moderates the effectiveness of the favor request on acceptance, such that in our data, discounts of 40% or more render the request ineffective.

### Theoretical Implications

*Persuasion.* Consumers' default assumption tends to be that sellers focus on ways to maximize their own gains at the expense of consumers, and thus moderate price reductions may not be sufficient to lower perceived economic risk substantially and increase acceptance. Whereas prior work showed that reciprocity techniques can be used to increase acceptance through concessions that provide additional benefits to the consumer at some cost to the seller (Burger 1986), research also showed that framing a request as a concession can be effective at increasing acceptance without incurring additional cost (Cialdini et al. 1975). The current work adds to this literature by showing that requesting a favor can help frame a negotiation as a reciprocal interaction. In addition to providing a novel mechanism through which sellers can increase perceived reciprocity of the interaction, we show that reciprocity can also increase compliance. Specifically, our studies reveal that when consumers view an offer as part of a reciprocal interaction, they are more disposed to accept an offer and more likely to have confidence that the other party has given the lowest price.

Friestad and Wright's (1994) persuasion knowledge model (PKM) provides a strong foundation for marketing researchers by outlining the content, acquisition, and use of consumers' persuasion knowledge. To the extent that consumers recognize a marketplace situation as one that has persuasive intent, the PKM predicts that they will focus on coping with the situation. Given the negotiation context in our experiments, we believe our participants' persuasion knowledge was relatively salient. For example, it is possible that the favor request effect benefited from activation of participants' persuasion knowledge as follows. Highly activated persuasion knowledge draws attention to the actions of the seller, in this case a willingness to negotiate on price, the specific level of discount, and the request of a favor. In this way, persuasion knowledge, and the resulting focus drawn to the actions of the seller, might actually be a positive contributing factor to closing the deal. This

proposition is consistent with research that has shown some persuasion tactics benefit (rather than suffer) from high levels of persuasion knowledge activation (Isaac and Grayson 2015).

*Signaling.* In any buyer–seller negotiation, the seller has access to more information than the consumer. In particular, the seller knows how much profit accrues from any price at which a deal is closed. In cases of information asymmetry, such as in our negotiation exchanges, consumers search for disambiguating information that can help them develop strong inferences about deal quality (Spence 1974). Kirmani and Rao (2000) suggest that only signals that are potentially costly to the firm (if proven false) will be believed by consumers and therefore increase sales. A favor request through the lens of signaling theory appears to represent a viable but uncostly false signal. Consumers are likely to infer that a favor would not be requested unless the deal represents a significant sacrifice to the seller because the seller would not make such a request unless they did not stand to lose anything substantial by making the request. Such a process would be consistent with the observed increase in perceived reciprocity. Likewise, a favor request is unlikely to increase consumers' confidence that they have obtained the lowest price *unless* they view the discount offered through the lens of a reciprocal interaction. The idea that the perceived nature of the interaction is critical here is consistent with literature on signaling theory (Boulding and Kirmani 1993; Srivastava and Lurie 2004) that suggests that even high-quality signals will only be effective at improving attitudes if the seller is perceived to be credible. In our case, a seller who is still perceived as self-interested even after requesting a favor (i.e., not yet part of a reciprocal interaction) will not affect consumer confidence in having obtained the lowest price.

*Relationships and Orientations.* In the present work, we identify perceived reciprocity of the interaction as the first psychological process through which the favor request effect operates. This finding is consistent with what might be observed if the request for a favor changes the consumer's orientation from exchange focused to communal (Clark and Mills 1993). An exchange orientation is one in which benefits are provided with the expectation of receipt of a comparable benefit as repayment. The norms in a communal relationship, however, are to provide benefits in response to observed needs or general concern for another. Communal relationships can also vary in strength (Mills and Clark 1982), wherein strength is reflected by the degree of motivation to be responsive to the other's needs. The favor request effect could thus also result from shifting the consumer from a purely exchange orientation toward a communal orientation, one element of which could be the perceived reciprocity of the other party. An increase in purchase intent would be consistent with this account, as by

requesting a favor, the seller is demonstrating a greater personal need than if a favor was not requested. Similarly, the effect of the favor request through an increase in perceived reciprocity would be consistent with a shift in the perception that the negotiation is distributive or competitive (i.e., “win-lose,” or zero sum) to one that is integrative (i.e., “win-win” outcomes, or “value creation”; Schurr and Ozanne 1985; Walton and McKersie 1965). This could occur because the request for a favor represents a new opportunity for a mutually beneficial outcome whereby the consumer perceives she obtains a good discount and the seller obtains (the possibility of) a favor. The relationship between an increase in perceived reciprocity and other types of relationship and orientations represents a fruitful avenue for future research.

*Requesting Favors and Deactivation of Money.* The proposition that requesting a favor while offering a discount increases perceptions that the interaction is reciprocal is also consistent with prior research that shows the mere activation of the concept of money is sufficient to make consumers focus on their own benefits and costs (Vohs, Mead, and Goode 2006, 2008). While the mere request for a favor is not necessarily sufficient to increase perceptions that the exchange is not solely about money, it appears sufficient to increase perceptions that the seller is looking for a win-win situation. Further research should investigate whether activating the concept of a favor (perhaps outside the context of a price negotiation) is sufficient to move consumers away from focusing on price (Bertini and Wathieu 2010).

### Managerial Implications

This research identifies a robust strategy to increase the rate at which deals are accepted. Negotiation is common practice for a wide variety of industries including three of the largest consumer industries in the United States: housing, auto, and banking (e.g., loans). We provide managers with a costless strategy that will increase the rate at which sales are successfully completed. Furthermore, to the extent that consumers actually provide the requested favor, completed deals will have extended benefits (e.g., positive word of mouth) beyond the financial gain from completion of the sale.

A natural tendency for retailers is to provide an offer with the smallest discount margin necessary to maintain a profit while gaining a high probability of closing the sale. Thus the key for sellers will be to identify the price discount that is just large enough to seem like a sacrifice when paired with a request. While this so-called sweet spot was between 10% and 30% in our experiments, the appropriate discount level will depend on various factors such as product category, list price level, consumer expertise, and socioeconomic status. Further research might examine this question. Another fruitful topic for research is whether the

favor request will be effective if the purchase elements being used as concessions are less overtly price related, such as free shipping, warranty coverage, or bundling of associated products.

### Limitations and Future Research Directions

First, we acknowledge that requesting a favor is not the only way to cause the consumer to perceive the interaction as reciprocal. For example, a seller could provide small nonfocal concessions that extend beyond negotiation of the focal offering's price to increase pressure to reciprocate by accepting the offer (Burger 1986; Cialdini 2007; Spiro 1983); however, given that such concessions are not costless to the seller and given that their appeal to the consumer depends on the consumer's personal preferences, these approaches are not as appealing as (and may be less effective than) the favor request effect.

Second, it is unclear whether the effect would still occur in cultures in which interactions with sellers are less likely to be reciprocal by default; in this case, persuasion knowledge may be developed to such an extent that the addition of a favor request may be perceived as a persuasion attempt in and of itself and bring skepticism. Several other potential moderators likely exist. For instance, existing knowledge that a favor request is frequently used by salespeople or that a 20% discount is eventually offered to all patrons (if that is the discount offered prior to the favor request) should moderate the effectiveness of the favor request effect, just as if the favor request was not attributed to the seller's attempt to build a reciprocal interaction but rather to an external entity or to a store policy. Further, although the favor request does not need to be fulfilled by the consumer (i.e., it is merely requested), we believe that the favor request will only be effective to the extent that the favor requested is suitable in the context of the product being sold (e.g., Miniard et al. 1991; Sengupta, Goodstein, and Boninger 1997).

Third, in most contexts, it seems that while the favor request increases confidence in having obtained the lowest price, there is still room for consumers to be even more confident in this belief (i.e., midpoint values are observed for the means of this construct across our studies), suggesting that our finding may also be consistent with consumers being confident that they have obtained a “good price” as opposed to the absolute lowest possible price.

Fourth, further work is required to determine the extent to which the favor request effect generalizes across contexts, culture, and types of requests. We begin to address these generalizability concerns by demonstrating the effect across a variety of product categories (e.g., art, furniture, electronics) using both single-stage and multiple-stage negotiation paradigms. We note that participants in the multiple-stage negotiation scenario (experiment 2) proceeded with real monetary stakes at play. Across our experiments,

however, we employ exclusively American samples, and as such, it would be especially valuable for research to test the favor request effect in cultures for which negotiation is the primary marketplace norm. We should also be careful in suggesting that requesting a favor will only have positive consequences for the seller. Although it is possible a positive review is written by the consumer (a second benefit to the seller), it is also possible that obligation felt toward providing the favor may negatively affect consumer attitudes toward the seller. Downstream consequences of the favor request effect have not been explored in the present work and represent a fruitful domain for future research.

## DATA COLLECTION INFORMATION

For all studies, all stimuli authors contributed to the design of the stimuli. The first author supervised the collection of data using panels obtained from MTurks. The data were collected in the fall of 2013 (experiment 2), spring of 2014 (experiment 1), spring of 2015 (experiment 3), and summer of 2015 (experiment 4 and 5) as described in the methods section of each study. All statistical analyses were performed by the first author, and the results were discussed and interpreted by all three authors jointly.

## APPENDIX:

### INCENTIVIZED TASK INSTRUCTIONS IN EXPERIMENT 2

In this study, you will be actively participating in a purchase price negotiation between a salesperson and a consumer interested in the product being sold. Since you will likely be in a similar situation in the future, we ask that you imagine yourself to be in the role of the consumer.

You will be given at least \$.20 to participate in the study. However, you can obtain a bonus based on your performance if you end negotiations successfully—that is, if negotiations end in a sale. The amount of your bonus will depend on how close you get to the seller's absolute lowest price. The closer you are to it, the greater your bonus (up to \$.50).

Yet the seller will likely reject extremely "low-ball" offers immediately and terminate the negotiation process. Similarly, the seller will likely reject a counteroffer that has not moved toward their own preferred price (e.g., if you initially offered a price and your counteroffer was lower, this would likely end negotiations).

Please make sure to read these instructions carefully before proceeding.

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